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REVISED FISCAL NOTE

(replaces fiscal note dated April 3, 2018)

Drafting Number:	LLS 18-1120	Date:	April 19, 2018
Prime Sponsors:	Sen. Lambert Rep. Hamner	Bill Status:	House Education
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Bill Topic: DEFINITION OF EARLY COLLEGE HIGH SCHOOLS

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue <input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>) <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input checked="" type="checkbox"/> Local Government <input type="checkbox"/> Statutory Public Entity
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The bill modifies the definition of early colleges and requires that the State Board of Education review designated early colleges to ensure they meet the definition. The bill impacts state workload and may impact state funding for school finance in future years.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the reengrossed bill. The bill was recommended by the Joint Budget Committee.

Summary of Legislation

Under current law, early colleges are high schools that provide a curriculum intended to ensure that students earn a high school diploma and either an associate's degree or 60 credits toward the completion of a postsecondary credential. The bill modifies the definition to specify the curriculum must be designed to be completed within four years and students must be required to complete secondary and postsecondary courses while enrolled in the four years of high school.

The bill requires that the State Board of Education (SBE) review whether existing early colleges designated as such by the SBE meet the bill's curriculum requirements. The SBE may not require documentation from the early colleges beyond the minimum required to determine whether the requirements are met. Beginning July 1, 2018, early colleges that the SBE determines do not meet the curriculum requirements are no longer designated as early colleges.

For the 2018-19 and 2019-20 school years, the bill allows districts to include in their pupil enrollment students who are:

- enrolled in a school that was designated as an early college prior to the bill's effective date; and
- enrolled in postsecondary courses in the 2018-19 and 2019-20 school years after completing four years of high school.

Background

Early colleges. House Bill 09-1319 established the definition of early colleges in statute, grandfathered in five existing schools, and authorized the SBE to designate additional schools as early colleges. Early colleges include district schools, district charter schools, and state Charter School Institute schools. As of June 2017, there were 20 designated early colleges, of which 11 were approved in 2016 or 2017.

Funding. Early colleges receive per pupil funding through the K-12 school finance system, at the district's per pupil funding amount. Early colleges partner with institutions of higher education to offer postsecondary courses at negotiated tuition rates; a portion of per pupil funding is used to pay the tuition rate. Students are also eligible for the College Opportunity Fund stipend that is paid directly to institutions of higher education.

Enrollment. In FY 2016-17, 3,338 students were enrolled in 20 early colleges, with additional schools scheduled to open in FY 2018-19. Over the past several years, a growing number of students have enrolled at early colleges for more than the typical four years of high school. In FY 2016-17, 36 percent of seniors remained for a fifth year, and 9.4 percent of all students enrolled at early colleges were beyond 12th grade. Assuming other factors remain relatively constant, the per pupil funding for students who stay beyond 12th grade is covered by the state, as the local share of school finance funding does not change with the number of students.

State Expenditures

The bill does not change state expenditures in FY 2018-19 and FY 2019-20, as districts may include in their pupil enrollment counts for those years students who are enrolled in postsecondary courses in a fifth or subsequent year at a currently designated early college. The bill also increases the workload in FY 2018-19 for the SBE to review approved early colleges to ensure that new curriculum requirements are met; no change in appropriations is required.

Future year impacts. The bill impacts state expenditures in future years, as discussed below.

School finance. In future years, the bill decreases state expenditures for school finance, as the state will not provide per pupil revenue for students who enroll in a fifth or subsequent year at an early college whose curriculum is designed to include a fifth or sixth year. Districts will still receive per pupil revenue for students who do not meet graduation requirements in four years and as a result are retained for a fifth or subsequent year. For FY 2017-18, the per pupil rate, after the application of the budget stabilization factor, averaged \$7,662 per district. The specific expenditure decrease will depend the number of students who would have been enrolled in a fifth or subsequent year at an early college, among other factors.

COF payments. To the extent that students who would have stayed for a fifth or subsequent year at an early college do not enroll in a qualifying institution of higher education, state COF payments will decrease. In FY 2017-18, the COF stipend is \$77 per semester credit hour for eligible students attending public institutions and \$39 per credit hour at qualifying private institutions, paid directly to the institution. For students who instead enroll at a state institution of higher education, there is no change in state COF payments.

School District Impact

The bill increases school district workload in FY 2018-19 to provide documentation to the SBE confirming that the early college's curriculum meets the modified definition of early college. The increase is expected to be minimal.

Future year impacts. In future years, the bill decreases revenue to districts with an early college, as the state will not provide per pupil revenue for students who enroll in a fifth or subsequent year at an early college whose curriculum is designed to include a fifth or sixth year. Districts will still receive per pupil revenue for students who do not meet graduation requirements in four years and as a result are retained for a fifth or subsequent year. In addition, to the extent that early colleges provide the same number of courses or credit hours to the same number of students over four years instead of five or more, costs may increase for school districts with early colleges.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Education School Districts