

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7876

BILL NUMBER: SB 548

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 20, 2007

SUBJECT: Charter Schools.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Technology:* This bill provides that a charter school may receive technology funds.

Retirement: The bill allows the employees of a charter school to participate in a private pension or retirement benefit program.

Charter School Grant: The bill provides that a charter school may receive a grant for the operational expenses of the first semester the charter school is in operation or to repay an existing advance from the common school fund.

Property Sales: The bill prohibits a school corporation from making a covenant that unneeded real property may not be sold to another educational institution.

Special Education Preschool: The bill provides that a charter school may provide special education services for a preschool child with a disability in the same manner as other public schools.

Effective Date: July 1, 2007; January 1, 2008.

Explanation of State Expenditures: *Technology:* The bill would allow charter schools to receive technology grants. The state appropriation for the Technology Plan Grant program is \$2.5 M. Charter schools would be eligible to receive a portion of the appropriation.

Special Education Preschool: The bill would allow charter schools to provide special education to preschool

children in the same manner as other public schools. The current special education preschool formula is: (a) \$2,750 times the number of special education preschool students minus (b) the preschool tax rate times the school's AV. Since charter schools have no AV, the state would pay \$2,750 times the number of children. If about 100 special education preschool school children enrolled in charter schools, the impact would be about \$275,000. Any additional preschool special education students would be funded within the current appropriation level. If the addition of these children caused the distribution formula to exceed the appropriation, then the \$2,750 grant would be reduced so that the actual distribution equals the appropriation.

(Revised) *Charter School Grant*: The bill makes start-up grants and repayment Common School advancements from the General Fund for charter schools from money appropriated by the General Assembly. The bill establishes the Charter School Grant Account within the General Fund. The maximum grant a charter school can receive equals the charter school's enrollment times $\frac{1}{2}$ of the target revenue per ADM of the school corporation where the charter school is located times 1.15. The grant would depend on the number of new charter schools established each year. Over the last five years the enrollment of new charter schools has been about 1,100 students per year. If these grants would have been available over the past five years, the amount of the grants would have been about \$3.8 M per year. This bill does not make an appropriation for these grants.

Explanation of State Revenues:

Explanation of Local Expenditures: *Retirement*: Allowing charter schools to participate in a private pension or retirement benefit program could increase or decrease charter school pension expenditures, depending on the cost of the private pension plan compared to the state pension plans.

Explanation of Local Revenues: *Property Sales*: The provision should have no fiscal impact.

Special Education Preschool: If the state special education preschool distribution exceeds the appropriation then the \$2,750 grant per student could be reduced to not overspend the appropriation. Any impact on individual schools would be dependent on the total number of students eligible for the grants.

State Agencies Affected: Department of Education, Department of Local Government Finance.

Local Agencies Affected: School Corporations and Charter Schools.

Information Sources: Department of Education databases.

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