



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 19-0962	<b>Date:</b>	April 2, 2019
<b>Prime Sponsors:</b>	Sen. Todd; Rankin Rep. McCluskie; Wilson	<b>Bill Status:</b>	Senate Education
		<b>Fiscal Analyst:</b>	Josh Abram   303-866-3561 Josh.Abram@state.co.us

**Bill Topic:** READ ACT IMPLEMENTATION MEASURES

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> School District

The bill makes modifications to the READ Act. The bill increases state expenditures for the Early Literacy Grant Program and READ Act implementation on an ongoing basis.

**Appropriation Summary:** No appropriation is required. See State Appropriations Section.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1**  
**State Fiscal Impacts Under SB 19-199**

		FY 2019-20	FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-	
<b>Expenditures</b>	Cash Funds	\$1,355,065	\$6,124,888	\$6,341,655
	Centrally Appropriated	\$131,170	\$132,235	\$140,144
	<b>Total</b>	<b>\$1,486,235</b>	<b>\$6,257,123</b>	<b>\$6,481,799</b>
	<b>Total FTE</b>	<b>8.7 FTE</b>	<b>8.8 FTE</b>	<b>9.3 FTE</b>
<b>Transfers</b>		-	-	-
<b>TABOR Refund</b>		-	-	-

## **Summary of Legislation**

The bill makes several statutory changes to the Colorado Reading to Ensure Academic Development Act (READ act) and its implementation by the Colorado Department of Education (CDE), public schools, and school districts.

**Reading education program plans.** No later than July 1, 2020, the bill requires that local education providers (LEPs) adopt a reading education program plan for all schools. Plans must be reviewed annually and revised as necessary to improve effectiveness. The bill specifies the minimum components of each school's plan, including designated curriculum and intervention programs. LEPs must post specific details concerning student reading achievement and academic growth online for public access, and must also post the amount of per-pupil intervention money and any early literacy grant funding the LEP receives each year, and how that money is spent.

LEPs must annually submit their program plans for each school to the CDE and the department must monitor plan implementation. The CDE must provide technical assistance and training to LEPs that are accredited with priority turnaround to assist with the creation and implementation of an effective plan. The CDE may provide technical assistance to other LEPs that request it.

**Reading certification program.** The bill creates a reading certification program in the CDE to provide training that will enable educators and other individuals to teach reading and provide instructional support to students. CDE may contract with an entity to assist in developing and implementing the certification program. Beginning July 2020, the CDE must make the program available to each LEP at no cost. Each LEP must establish a schedule to ensure that each educator employed by the LEP receives training at the reading educator or reading coach level, and may request training at the paraprofessional level for other employees, parents, upper-grade students, or other community members who request this level of certification.

**Student intervention services.** The bill requires that students with significant reading deficiencies and students who read below grade level receive a specified minimum amount of daily reading time with a certified reading educator or reading coach.

**Public information campaign.** Beginning in FY 2019-20, the CDE must contract with an outside entity to develop and implement a public information campaign related to the importance of reading and to highlight LEPs that are achieving success. The department may annually use at least \$500,000 from the Early Literacy Fund to finance the public information contract.

**Professional evaluation.** The CDE must contract with one or more entities to independently review each LEPs use of per-pupil intervention and early literacy grant money to evaluate if the money contributed to measurable progress of students toward reading competency.

**READ Act funding.** The bill changes the distribution of money appropriated from the Early Literacy Fund by reducing the amount distributed as per-pupil intervention money and increasing the amount distributed through the early literacy grant program. Beginning FY 2020-21, the CDE may use up to 1 percent of the fund for administrative expenses, \$500,000 for the public information campaign, and \$1.0 million for a reading certification program. Of the remaining money credited to the fund, 85 percent is allocated to implement the early literacy grant program and 15 percent for allocation to LEPs as per-pupil intervention money.

To receive per-pupil intervention money, LEPs must annually report specified information to the CDE concerning the LEPs' READ program plan, the number of students being served, evidence that the LEP uses certified reading educators or coaches, and a budget for the use of state per-

pupil intervention money. LEPs must also report year-end expenditure information and evidence that students receiving intervention services made measurable progress toward reading competency. Throughout the year, the CDE must monitor and, if necessary, audit each LEP's use of intervention money. The CDE may only allocate the annual per-pupil intervention money if LEPs are in compliance with the bill's requirements. LEPs may retain up to 15 percent of annual intervention money for use in the following budget year; if the LEP retains more than this amount, the CDE must reduce the following budget year allocation to the LEP by the excess amount retained.

**Early Literacy Grant Program.** Finally, this bill modifies the Early Literacy Grant Program to permit the State Board of Education to renew a grant award only if an independent evaluator determines that the program has been effective, and the LEP requests an extension. If the evaluation determines the program is not effective, the SBE may not extend or renew the grant. The bill expands some of the reporting requirements for LEPs receiving an early literacy grant.

**Background**

The READ Act is currently funded with an annual transfer of \$34.0 million from the State Education Fund and \$5.0 million from the Marijuana Tax Cash Fund to the Early Literacy Cash Fund. After administrative expenses and \$5.0 million for competitive grants, about \$33.0 million is distributed to LEPs on a per-pupil basis. The CDE supports administration of the READ Act with 7.0 FTE, including a literacy director, assessment tool administrator, grant program manager, and regional support specialists.

**State Expenditures**

The bill increases state expenditures in the CDE by about \$1.5 million in FY 2019-20, by about \$6.2 million in FY 2020-21, and by about \$6.5 million in FY 2021-22 and ongoing. Expenditures are from the Early Literacy Cash Fund. New costs are displayed in Table 2 and described below.

**Table 2  
 Expenditures Under SB 19-199**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Colorado Department of Education</b>			
Personal Services	\$727,103	\$730,607	\$776,452
Operating & Capital Outlay	\$50,592	\$9,215	\$8,835
Reading Certification Program	-	\$4,485,066	\$4,816,368
Public Information Campaign	\$500,000	\$500,000	\$500,000
External Program Evaluator	\$17,850	\$400,000	\$240,000
Data Collection	\$59,520	-	-
Centrally Appropriated Costs*	\$131,170	\$132,235	\$140,144
<b>Total Cost</b>	<b>\$1,486,235</b>	<b>\$6,257,123</b>	<b>\$6,481,799</b>
<b>Total FTE</b>	<b>8.7 FTE</b>	<b>8.8 FTE</b>	<b>9.3 FTE</b>

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

**Personal services.** The bill increases personal service costs and related operating and capital outlay for the CDE to provide additional technical assistance to LEPs in the creation of reading education program plans. Technical assistance must be given to schools in priority turnaround status and may be provided to any LEP that requests it.

The CDE must also monitor the creation and implementation of the newly required reading education plans, receive and process additional data collected from LEPs, and review and approve plans for all school districts, charter schools, and boards of cooperative educational services. Additional program staff are required to manage an greatly expanded Early Literacy Grant Program, create and administer a new statewide reading certification program for all educators, and manage two additional external contracts for a public information campaign, and a professional program evaluator.

**Reading certification Program.** Beginning in FY 2020-21, the bill requires that the CDE offer a reading certification program at no cost to LEPs. The program must provide certification for three levels of experience. Providing this tiered level of professional development to all teachers will require several years of implementation. For example, providing Tier 1 paraprofessional certification or Tier 2 educator certification to approximately 60,000 educators could be delivered across 5 years, at an average of 12,000 certifications per year. Assuming some online instruction and at least one full day in-person session, certification training will need to occur multiple times each month and be managed across multiple schools and districts. Based on an existing professional development program for reading, each educator's certification cost is estimated at about \$400.

**Public information campaign and professional evaluator.** The bill requires that an outside contractor implement a public information campaign and that the CDE contract with a professional evaluator. The public information contract is estimated at \$500,000 annually. The professional evaluator in FY 2019-20 is estimated at \$17,850 to consult with the CDE on program design and to create the data needs and other parameters for ongoing evaluation. Ongoing, an evaluation program will require labor intensive data collection and document review at the local level. Estimates range from between \$230,000 to \$500,000 annually. This fiscal note uses the higher end of these estimates in year two (the first full year of evaluation services) and assumes the smaller amount annually thereafter.

**Information management systems.** The CDE will have one time costs of \$59,520 in FY 2019-20 to modify data collection systems to receive and track additional information from LEPs.

**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 \$131,170 in FY 2019-20, \$132,235 in FY 2020-21, and \$140,144 in FY 2021-22.

### **School District Impact**

The bill increases workload and costs for all LEPs. The bill requires that LEPs prepare and submit a reading education plan for all schools, report data to the CDE related to student reading competency and uses of per-pupil intervention funding, and provide a minimum amount of reading intervention services to students identified with either 1) a significant reading deficiency or 2) who are reading below grade level. These provisions increase staff needs in most districts, charter schools, and boards of cooperative educational services that run public schools.

Under current law and practice, school districts focus existing resources on students identified as having a significant reading deficiency. This bill requires that schools provide a minimum amount of intervention services to students who either have a significant deficiency or who are reading below grade level, increasing costs for LEPs to hire additional reading specialists to support students. Although the bill requires that CDE provide a professional development program for reading education, certifying all teachers will take several years and has costs for districts to coordinate teacher and principal work and training schedules.

The bill inverts the current distribution of state funds to LEPs from 85 percent in per-pupil intervention funding and 15 percent Early Literacy Grant Funding to the reverse: 15 percent per-pupil funding and 85 percent grant funding. In the current FY 2018-19, the READ Act appropriation is about \$39.4 million; of this amount, \$33.5 million is distributed as per-pupil intervention funding, and about \$5.9 million is distributed as competitive grants. Reversing this distribution will dramatically change READ act funding for some districts. For example, some districts currently receive no grant funding and only per-pupil intervention funding. Under this bill, the per-pupil intervention funding is no longer guaranteed, which will require that LEPs demonstrate fuller compliance with new READ Act provisions before grant funding can be received, or for existing grant recipients, renewed.

The bill increases costs for the CDE to administer the READ Act. Assuming the General Assembly appropriates the historical funding amount for READ Act implementation of about \$39.0 million, there will be less of this appropriation available for LEPs as either competitive grants or as per-pupil intervention funding.

### **Technical Note**

The bill limits expenditures for the reading certification program to \$1.0 million annually; however, this fiscal note estimates the cost of the program in excess of \$4.5 million annually, beginning with FY 2020-21.

Under current law, the CDE may retain up to 1 percent of the annual appropriation from the Early Literacy Grant Fund to implement the READ Act. Current law also requires that the General Assembly annually transfer \$34.0 million from the State Education Fund and \$5.0 million from the Marijuana Tax Cash Fund to the Early Literacy Grant Fund, the majority of which is distributed to LEPs as per-pupil intervention funding. Pursuant to current law, the CDE may retain about \$340,000 annually for administrative expenses; however, with the expanded requirements of this bill, the department's administrative expenses are significantly larger than this limitation.

### **Effective Date**

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

### **State Appropriations**

The bill increases state expenditures by \$1.5 million in FY 2019-20. Assuming the General Assembly transfers and appropriates the annual READ Act funding of approximately \$39.0 million, no additional appropriation is required.

**State and Local Government Contacts**

Education

School Districts