

Fiscal Note

BILL # SB 1068

TITLE: charter schools; teachers; funding

SPONSOR: Leach

STATUS: As Introduced

PREPARED BY: Patrick Moran

Description

The bill would permit charter schools to receive adjustments to their Base Level funding under the K-12 funding formula for the Teacher Experience Index (TEI) and a 1.25% increase for additional monies for teacher compensation.

Estimated Impact

We estimate the bill would increase K-12 formula expenses by \$29.6 million annually beginning in FY 2023.

Analysis

The bill would allow charter schools to receive an adjustment to the Base Level for the Teacher Experience Index (TEI). The TEI allows school districts with teachers that have more years of teaching experience than the statewide average to receive an increase to their Base Level. The bill stipulates that all charter teacher FTE positions shall be included in the calculation, regardless of certification status.

We estimate that that the TEI will generate an average increase of 0.94% to Base Level funding for school districts in FY 2023. If the average increase for charter schools were the same as districts, we estimate the annual increase in formula funding would be \$12.7 million (0.94% X \$1.35 billion in Base Level funding for charter schools in FY 2023 = \$12.7 million).

Charter schools would not, however, necessarily receive all \$12.7 million of the estimated formula funding increase, as the distribution would depend on how the average years of experience of charter school teachers compares to the experience of the district teaching workforce. For example, if district teachers on average have more years of experience than their charter school counterparts, the inclusion of charter school teachers in the index may cause some districts that are currently below-average in the index to become above-average, in which case district TEI funding may increase above the current average 0.94% level, while charter schools collectively would receive less than a 0.94% increase. We lack data on charter school teacher experience that would allow us to calculate an estimated distributional impact by district and charter school.

The bill also would authorize charters to receive a 1.25% increase to the Base Level available to districts for additional teacher compensation. Charters would be eligible if they establish a teacher performance evaluation system and if they employed qualified teacher evaluators pursuant to standards adopted by the State Board of Education.

Nearly all districts receive the 1.25% increase. As a result, we assume that all charter schools would opt to receive the increase. In FY 2023, a 1.25% increase to the Base Level would result in an increase of \$56 per weighted pupil in funding. Given the Baseline's assumption of 301,867 weighted charter pupils in FY 2023, the \$56 increase would increase charter Base Level funding by an estimated \$16.9 million in FY 2023.

The combined impact of the adjustments for the TEI and additional monies for teacher compensation in charter schools would be \$29.6 million in FY 2023.

(Continued)



Local Government Impact

The bill may impact property tax collections in non-state aid districts to the extent that inclusion of charter school teachers in the TEI index calculation results in an increase in school district TEI funding.

2/1/22