

**CHARTER SCHOOL CAPITAL OUTLAY FUNDING
HB 5103 AND SB 376**

Section and Line Numbers	Summary of Provisions of HB 5103	Comments and Comparisons To SB 376
Section One Lines 28-114	These lines make technical and conforming changes to current law. The lines update the name of the National School Lunch Program that address services required by charter school sponsors. It also updates a statutory reference related to capital outlay provisions of the law to conform to other changes.	These changes do not create important impacts for the district. They are technical in nature. These changes are not included in SB 376
Section Two Lines 116-121	These lines remove the language making the appropriation of local capital outlay funds discretionary by the district school board.	These changes are important to the district. The district is now required to allocate proceeds from the 1.5 mill discretionary capital outlay revenue to qualified district charter schools. SB 376 makes similar changes and requires district to allocate 1.5 mill revenue to charter schools.
Lines 122-184	Make changes in the language that specify lawful uses of local discretionary capital revenue. The changes update language related to the authorized uses of the funds for technology, and make the language more up to date. For example, the language allows the purchase computer and devices hardware, not just computers, and provides for the purchase of operating system software. The language related to Enterprise Resource Management Systems is updated to allow acquisition by annual license fees, maintenance fees or lease agreements.	SB 376 does not currently address these issues.
Section Three Lines 189-195	These lines specify that charter school capital outlay funding shall consist of revenue from the local discretionary capital outlay millage and state funds when state funds are appropriated in the General Appropriations Act.	SB 376 includes similar language in lines 97-102
Lines 196-203	These lines establish which charter schools are eligible for capital outlay funding. Lines 196-203 specify that to be eligible the funds the charter school must use facilities owned by a school district, a political subdivision of the state, municipality, of state college or university, or by a qualified 501(c)3 organization	SB 376 includes these provisions in lines 145-149. SB 376 stipulates that a virtual charter school is not eligible for capital outlay funding in lines 134-136

<p>Lines 204-207</p>	<p>These lines state that the charter school can be “owned by and leased at fair market value in the school district where the charter school is located from a person or entity that is not an affiliated party of the charter school.</p>	<p>SB 376 begins its “personal enrichment” language on Line 136. On lines 136-144 stipulate that it is “the intent of the legislature that the public interest be protected by prohibiting personal financial enrichment by owners, operators, managers and other affiliated parties of charter schools” These lines include a requirement that the chair of the charter school board and its chief administrative officer annually certify under oath that the funds will be used solely and exclusively for constructing, renovating, or improving charter school facilities that meet the qualifications as stated in lines 145-179.</p>
<p>Lines 207-228</p>	<p>These lines specify the relationships that determine “an affiliated party” and constitute what is referred to as the “personal enrichment” language. These lines are virtually identical to lines 145-179 in SB 376.</p> <p>HB 5103 does not include the statement of legislative intent to protect the public interest and the requirements for charter school officials to annually swear the oath required in SB 376.</p>	<p>These lines are identical to lines 196-229 in HB 5103.</p>
<p>Line 229</p>	<p>Line 229 requires that the charter school to have been operation for at least two years.</p>	<p>The requirement for the charter school to have been in operation for at least two years is current law. The change in HB 5103 moves the location of the requirement.</p>
<p>Lines 230-240</p>	<p>Lines 230-231 require that the charter school to have earned no more than two consecutive school grades lower than a “B”. However, lines 236-240 stipulate that the school grade performance requirement does not apply to a charter school with a student body in which 50% or more of the student body qualifies for free and reduced price lunch as defined by the bill.</p>	<p>SB 376 does not make changes in or address this section of law.</p>
<p>Lines 242-244</p>	<p>Lines 242-244 remove the requirement for a charter school to be governed by a governing board established in the state for three or more years.</p>	<p>SB 376 does not make changes in or address this section of law.</p>
<p>Lines 245-247</p>	<p>Lines 250-252: remove language providing funding to a school that is part of an expanded feeder chain operating in the school district and currently receiving capital outlay funding.</p>	<p>SB 376 does not make changes in or address this section of law.</p>

Lines 248-249	Lines 248-249 remove the requirement that the charter school be accredited by the Commission on Schools of SACS.	SB 376 does not make changes in or address this section of law.
Lines 250-252	Lines 250-252 remove the stipulation that the charter school serves students in a facility provided by a business partner for a charter school in the workplace.	SB 376 does not make changes in or address this section of law.
Lines 257-258	Lines 262-263 remove the requirement that the charter school has satisfactory student performance based on state accountability standards applicable to charter schools to be eligible for capital outlay funding.	SB 376 does not make changes in or address this section of law.
Line 269-322	Lines 260-322 make technical and conforming changes to existing language instructing the Department of Education how to distribute charter school capital outlay funding provided by the state in the General Appropriations Act.	SB 376 does not make changes in or address this section of law.
Lines 323-327	Lines 323-327 stipulate that if the school district levies the local discretionary capital outlay millage, the Department of Education must use the method and requirements prescribed in this section of law to distribute the funds to the charter school.	In SB 376, lines 180-182 provide direction to the Department of Education about how to distribute the revenues.
Lines 328-330	Lines 328-330 requires the Department to “Reduce the total discretionary revenue millage revenue by the “school district’s annual debt service obligation incurred as of March 1, 2017.” It is important to note that consultation with staff confirmed that the annual debt service obligation refers to all capital outlay debt service obligations, including those incurred for other revenue sources.	SB 376 does not reduce the local capital outlay revenue by the amount of the district debt service obligation. SB 376 has a different method for distributing the local capital funds to district charter schools. The method used in SB 376 is detailed below for allow comparison.
Lines 331-336	Lines 331-336 state that the “adjusted discretionary millage revenue” shall be divided by the district’s total capital outlay full-time equivalent members and the total number of unweighted full-time equivalent students of each eligible charter school to determine the capital outlay allocation per full time equivalent student.	In SB 376 lines 180-195 direct the Department of Education to group charter schools.
Lines 337-340	Lines 337-340 require the department to multiply the capital outlay per full time equivalent student times the number of FTE students in each charter school to determine the school’s allocation.	One group is comprised of schools serving student bodies in which 75% or more of the students qualify for free and reduced lunch as defined by the bill, and one group is comprised of schools serving student bodied in which 25% or more of the students with disabilities.
Lines 341-344	Line 341-344 stipulate that if applicable the capital outlay allocation from local revenue would be reduced by the total amount of any state funds allocated should such funds be provided.	

<p>Lines 351-385</p> <p>Section 4 Lines 416-483</p> <p>Section 5 Lines 484-487</p>	<p>HB 5103 provides the district can district funds after local tax collections have occurred.</p> <p>HB 5301 does not include this language.</p> <p>HB 5301 does not include this language.</p> <p>Lines 351-385 make changes in the allowable uses of capital outlay funds for charter schools. The allowable uses are updates, and conform to the uses of capital outlay funds authorized for district operated schools.</p> <p>Lines 416-483 make technical changes to update the method for calculating the district's capital outlay FTE enrollment.</p> <p>Provides that except as otherwise stated, the act will take effect July 1, 2017.</p>	<p>In SB 376 lines 252-254 direct the district to provide the funds to the charter schools if local funds are not available at that time.</p> <p>In SB 376, lines 254-258 direct school districts to provide funds from another fund source if local discretionary capital funds are not sufficient to meet the requirement.</p> <p>In SB 376, lines 262-264 stipulate that the charter school capital outlay funds can only be used at the school generating the funds.</p> <p>In SB 376, lines 265-292 make no changes in current law concerning allowable uses of the funds or funding for conversion charter schools</p> <p>SB 376 does not address this issue.</p> <p>In SB 376, Section 3, line 293 provides that the act shall take effect on July 1, 2017.</p>
--	--	--