

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2022 REGULAR SESSION**

MEASURE

2022 BR NUMBER 23

HOUSE BILL NUMBER 9

TITLE AN ACT relating to educational opportunities, makin an appropriation therefor, and declaring an emergency.

SPONSOR Representative Chad McCoy

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Support Education Excellence in Kentucky (SEEK), Learning and Results Services (LARS), Teachers' Retirement System (TRS)

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Various

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable	Indeterminable
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 9 amends various sections of KRS 160.1590 to 160.1599, the public charter school statutes, to expand the list of charter school authorizers, amend the application requirements, and establish an appeal process for charter school applicants.

HB 9 requires students attending charter schools to be included in the SEEK average daily attendance count and establishes the mechanism for calculating and transferring the charter school's share of a district's state education funds. The provisions in HB 9 require charter schools also be eligible to receive local and federal funds.

The Kentucky Public Charter School Commission is established to consider applications, authorize charter schools, and review appeals.

FISCAL EXPLANATION: There are various provisions in HB 9 that could impact state funding. This fiscal note does not address potential cost increases to local school districts.

Students attending charter schools will be included in the average daily attendance data for the purposes of receiving SEEK funds, including add-ons and transportation funds. However, it is

unknown if any students would enroll in charter schools that are currently not enrolled in a public school. Therefore, any additional costs to SEEK are indeterminable. Charter schools will also be eligible to receive their proportional share of a school district's other state education funds, but there is no anticipated cost increase since the charter school would receive an allocation of the current pool of funds.

The measure establishes the Kentucky Public Charter School Commission and requires the commission to appoint an executive director. For a cost estimate, it is assumed the executive director's compensation would be approximately \$100,000, plus benefits. This legislation allows the commission to employ additional support staff but the compensation and number of staff are unknown. The board members of the commission would receive per-diem and travel expenses on meeting days, but these costs are estimated to be minor. The commission, as an authorizer, would be eligible to receive up to three percent of a charter school's funds and up to 25% of the authorizing fee if they authorize a school on an appeal. However, it is unknown if these funds would be sufficient to support the commission's operations. Therefore, the cost to establish and operate the Kentucky Public Charter School Commission is indeterminable.

The Kentucky Board of Education (KBE) would become an authorizer of charter schools and be responsible for appeals. However, it is unknown how many applications would be received or the number of appeals that would come to KBE. The Department of Education (KDE) might need to hire additional staff due to the responsibilities assigned to them in HB 9. KDE has estimated the annual staffing costs to be approximately \$365,000.

HB 9 requires charter schools to participate in the state-sponsored health plan and state administered retirement systems. The state pays, on behalf of local school districts, the employer share for health insurance and the statutory employer contribution to TRS. The employer contribution rate to TRS for new certified staff starting in January 2022 is 10.75% of their salary. The employer contribution for health insurance, assuming the living well non-tobacco user rate for single coverage is about \$700 per month. The total cost to support these benefits for charter school employees is indeterminable.

DATA SOURCE(S): LRC Staff, KDE

PREPARER: Seth Dawson NOTE NUMBER: 121 REVIEW: JAB DATE: 3/9/2022