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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 18-1219	Date:	June 21, 2018
Prime Sponsors:	Rep. Buckner Sen. Moreno; Priola	Bill Status:	Signed into Law
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Bill Topic: ADVANCED PLACEMENT EXAM FEE GRANT PROGRAM

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a grant program to cover a portion of the cost of AP exam fees. The bill increases state expenditures and school district revenue on an ongoing basis.

Appropriation Summary: The bill contains an appropriation of \$554,869 to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 18-1396**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$554,869	\$560,203
	Centrally Appropriated	\$4,914	\$6,203
	Total	\$559,783	\$566,786
	Total FTE	0.3 FTE	0.4 FTE
Transfers		-	-
TABOR Refund	General Fund	-	-

Summary of Legislation

The bill creates the Advanced Placement (AP) exam fee grant program in the Colorado Department of Education (CDE) to provide a portion of the AP exam fees to high schools on behalf of eligible low-income students. The entire amount awarded to high schools must be used to pay for AP exam fees.

CDE must review grant applications, determine award amounts, and award the grants in accordance with rules established by the State Board of Education. The same amount must be provided for each exam, regardless of subject area. The department must include information on the grants awarded in their annual SMART Act hearing. In addition, the bill specifies that the funds from the existing AP incentives pilot program may not be used to cover exam fees that are covered by a state grant program.

Background

AP courses and exams. AP courses offer college-level experience to high school students, usually in grades 10 -12. Most institutions of higher education consider completed AP credits and national AP exam scores when making admission decisions or awarding college credit. AP exams are administered by the College Board. Typically, a score of "3" or higher is considered by institutions of higher education as indicative of a student's advanced academic ability.

AP exam fees. Table 2 lists the AP exam fees paid by low-income students. The College Board provides \$32 per exam for low-income students and district provide a \$9 reduction. The district reduction is the result of districts applying the \$9 per exam that is typically retained as an administrative fee.

Table 2
AP Exam Fee For Low Income Students
Under Current Law

Component	Amount
Exam Fee	\$94
College Board Fee Reduction	(\$32)
District Fee Reduction	(\$9)
Cost to Student	\$53

Federal AP exam fee reduction. In recent years, the federal government provided \$38 per exam to low-income students, further lowering the fee. As a result, in 2016, low-income students paid \$15 per exam. The federal program was discontinued in 2017.

State Expenditures

The bill increases state General Fund expenditures in the CDE by \$559,783 and 0.3 FTE in FY 2018-19 and \$566,786 and 0.4 FTE in FY 2019-20.

**Table 3
Expenditures Under HB 18-1396**

	FY 2018-19	FY 2019-20
Department of Education		
Personal Services	\$28,569	\$34,283
Grants	\$526,300	\$526,300
Centrally Appropriated Costs*	\$4,914	\$6,203
FTE – Personal Services	0.4 FTE	0.4 FTE
Total Cost	\$559,783	\$566,786
Total FTE	0.3 FTE	0.4 FTE

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

Personal services. CDE requires 0.4 FTE on an ongoing basis to implement the grant program. Duties include establishing application criteria and processes, verifying student eligibility, working with districts, and distributing grants. The FTE amount in the first year is prorated based on the General Fund payday shift and an August 2018 start date.

Grants. CDE requires up to \$526,300 annually for grants to cover a portion of the cost to low-income students for an AP exam. The fiscal note assumes that grants will be \$38 per exam, based on the former federal contribution per exam that brought the cost to \$15 per exam for low-income students. Approximately 13,850 exams are estimated to be taken by low-income students in FY 2018-19; as a result, approximately \$526,300 is required for grants. Actual per-exam grant amounts will be determined by the CDE.

Legal services. The bill increases the workload for the State Board of Education to adopt rules for the program. Legal services for rulemaking are provided by the Department of Law. Rulemaking is expected to be accomplished within CDE's annual allotment of legal services. No change in appropriation is required.

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 \$4,914 in FY 2018-19 and \$6,203 in FY 2019-20.

School District Impact

The bill increases revenue for any school district that receives grants as a result of the bill. The revenue is passed along to the eligible student in the form of a reduced exam fee.

Effective Date

The bill was signed into law by the Governor on May 24, 2018, and takes effect on August 8, 2018, assuming no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires and includes a General Fund appropriation of \$554,869 to the Colorado Department of Education, and an allocation of 0.3 FTE.

State and Local Government Contacts

Education

Law