

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7204

BILL NUMBER: SB 468

DATE PREPARED: Feb 1, 2000

BILL AMENDED: Jan 31, 2000

SUBJECT: Charter schools.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a sponsor to issue a charter to an organizer to establish a charter school. It defines a "sponsor" as: (1) the governing body of a school corporation; (2) two or more school corporations acting jointly; (3) a public university that has an accredited school of education; or (4) the mayor of a consolidated city. The bill sets forth the organization, powers, method of establishment, charter contents, policies, oversight, and restrictions for charter schools. The bill also provides that a decision concerning the establishment of a charter school may not be restrained by a collective bargaining agreement. This bill allows the employees of a charter school to organize and collectively bargain. This bill also requires 100% of the teachers in a charter school to hold a license to teach in a public school; however, provides a transitional provision that allows 25% of the teachers in a charter school to be unlicensed until the professional standards board implements a system of alternative teacher licensing. It provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to the teacher whose contract is canceled continue to apply to that teacher. The bill allows the conversion of an existing public school to a charter school if at least 51% of the teachers and 51% of the parents approve of the conversion. The bill also provides that only the governing body of the school corporation in which a conversion charter school is located may act as sponsor for the school. This bill makes conforming amendments to related statutes.

Effective Date: Upon passage.

Explanation of State Expenditures: In order for the sponsor to grant a charter to an organizer, the organizer must submit to the sponsor a proposal to establish a charter school and include in the proposal plans concerning the method of instruction, curriculum, transportation and budget. The sponsor would then make copies of the application available to the public, give notice of a public hearing and hold a public hearing concerning the proposed charter school. A sponsor may not grant a charter to a for-profit organizer.

The sponsor of the charter school must notify the Department of Education of the receipt of a proposal and

either acceptance or rejection of a proposal. The Department would compile information on charter school proposals into an annual report that would be submitted to the General Assembly.

Students who attend charter schools would be counted the same as students of the school corporation who do not attend a charter school. Consequently, the establishment of a charter school and attendance by students in a charter school will not reduce a school corporation's average daily membership (ADM). **Consequently, passage of this bill will not change the overall amount of funding generated by the current school funding formula.**

The amount that each charter school would receive would depend on the number of students who are enrolled multiplied by a proportionate share of federal, state and local support. The following table shows the average revenue per ADM that school corporations reported receiving from state and local funding sources in 1999. The bottom row shows the average amount that school corporations received on a per ADM basis from the combined sources.

	<u>minimum</u>	<u>average</u>	<u>maximum</u>
State Support	\$319	\$2,710	\$6,808
Levy Support	\$468	\$1,499	\$6,061
Auto Excise Tax	\$54	\$176	\$354
Financial Institutions Tax	\$0	\$10	\$101
Special Education	\$131	\$285	\$547
Vocational Education	\$0	\$65	\$184
At Risk	\$0	\$34	\$211
Growing Enrollment	\$0	\$5	\$132
Academic Honors	\$0	\$10	\$39
Transportation	\$2	\$51	\$176
Average Combined Amount per ADM	\$4,315	\$4,845	\$8,222

Organizers of a charter school are required to submit an annual report to the Department of Education each year for informational and research purposes.

Explanation of State Revenues: Some monies may be available from Federal sources. Congress has made \$100 million available this year to states for local charter school start up grants. The specific amount that Indiana would have available is not immediately available.

Explanation of Local Expenditures: If charter schools are established and a significant shift in students to charter schools occurs, the school corporation may need to reduce staff and operations in the noncharter schools to adjust to the fewer students.

Explanation of Local Revenues: This proposal would not affect property tax levies or rates because the students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

State Agencies Affected: Department of Education, Professional Standards Board

Local Agencies Affected: School corporations

Information Sources: Department of Education Data Bases.