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Revised Fiscal Note

(replaces fiscal note dated April 8, 2024)

Drafting Number: LLS 24-0548 Date: May 1, 2024
Prime Sponsors: Rep. Martinez; Pugliese Bill Status: Senate Education
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Bill Topic: NINTH-GRADE SUCCESS GRANT & PERFORMANCE REPORTING

Summary of Fiscal Impact:
State Revenue [] State Transfer [] Local Government []
State Expenditure [x] TABOR Refund [] School District [x]

The bill continues the Ninth Grade Success Grant Program, modifies reporting requirements, and provides ongoing funding for the program. The bill increases state expenditures and school district grant revenue on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires a net appropriation increase of \$1.2 million to the Colorado Department of Education. See State Appropriations Section.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 24-1282

Table with 3 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, State Education Fund, Centrally Appropriated, Total Expenditures), Total FTE, Transfers, and Other Budget Impacts.

Summary of Legislation

Under current law, the Ninth Grade Success Grant Program in the Colorado Department of Education (CDE) repeals on July 1, 2025. The bill continues the program, and requires that the General Assembly appropriate \$2.0 million per year for the program from FY 2024-25 through FY 2027-28. It also specifies that the program may be funded from the State Education Fund, and shifts the existing Long Bill appropriation for FY 2024-25 from the General Fund to the State Education Fund.

Additionally, the bill specifies the school- and district-level data that must be included in the annual program report.

Background

The Ninth Grade Success Grant Program awards grants to local education providers to provide targeted support for ninth graders, including a team of teachers and support staff; data on behavior, attendance, and grades; services and instructional support for students at risk of falling behind; summer orientation for students and parents; and evaluation of the interventions on student success. In the first program cohort, which began in FY 2019-20, \$735,117 in funding was distributed to eight local education providers.

For FY 2023-24, the program was funded with \$2.4 million from the General Fund, and CDE administered the program with 1.8 FTE. Of that amount, \$792,444 General Fund and 0.6 FTE were included in the Long Bill for FY 2024-25.

Assumptions

Administrative costs. Under current law, CDE may use up to 5 percent of program funding for administrative expense; however, Senate Bill 24-188 raised that cap to 8 percent. The fiscal note assumes the 8 percent administrative cap. The bill also exempts one-time IT costs in FY 2024-25 from the cap.

State Expenditures

For FY 2024-25, increases state expenditures, on net, by \$1.2 million. This impact reflects the required \$2.0 million in funding from the State Education Fund, which replaces the existing \$792,444 General Fund appropriation currently in the Long Bill. Beginning in FY 2025-26, the grant program would repeal under current law. Thus, the fiscal note reflects the full \$2.0 million, in costs, paid from the State Education Fund. The net change in costs are listed in Table 2 and discussed below.

Table 2
Expenditures Under HB 24-1282

	FY 2024-25	FY 2025-26
Department of Education		
Personal Services	\$75,018	\$140,658
Operating Expenses	\$1,024	\$1,920
Data System Costs	\$74,950	-
Grants	\$1,056,564	\$1,857,422
Centrally Appropriated Costs ¹	\$15,766	\$29,561
Total Cost	\$1,223,322	\$2,029,561
Total FTE	0.8 FTE	1.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff costs. In FY 2024-25, CDE requires an additional 0.9 FTE to administer the new funding for the grant program, prorated for a September 2024 start date. This estimate is based on the resources allocated for the current program, scaled up for the additional program funding. The current staffing for the program (0.6 FTE from the General Fund) is also shifted to the State Education Fund. In FY 2025-26, CDE requires 1.5 FTE, which includes the 0.9 FTE to administer the new funding and the continuation of the current, ongoing 0.6 FTE.

Data system costs. CDE requires \$74,950 in FY 2024-25 only to make the data system changes to allow districts to submit the information required by the bill. The data collection will be available beginning in FY 2025-26.

Grants. After administrative expenses, about \$1.1 million in FY 2024-25 and \$1.9 million in subsequent years is expected to be available for grants under the expanded/continued program. In FY 2024-25, the fiscal note assumes that the amount refinanced from the Long Bill will also be available as grants. Grants currently range from about \$10,000 to up to \$115,000 per year. The number of grants awarded and the amount of those grants will be determined by CDE.

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 shown in Table 2.

School District

By continuing the program and increasing funding for it on an ongoing basis, the bill increases revenue and expenditures for any school district that chooses to apply for and receives grant funding.

Effective Date

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

State Appropriations

For FY 2024-25, the bill includes the following appropriations:

- a decrease of \$792,444 from the General Fund and 0.6 FTE; and
- an increase of \$2,000,000 from the State Education Fund, and 1.4 FTE.

State and Local Government Contacts

Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).