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REVISED FISCAL NOTE

(replaces fiscal note dated April 9, 2019)

Drafting Number: LLS 19-1003 Date: April 30, 2019
Prime Sponsors: Rep. Buentello; Exum Bill Status: Senate Judiciary
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Bill Topic: NINTH GRADE SUCCESS GRANT PROGRAM

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

The bill creates the ninth grade success grant program in the Colorado Department of Education. The bill increases state expenditures and school district revenue and workload on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires and includes an appropriation of \$800,000 to the Colorado Department of Education.

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

Table 1 State Fiscal Impacts Under HB 19-1276

Table with 3 columns: Category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

The bill creates the ninth grade success grant program in the Colorado Department of Education (CDE) to provide grants to local education providers (LEPs). Grants must be used to establish ninth grade success programs that includes:

- establishing a cross-disciplinary success team of all ninth grade teachers and support staff, including at least one school mental health professional to identify strategies to improve outcomes for students at risk of dropping out;
- ensuring that ninth grade classes are taught by a single group of teachers, to the extent practicable;
- implementing a data system that provides real-time access to student behavior, attendance, grades, as well as the ability to compare data across student groups;
- prioritizing services for ninth graders who are at risk of academic failure and providing instructional support;
- ensuring that school leadership, counselors, teachers, and the success team receive data on incoming ninth graders, and providing professional development to teachers on how to use student data to inform instruction;
- providing summer orientation for incoming ninth graders and their families; and
- evaluating the impact of the interventions provided through the program.

The bill specifies what must be included in a grant application. CDE must review applications and make a grant award recommendation to the State Board of Education, prioritizing applicants with a four-year graduation rate within the lowest 20 percent of high schools in the state.

Reporting. LEPs that receive a grant must submit to CDE the evaluation of the program, as well as any information required by the department. By March 15, 2022 and each year thereafter, CDE must submit a report to the General Assembly containing information specified in the bill.

Funding. The bill allows the General Assembly to appropriate money, including from the Marijuana Tax Cash Fund (MTCF), for the ninth grade success grant program, and allows CDE to accept and expend gifts, grants, and donations for the program. Local education providers that receive a grant must provide a grant match, including in-kind contributions. The local match amount is determined by the State Board of Education and cannot exceed 15 percent for a small rural school district or charter school and 25 percent for all other LEPs.

Student re-engagement grant program. The bill also repeals the student re-engagement grant program cash fund and instead specifies that the General Assembly may appropriate money, including from the MTCF, for the current student re-engagement grant program.

Background and Assumptions

The student re-engagement grant program provides grants to LEPs for student re-engagement and drop-out prevention programs. In FY 2018-19, \$2.0 million was appropriated for the program from the MTCF. Because the appropriation is directly from the MTCF, the fiscal note assumes that repealing the program's cash fund will have no impact on the appropriation for the current student re-engagement grant program.

State Expenditures

Beginning in FY 2019-20, the bill increases state expenditures from the General Fund to the Colorado Department of Education by \$800,000 per year. Specific costs are listed in Table 2 and discussed below.

Table 2
Expenditures Under HB 19-1276

	FY 2019-20	FY 2020-21
Department of Education		
Personal Services	\$40,470	\$44,149
Operating Expenses and Capital Outlay Costs	\$5,273	\$570
Data	\$7,000	\$7,000
Travel	\$2,115	\$2,115
Grants	\$745,142	\$746,166
Centrally Appropriated Costs*	\$8,166	\$8,500
Total Cost	\$808,166	\$808,500
Total FTE	0.6 FTE	0.6 FTE

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

Personal services and travel. CDE requires 0.6 FTE beginning in FY 2019-20 to administer and implement the grant program. Duties include developing and implementing the application and award process, supporting grantees, monitoring grants, conducting site visits, working with recipients and a consultant on data collection, and compiling the required reports. Costs in the first year are prorated based on the General Fund paydate shift. In addition, the program manager will require about \$2,000 per year to conduct site visits and training at LEPs that receive a grant.

Data. The bill requires that certain student, district, and school level data be tracked and reported to the department. As a result, CDE requires \$7,000 per year for a third party data methodology to be developed and implemented. This amount is based on other third party data costs and the assumptions that grantees will submit the data to the department.

Grants. After administrative expenses, it is expected that approximately \$745,000 will be available each year for grants. The fiscal note assumes that grants will be between \$100,000 and \$150,000, resulting in between five and eight grants. Actual grant amounts will be determined by SBE.

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 \$8,116 in FY 2019-20 and \$8,500 in FY 2020-21.

School District

For districts that apply for and receive a grant, revenue and expenditures will increase. It is expected that 10 grants will be awarded for approximately \$150,000 each. In addition, districts must provide a local match for grants received. Matching amounts will be determined by the State Board of Education, but may not exceed the limits specified in the bill. For example, for a grant of \$100,000, the local match may not exceed \$15,000 (15 percent) for a small rural LEP and \$25,000 (25 percent) for all other LEPs.

Effective Date

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

State Appropriations

For FY 2019-20, the bill includes a General Fund appropriation of \$800,000 to the Colorado Department of Education, and 0.6 FTE.

State and Local Government Contacts

Education