

COLORADO LEGISLATIVE COUNCIL

FISCAL NOTE

Drafting Number: LLS 554
 Prime Sponsor(s): Sen. Owens
 Rep. Kerns

Date: February 3, 1993
 Bill Status: Senate Education
 Fiscal Analyst: Harry Zeid
 (866-4753)

Title: CONCERNING CHARTER SCHOOLS.

Fiscal Summary of Legislation

STATE FISCAL IMPACT SUMMARY	FY 1993/94	FY 1994/95
<u>State Revenues</u>		
General Fund		
Other		
<u>State Expenditures</u>		
General Fund	\$ 9,405	\$ 18,810
State Public School Fund	(\$ 9,405)	(\$ 18,810)
FTE Position Change	None	None
SCHOOL DISTRICT IMPACT - Revenue reduction - see School District Section.		

This bill would authorize the establishment of charter schools. A charter school would be granted the greatest practical degree of control over the education and activities of the school, consistent with the state constitution. Applications for charter schools would be submitted to the local board of education for consideration. The application must meet certain evaluation criteria requirements prior to approval. The State Board of Education would be authorized to review the decisions of a local board of education concerning charter schools. A charter may be approved for a period of not more than five years, and would be subject to semiannual review by the authority which granted the charter.

Each charter school would report annually on the progress towards achieving its goals, objectives, pupil performance outcomes, and other terms of the charter application. A financial statement which outlines various categories of cost would also be included. Teachers who would leave a school district to work in a charter school would be considered to be on a three-year

Fiscal Summary of Legislation (continued)

leave of absence, and would retain the right to make payments to the teacher's account in either the Public Employees' Retirement System, or the Denver Public Schools Retirement System, whichever is applicable. Employer contributions on behalf of the teacher working at a charter school would not be required by either a school district, or a charter school.

Pupils enrolled in a charter school would be included in the pupil enrollment count of the school district where the pupil resides. The Department of Education would retain an amount equal to one-half of one percent of the school district of residence's per pupil operating revenues (PPOR) multiplied by the number of pupils attending the charter school. This money would be used by the Department of Education to review state statutes and rules, and to provide technical assistance to charter applicants. For each pupil attending a charter school, the school district of residence would pay an amount equal to not less than 98.5 percent of the district's PPOR to the charter school in twelve equal monthly installments. One percent of the PPOR would be retained by the district of residence.

The bill would become effective upon signature of the Governor.

State Expenditures

The Department of Education would retain an amount equal to one-half of one percent of the school district of residence's PPOR for each pupil attending a charter school. This money would be used for review of state statutes and rules and regulations applicable to charter schools, providing technical assistance to charter applicants, and evaluation of the effectiveness of the charter school's program. It is assumed that the Department of Education will spend the money which is allocated to it from the retained PPOR moneys, and that no additional funding would be necessary for the Department in order to carry out its responsibilities.

It is estimated that 500 students would participate in a charter school during FY 1993-94, and that number would increase to 1,000 in FY 1994-95. Based on a statewide average PPOR of \$3,762, a total of \$9,405 would be retained by the Department of Education during FY 1993-94, and \$18,810 would be retained during FY 1994-95, to be used in the review of state statutes and rules and regulations regarding charter schools, for technical assistance to applicants, and for evaluation of the overall effectiveness of the charter school program.

School District Impact

The impact on individual school districts would depend entirely upon whether a charter school is established within the district, and upon the number of pupils within the district who choose to enroll in a charter school. It is assumed that the bill would allow a charter school to be established to operate independently within an existing public school building.

School District Impact (continued)

Any school district of residence which has a charter school located within its boundaries would experience a 98.5 percent reduction in its PPOR for each pupil attending a charter school. The resident school district would be allowed to retain one-percent of the PPOR per pupil attending a charter school.

The state average PPOR for FY 1993-94 is assumed to be \$3,762. Based on the statewide average PPOR, if 500 pupils were to attend charter schools during FY 1993-94, the charter schools would receive a total of \$1,852,785 in revenues from the school district of residence of the students in attendance, and the school district of residence would retain \$18,810. During FY 1994-95, if 1,000 pupils were in attendance in charter schools, the charter schools would receive a total of \$3,705,570, and the district of residence would retain \$37,620.

Impact on PERA

The bill provides that teachers at a charter school would be considered to be on a three-year leave of absence from the school district. Any teacher employed at a charter school would retain the right to make payments to the Public Employees' Retirement System, or the Denver Public Schools retirement System, whichever is applicable. However, the school district or the charter school would not be required to make the employer contributions to the retirement fund on behalf of the teacher working at the charter school.

It would appear that teachers of a charter school would retain disability and survivors benefit eligibility within PERA, but would not be eligible for service credit for the time they work at a charter school. Administrators and noncertificated personnel of a charter school would not be eligible for PERA. Therefore, both the employee and the charter school would be required to participate in FICA withholding.

Departments Contacted

Education

