**Charter School Local Replacement**

Statutory Formula Review & Changes – 2000 to 2018

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**Formula Timeline**

**2000 - 2003**
- District Paid 50% of Per Student Prop Tax Amount
- State Paid 50% of State Average Prop Tax Amount
- Enhanced Charter/District Tensions
- Charters Dependent on Districts for Funds
- Inequity Among Charters

**2004 - 2008**
- State Avg. Prop Tax per Student
- Equal Amount per CS Student
- Based on Total Statewide Prop Tax Collection/Student
- Did Not Reflect Tax Collections for CS Students
- Excluded Debt Svc.
- Increased State Cost
- System Inequities

**2009 - 2016**
- Formula Calculates 3 Averages: District, Debt Svc., & Charter Student
- Equal Amount per Charter Student
- Districts Pay 25% of District Avg Prop Tax/CS Student
- Complex Formula
- 2-Year Data Lag
- Excludes State Guarantee Funding to Districts

**2017 - Now**
- Adds State Voted, Board, & Capital Guarantee Funds to 2016 Formula
- Includes District Exp. on Recreation Facilities
- Implements a Local Property Tax for District Amt.
- Same Complex Formula
- 2-Year Data Lag
Formula Diagram
53F-2-704 | Charter School Levy State Guarantee

1. Excludes Board Local Levy revenue expended on Pupil Transportation & the Early Literacy Program.

2. Excludes State Guarantee revenues and school district expenditures on Pupil Transportation, the Early Literacy Program, recreational facilities, and playgrounds.

Local Replacement: Total State Appropriation & Per-Student Rate
FY 2002 to FY 2019

Prior to FY 2018, Local Revenues Supporting the Formula Were not Included in the Appropriated Amount

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Local Replacement Appropriation</th>
<th>Rate</th>
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<tbody>
<tr>
<td>2002</td>
<td>$420,000</td>
<td>$655</td>
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<tr>
<td>2003</td>
<td>$630,000</td>
<td>$412</td>
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<tr>
<td>2004</td>
<td>$2,377,172</td>
<td>$731</td>
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<td>2005</td>
<td>$4,602,450</td>
<td>$1,006</td>
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<tr>
<td>2006</td>
<td>$12,559,950</td>
<td>$1,051</td>
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<td>2007</td>
<td>$21,552,450</td>
<td>$1,142</td>
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<td>2008</td>
<td>$28,509,000</td>
<td>$1,184</td>
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<tr>
<td>2009</td>
<td>$36,957,646</td>
<td>$1,427</td>
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<tr>
<td>2010</td>
<td>$45,288,446</td>
<td>$1,427</td>
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<tr>
<td>2011</td>
<td>$58,947,546</td>
<td>$1,607</td>
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<tr>
<td>2012</td>
<td>$67,258,900</td>
<td>$1,687</td>
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<tr>
<td>2013</td>
<td>$77,868,900</td>
<td>$1,710</td>
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<td>2014</td>
<td>$84,755,000</td>
<td>$1,689</td>
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<td>2015</td>
<td>$98,286,600</td>
<td>$1,660</td>
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<tr>
<td>2016</td>
<td>$99,946,200</td>
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<tr>
<td>2017</td>
<td>$129,156,000</td>
<td>$2,001</td>
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<tr>
<td>2018</td>
<td>$170,579,200</td>
<td>$2,180</td>
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<tr>
<td>2019</td>
<td>$178,526,000</td>
<td>$2,237</td>
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</table>
Local Replacement: Funding by Source

**FY 2019**
$178.5 Million

*Includes State Education Fund Appropriation & Revenue from the Local Charter School Property Tax Levy*

**Formula Questions**

*2018 Interim | Charter School Local Replacement*

- 2016 Formula Closest to Reflecting Local Revenue Collections
- Issue: Questions on How to Reduce 2-Year Data Lag
  - Improve Data Systems/Reporting Alignment (Reduce to 1-Year Lag)
  - Develop Model for Projection
  - “Look Back & Adjust” Local Replacement Rate Annually
Formula Questions – “Look Back & Adjust”  
2018 Interim | Charter School Local Replacement

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<tbody>
<tr>
<td>Formula Rate Amount</td>
<td>$1,427</td>
<td>$1,607</td>
<td>$1,687</td>
<td>$1,718</td>
<td>$1,689</td>
<td>$1,640</td>
<td>$1,754</td>
<td>$2,005</td>
<td>$2,180</td>
<td>$2,237</td>
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<td>Actual Rate Amount (2 years later)</td>
<td>$1,687</td>
<td>$1,718</td>
<td>$1,689</td>
<td>$1,660</td>
<td>$1,756</td>
<td>$2,026</td>
<td>$1,883</td>
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<td>NA</td>
<td>$2,237</td>
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<td>Difference Over/(Under)</td>
<td>($260)</td>
<td>($103)</td>
<td>($2)</td>
<td>$50</td>
<td>($67)</td>
<td>($148)</td>
<td>($127)</td>
<td>($236)</td>
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<td>NA</td>
<td>($106)</td>
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<td>Percent Difference Over/(Under)</td>
<td>18.2%</td>
<td>6.4%</td>
<td>0.1%</td>
<td>2.9%</td>
<td>4.0%</td>
<td>8.9%</td>
<td>7.2%</td>
<td>11.8%</td>
<td>NA</td>
<td>NA</td>
<td>5.8%</td>
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¹. Estimated rate based on calculation of Local Replacement Rate prior to statutory change (+2015) and adjustment after statutory change (FY 2016).
². Reflects modified formula adopted by the Legislature in the 2016 General Session. The formula includes additional revenue local school districts receive through state guarantee/equalization programs. Due to this, the LRF rate is not comparable to prior years (FY 2010 - 2016).

- Look Back: Table Aligns Appropriated “Formula Rate” with “Actual Rate Amount” 2-Years Later
  - FY 2010 Actual Rate = FY 2012 Formula Rate
  - Difference Between Formula Rate and Actual Rate Amount
- Adjust: 5-Year Rolling Average of Difference – FY 2013 to FY 2017
  - Rate Adjustment: Increase of $106 or 5.8%
  - Rate from $2,237 to $2,343 or $2,367 per Charter School Student
  - $8.5 to $10.4 Million Estimated Cost (FY 2019)