FINAL FISCAL NOTE

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

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Drafting Number:	LLS 17-0375	**Date:**	July 21, 2017
Prime Sponsor(s):	Rep. Benavidez	**Bill Status:**	Postponed Indefinitely
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BILL TOPIC: CHARTER SCHOOL & DISTRICT STUDENT REVENUE TRUE UP

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

At the end of FY 2017-18, and within 90 days following the end of subsequent fiscal years, the bill requires that public school districts provide to each of its district-authorized charter schools an accounting of the amount of excess revenue attributable to students in the following categories:

- charter school students who enrolled in a non-charter school of the district after the October count date;
- non-charter school students who enrolled in a district charter school after the count date; and
- charter school students who transferred to a non-charter school of another school district after the count date.

Excess student revenue is defined as the percentage of the per-pupil revenue (PPR) received by the charter school for the student. The applicable percentage of excess PPR to remit is:

- 75 percent if a student transfers before January 1;
- 50 percent if student transfers after January 1, but before March 1; or
- 25 percent if a student transfers after March 1.

Charter schools are required to provide school districts with the data necessary to make this accounting, if asked.

Based on this information, each district charter school must reimburse their authorizing school district for the total amount of the excess student revenue. The charter school may subtract the portion of excess revenue attributable to a district school student who transfers to a charter school. If a charter school student transfers to a non-charter school of another district, the accounting district is required to collect the excess student revenue and forward it to the new school district. Charter school and authorizing districts must negotiate the source and timing of the payments. If a charter school fails to make the required payments, the authorizing district may withhold distributions to the charter school in the following budget year, up to an amount necessary to fully reimburse the authorizing district.

Background

According to data collected by the Colorado Department of Education, in the 2015-2016 academic year, 2,555 students exited a charter school and 1,878 exited a district school. Table 1 displays the number and date of these student exits. It is unknown precisely if students that departed a charter school subsequently enrolled in a district school and visa versa.

Table 1. Student Exits 2015-2016 School Year		
Date of Transfer	From A Charter School	From A District School
October 1 - January 1	1,315	565
January 1 - March 1	579	915
March 1 - July 1	661	398
Total	**2,555**	**1,878**

School District Impact

The bill increases costs for charter schools and school districts, and potentially reallocates funding between schools and districts in a given budget year. Charter schools may be required to provide detailed accountings of student transfers from their schools, the date the transfers occurred, and the public schools or districts receiving transferred students. Districts must use this information to calculate the excess student revenue, and the locations of the student transfers.

In medium to large districts, student transfers can total between 200 and 500 students annually. The accounting necessary to track school and district transfers and prepare invoices and remittence between charter schools and districts will require additional staff for these medium and larger districts. In smaller districts where total charter school enrollment is lower, these expenses can be accommodated within existing resources.

Effective Date

The bill was postponed indefinitely by the House Education Committee on March 27, 2017.

State and Local Government Contacts

Education   School Districts