



**Colorado
Legislative
Council
Staff**

SB17-070

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0792
Prime Sponsor(s): Sen. Kerr
Rep. Young

Date: January 25, 2017
Bill Status: Senate Education
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: CERTIFY AUTHORIZERS OF MULTI-DISTRICT ONLINE SCHOOLS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$123,414	\$115,671
General Fund	118,360	110,617
Centrally Appropriated Costs	5,054	5,054
FTE Position Change	0.8 FTE	0.8 FTE
Appropriation Required: \$118,360 - Colorado Department of Education (FY 2017-18).		
Future Year Impacts: Ongoing expenditure impact.		

Summary of Legislation

This bill requires that the Division of Online and Blended Learning in the Colorado Department of Education (CDE) develop a certification program for authorizers of multi-district online schools. The bill eliminates the current duty of the division to facilitate the certification of multi-district online schools directly, and instead requires that the division certify the authorizers of these schools. The bill specifies the standards the division must use to evaluate applications for certification.

The State Board of Education (SBE) must adopt rules for the certification program, including an application process and time lines for review and approval of applications by CDE. The division must use the recommendations from the final report of the Online Task Force, created by House Bill 14-1382, when making rule recommendations to the SBE.

Beginning January 1, 2018, a school district, a group of two or more school districts, or a board of cooperative educational services (BOCES) that is not currently an authorizer of multi-district online schools must apply to the CDE for certification. An application for authorizer certification must be received no later than August of the year preceding the school year during which the new multi-district online school would operate. Current authorizers of existing online schools must also receive certification from the CDE, by January 2023, and every five years thereafter.

This bill also requires that the division study the issue of student mobility, and collect and make public data concerning the operations of online school authorizers. Authorizers that operate a multi-district online school must have a memorandum of understanding to operate drop-in learning centers in school districts that are not the online school's authorizer.

Finally, this bill extends the deadline for the CDE to solicit proposals for online programs and schools to initiate online education pilot projects. Parameters for the pilot projects were established by House Bill 14-1382. The deadline for applications is extended until October 15, 2017, and pilot projects must be implemented beginning with the 2018-19 school year. Currently, the CDE is required to use private donations to implement pilot projects. This bill requires that the General Assembly appropriate money for the pilot projects.

Background

Multi-district online schools may enroll students throughout the state of Colorado. Currently, there are 35 multi-district online schools, established by 20 authorizers. A multi-district online school can be authorized by a school district, the CSI or a BOCES. Among the current schools, none are authorized by CSI, 5 are authorized by a BOCES, and the remaining online schools are authorized by school districts.

State Expenditures

The bill increases state General Fund expenditures in the CDE by \$123,414 and 0.8 FTE in FY 2017-18 and by \$115,671 and 0.8 FTE in FY 2018-19. New expenditures are displayed in Table 1 and described below.

Table 1. Expenditures Under SB 17-070		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$55,357	\$55,357
FTE	0.8 FTE	0.8 FTE
Operating Expenses and Capital Outlay Costs	5,653	760
Legal Services	2,850	-
External Reviewers	4,500	4,500
Pilot Projects	50,000	50,000
Centrally Appropriated Costs*	5,054	5,054
TOTAL	\$123,414	\$115,671

* Centrally appropriated costs are not included in the bill's appropriation.

Authorizer certification. This bill creates new workload for the CDE to create a certification program for authorizers. In FY 2017-18, staff will assist the SBE to adopt rules, facilitate new applicants for certification, select and train external reviewers, certify 2-3 new authorizers, and prepare SBE documents in cases of appeal. Staff must also facilitate the review and evaluation of the 18 existing authorizers, and prepare for application and re-certification of all existing authorizers by 2023. In addition to personal services and standard operating costs, the CDE will have \$2,850 in legal services from the Department of Law.

Pilot projects. Some pilot projects suggested by HB 14-1382 can be implemented with minimal additional resources and without direct funding to participating schools; however, others require funding to create support systems, or for investments directly in schools. To begin supporting the development of projects and encouraging applications by online schools, an initial estimate of \$50,000 annually is needed to support pilot project implementation.

Online education research. The CDE is required to research and report on student transfer rates in online schools, and to collect data concerning the operation of authorizers and multi district online schools in order to identify best practices and make data available for research in the field of online education. Because the CDE will no longer certify multi-district online schools, the department will have staff capacity that can be re-purposed to conduct research on online education.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB 17-079*		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$94	\$94
Supplemental Employee Retirement Payments	4,960	4,960
TOTAL	\$5,054	\$5,054

*More information is available at: <http://colorado.gov/fiscalnotes>

School District Impact

The bill increases workload for the 18 local education providers currently certified to authorize multi-district online schools to adjust their practices in order to prepare to meet minimum standards specified in the bill by 2023. A local education provider not currently authorizing multi-district schools must also prepare to meet all standards adopted by the SBE for the certification program, and apply and receive certification prior to authorizing multi-district online schools.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2017-18, this bill requires a General Fund appropriation of \$118,360 and 0.8 FTE to the Colorado Department of Education. Of this amount, the Department of Law requires \$2,850 in reappropriated funds.

State and Local Government Contacts

Education