



**Colorado  
Legislative  
Council  
Staff**

**SB17-061**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated January 27, 2017)

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

**Drafting Number:** LLS 17-0399

**Date:** February 20, 2017

**Prime Sponsor(s):** Sen. Hill; Williams A.  
Rep. Sias

**Bill Status:** Senate Second 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	<u>\$13.7 Million</u>	<u>\$13.7 Million</u>
General Fund	13.7 Million	13.7 Million
<b>Appropriation Required:</b> \$13,697,824 - Colorado Department of Education (FY 2017-18)		
<b>Future Year Impacts:</b> Ongoing State Expenditures		

**This fiscal note is revised to reflect new information that became available.**

**Summary of Legislation**

The bill, *as amended by the Senate Education 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 Colorado Department of Education (CDE) is required to calculate a mill levy equalization payment for CSI schools based on the funded pupil count and the amount of additional override revenue in an institute charter school's accounting district. If the General Assembly appropriates money for the mill levy equalization, the CSI will distribute the funding on a per pupil basis to each institute charter school.

### **State Expenditures**

For both FY 2017-18 and FY 2018-19, the bill increases state expenditures by about \$13.7 million General Fund for the CSI to distribute mill levy equalization payments to CSI charter schools. This total is based on FY 2016-17 data, which are the latest available.

### **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, this bill requires a General Fund appropriation of \$13,697,824 to the Colorado Department of Education.

### **State and Local Government Contacts**

Education

Legislative Council Staff

School Districts