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Fiscal Note

Drafting Number:	LLS 24-0512	Date:	April 3, 2024
Prime Sponsors:	Rep. Garcia; Story Sen. Cutter	Bill Status:	House Education
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Bill Topic: CHARTER SCHOOLS ACCOUNTABILITY

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> School Districts

The bill makes multiple changes to laws impacting charter schools. The bill increases state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$9,378 to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1363

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$9,378	\$9,378
	Centrally Appropriated Costs	\$1,971	\$1,971
	Total Expenditures	\$11,349	\$11,349
	Total FTE	0.1 FTE	0.1 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$1,407	\$1,407

Summary of Legislation

This bill makes various changes to the Colorado Charter Schools Act, which governs the authorization and operation of public charter schools in the state. Notable among many changes, this bill:

- eliminates automatic waivers of certain state education laws for schools authorized or renewed after June 30, 2024, and requires that school districts post information about laws and policies waived by a charter school on the district's and the school's web page;
- requires that schools specify any laws or policy to be waived in the charter agreement, which waivers must be approved by the State Board of Education (SBE);
- clarifies that schools chartered after July 1, 2024, must participate in the state educator performance evaluation system;
- requires that the appointing authority for a charter school board of directors make reasonable efforts to appoint at least one-third of the board's membership from parents or guardians of students enrolled at the charter school;
- removes the requirement that school districts make unused and underused buildings available at no charge to charter schools;
- limits the ability of a charter applicant to appeal a local school district's decision concerning denied charter applications to the SBE;
- allows the SBE to review and determine if a local board's approval of a charter was arbitrary and capricious, or if the approved charter violates federal or state laws, or court orders;
- allows a school district to impose moratoria on charter application approvals if the school district's pupil enrollment is less than it was in the preceding year, and the district's enrollment is projected to decline over the following three budget years;
- expands a school district's authority to revoke or not renew a school's charter if the school failed to post a list of all waived policies and laws, failed to satisfy minimum enrollment requirements, or failed to comply with a civil judgement or court order;
- allows a school district to retain the actual amount of the cost to provide various administrative services, including costs for special education services, and repeals the existing 5 percent cap on these expenses;
- prohibits a charter school leader or board member from having any financial conflict of interest with the school's financial interest;
- expands the educator evaluation provisions to include all personnel, including at institute charter schools, regardless of whether the person is licensed; and
- adds data to be included in year-end reports prepared by the Colorado Department of Education (CDE).

State Expenditures

The bill increases state expenditures in the CDE by \$9,378 in both FY 2024-25 and FY 2025-26. The Schools of Choice Unit will have an increase in workload to collect additional data for year-end reports, update internal administrative guidance and resources for school districts considering new or renewed charter applications, and to work with the SBE to develop rules for charter approval appeals. Additional work is also required to update all automatic waiver policies and communicate changes to school district administrators and charter school applicants. The workload increase is estimated at 0.1 FTE, as shown in Table 2 below.

The bill may also minimally increase workload for the SBE to consider new appeals if a challenge is raised over a school district authorization of a new or renewed charter.

Table 2
Expenditures Under HB 24-1363

	FY 2024-25	FY 2025-26
Department of Education		
Personal Services	\$9,378	\$9,378
Centrally Appropriated Costs ¹	\$1,971	\$1,971
Total Cost	\$11,348	\$11,348
Total FTE	0.1 FTE	0.1FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Centrally appropriated costs. 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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

School District

The bill makes multiple changes to the process to approve or renew a charter application; the contents of the charter; the use of automatic waivers; and the process for appeal to the SBE. These changes will impact workload in school districts that are active authorizers of charter schools and who have multiple applications for new or renewed charter schools under consideration.

Additionally, by removing the current law cap on the amount of per pupil revenue a school district may retain for administrative services, the bill may increase the amount of funding retained by a school district, as negotiated directly with the applicant as part of the school's new or renewed charter.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$9,378 to the Colorado Department of Education, and 0.1 FTE.

State and Local Government Contacts

Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).