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HB 18-1197

FINAL FISCAL NOTE

Drafting Number: LLS 18-0651 Date: June 14, 2018
Prime Sponsors: Rep. Young; Wilson Bill Status: Postponed Indefinitely
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Bill Topic: STUDENT-CENTERED PILOT ACCOUNTABILITY SYSTEMS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill creates a grant program to assist local education providers with piloting alternative accountability systems for the performance and accreditation of public schools and school districts. The bill increases state expenditures from FY 2018-19 through FY 2022-23.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$375,155 to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the reengrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1 State Fiscal Impacts Under HB 18-1197

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (State Education Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

## Summary of Legislation

**Pilot accountability system grants.** This bill creates a grant program in the Colorado Department of Education (CDE) to provide grants to local education providers (LEPs) to design and pilot local, student-centered accountability systems that focus on measuring and improving student academic achievement. Funding for the new grant program may be appropriated from the State Education Fund.

The bill permits an LEP, or a group of LEPs, to apply to the CDE for funding to support a pilot accountability system using multiple measures of student achievement. The bill sets the minimum expectations for the pilot system's design elements, including student learning, professional culture, and resource allocation. The bill also sets the minimum components required for proposals submitted by LEPs to the CDE. LEPs that participate in the pilot accountability system must also continue to comply with existing accountability statutes.

To obtain a grant, LEPs must submit a proposal in accordance with rules adopted by the State Board of Education (SBE), agree to allow the CDE to monitor the project, and agree to submit to professional evaluations. The CDE is required to award an annual grant of up to \$50,000 for a single LEP that implements a pilot system, and up to \$100,000 for groups of LEPs working as a consortium. In any year that the General Assembly does not fully fund the program, the CDE must reduce the amount of each grant proportionally. Grants continue for five years, through FY 2022-23. The grant program repeals September 1, 2023.

The CDE is required to prepare a summary report in each year that the department awards grants. At a minimum, the summary report must include an evaluation of the success of the pilot system to fairly and accurately evaluate student academic success, the capacity of the LEP to support student success, and the establishment of a cycle of continuous improvement for participating LEPs.

## Background

The Student-Centered Accountability Project (SCAP) is a collaborative effort by nine rural districts to create a student centered system of school accountability that uses multiple measures of performance. The participating districts are Buena Vista, Buffalo, Julesburg, Huerfano, Kit Carson, La Veta, Mancos, Monte Vista, and South Routt. According to SCAP, the major expenditures for their project include consultant fees for strategic planning, travel, information technology support, communications, and dedicated personnel. The project is in its third year.

## State Expenditures

**Pilot accountability system grants.** For FY 2018-19, the bill increases state expenditures by \$385,764 and 0.7 FTE. For FY 2019-20, increased expenditures are \$591,832 and 0.6 FTE. New expenditures are displayed in Table 2 and described below.

**Table 2  
Expenditures Under HB 18-1197**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Colorado Department of Education</b>		
Personal Services	\$57,287	\$46,872
Operating Expenses and Capital Outlay Costs	\$5,368	\$570
Grants to Single LEPs	\$100,000	\$100,000
Grants to Multiple LEPs	\$200,000	\$200,000
Contract Services - Professional Evaluator	\$12,500	\$235,000
Centrally Appropriated Costs*	\$10,609	\$8,890
FTE – Personal Services	0.7 FTE	0.6 FTE
<b>Total Cost</b>	<b>\$385,764</b>	<b>\$591,332</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.6 FTE</b>

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

*Personal services.* The CDE requires additional staff to administer the new grant program and to work with professional evaluators to monitor, report, and assess the pilot accountability systems. New staff will assist the SBE to create application procedures and program rules, evaluate grant applications, make recommendations for awards, provide technical assistance to grantees, and ensure program accountability. Personal service costs include standard operating expenses and are prorated for the General Fund pay date shift.

*Grants.* This fiscal note assumes that the individual LEPs and two consortia of LEPs (the existing SCAP project, plus one additional consortium applicant) will receive grants beginning in FY 2018-19. Single LEP grants are \$50,000 each, and multiple LEP grants are \$100,000 each.

*Contract services.* The bill requires that CDE evaluate the success of the pilot systems to fairly and accurately measure student academic success, the capacity of LEPs to sustain student success, and the establishment of a cycle of continuous improvement for schools and districts participating in the grant.

The CDE will contract with professional evaluators to implement this provision, most likely at a state institution of higher education. Expenditures for a professional evaluator in FY 2018-19 are for data collection and project monitoring in the districts, estimated at 100 hours. Professional evaluation beginning FY 2019-20 include assessing program quality, rigor, and accuracy for use as a state accountability system, and will require multiple site visits. Assuming 4 funded projects, annual contract hours for evaluation are estimated at 1,184, or the approximate equivalent of 0.25 FTE evaluation services for every two grant projects. Contract evaluation services assume an hourly rate of \$125. This amount serves as a proxy for estimating evaluation costs; actual expenditures for grant evaluation will depend on the number of projects actually funded, and may need adjustment during the annual budget setting process.

*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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$10,609 in FY 2018-19 and \$8,890 in FY 2019-20.

## **School District Impact**

Schools and districts that receive grant funding will implement pilot accountability projects. This work is in addition to compliance with existing accountability laws, administration of required statewide assessments, and implementation of improvement plans, etc. Grant funded projects are assumed to require several years to implement.

## **Effective Date**

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 2, 2018.

## **State Appropriations**

For FY 2018-19, the bill requires an appropriation of \$375,155 from the State Education Fund to the Colorado Department of Education and 0.7 FTE.

## **State and Local Government Contacts**

Education

School Districts