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FISCAL NOTE

Drafting Number: LLS 19-1005
Prime Sponsors: Sen. Bridges, Rep. Bird

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Bill Status: Senate Education
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Bill Topic: HIGH SCHOOL INNOVATIVE LEARNING PILOT

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, School District

The bill creates a pilot program and a grant program to increase innovative learning experiences for high school students. The bill increases state expenditures from FY 2019-20 through FY 2024-25.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$279,563 to the Colorado Department of Education.

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

Table 1
State Fiscal Impacts Under SB 19-216

Table with 4 columns: Category, FY 2019-20, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

## **Summary of Legislation**

The bill creates the High School Innovative Learning Pilot Program and innovative learning plan grants in the Colorado Department of Education (CDE). An innovative learning opportunity includes learning that typically occurs outside of the classroom, including work-based learning, capstone projects, and other experiences that are designed to help students develop post secondary and workforce related skills.

**Innovative learning pilot program.** Local education providers (LEPs) may propose an innovative learning plan that permits all high school students to participate in innovative learning opportunities prior to graduation. LEPs selected by the CDE to participate in the pilot program may count all half-time students as full-time students for purposes of the School Finance Act (SFA), regardless of the actual amount of instructional time or contact hours for which the student is enrolled.

The State Board of Education (SBE) must adopt rules for the pilot program, including application requirements and time lines. To the extent possible, board rules must create a simplified application process for school districts that enroll fewer than 2,000 students. The bill specifies the minimum information that must be included in any application from an LEP or a group of LEPs, and suggests research-based design principals LEPs may use to improve an application. Participating LEPs must report specified information to the CDE.

LEPs may apply to the CDE in FY 2019-20 to participate in the pilot program beginning in FY 2020-21. For FY 2020-21, the SBE must ensure that 40 percent of selected participating LEPs enroll between 1,000 and 5,000 high school students, and that 60 percent enroll less than 1,000 high school students. Subject to available appropriations, these LEPs may count half-time high school students as full-time students beginning with FY 2020-21. Beginning in FY 2021-22, the bill states the General Assembly's intent to increase annually the number of LEPs that participate, with the stated goal that by FY 2025-26, one hundred percent of LEPs will participate.

**Innovative learning plan grants.** For LEPs that do not enroll any half-time students, the bill creates innovative learning plan grants. An LEP that does not enroll half-time high school students may apply to the CDE for a grant to create and implement an innovative learning plan. Beginning in FY 2019-20, and based on recommendations from the CDE, the SBE must annually award or renew up to five grants of \$30,000 each. LEPs that receive grants must report specified information to the CDE.

**Technical assistance.** No later than September 1, 2019, the CDE must issue a request for proposals to contract with a statewide nonprofit to assist in implementing the pilot program, provide technical assistance to LEPs applying for participation in the pilot program or who are receiving innovative learning plan grants, and assist the CDE in program evaluation. The CDE must contract with the selected nonprofit no later than January 1, 2020.

The bill is repealed July 1, 2025.

## **State Expenditures**

The bill increases state expenditures by \$284,041 and 0.3 FTE in FY 2019-20, by \$1,183,404 and 0.6 FTE in FY 2020-21, and by \$1,565,809 and 0.8 FTE in FY 2021-22. New state expenditures continue through FY 2024-25. Costs are displayed in Table 2 and described below.

**Table 2  
 Expenditures Under SB 19-216**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Colorado Department of Education</b>			
Personal Services	\$24,575	\$50,132	\$69,680
Operating & Capital Outlay	\$4,988	\$570	\$760
Innovation Learning Plan Grants	\$150,000	\$150,000	\$150,000
Non-Profit Tech Assistance Contract	\$100,000	\$150,000	\$200,000
Pilot Program PPR Increase	-	\$823,657	\$1,133,051
Centrally Appropriated Costs*	\$4,478	\$9,045	\$12,318
<b>Total Cost</b>	<b>\$284,041</b>	<b>\$1,183,404</b>	<b>\$1,565,809</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>0.6 FTE</b>	<b>0.8 FTE</b>

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

**Personal services.** Beginning FY 2019-20, the CDE requires new staff to create, review, and evaluate applications for innovative learning grants, manage the request for proposal process to select a non-profit entity to provide technical assistance to LEPs, and assist the SBE to adopt rules for the pilot program to begin in FY 2020-21. Personal service costs increase in FY 2020-21 and FY 2021-22 to fully manage the pilot program and the participation of additional LEPs in the innovative learning grants and pilot program.

**Innovation learning plan grants.** The bill requires that the CDE annually award 5 innovation learning plan grants of \$30,000 each beginning FY 2019-20 for a total of \$150,000 annually.

**Non-profit technical assistance contract.** CDE must contract with an outside vendor to provide technical assistance to LEPs that participate in the innovative learning plan grant program or pilot program. Based on similar contracts managed by the department, this expense is estimated to increase each year from \$100,000 in FY 2019-20 to \$200,000 in FY 2021-22 as more LEPs participate and the programs move from design to implementation to evaluation. In addition to technical assistance provided to LEPs, the non-profit entity will assist CDE with data collection, program evaluation, and progress reporting.

**Pilot program per-pupil revenue increase.** Beginning FY 2020-21, the bill increases state expenditures for school finance. Under the SFA, school districts may count high school students as either half-time or full-time enrolled based on the number of daily contact hours. This bill permits participating districts to count all students as full time, thus increasing total enrollment and the amount of per-pupil revenue the LEP receives. Based on 2018 enrollment data, and applying the bill's requirement that 60 percent of participating LEPs have less than 1,000 students and 40 percent of LEPs have between 1,000 and 5,000 students, this analysis estimates that 197 students will be converted from half-time to full-time in the first year of the pilot program. Using the 2018 statewide average per-pupil revenue amount of \$8,362, costs increase by \$823,657 in FY 2020-21 for 197 students to receive full per-pupil revenue, instead of half. It should be noted that although this analysis estimates new expenses using the statewide average per-pupil amount, small LEPs participating in the pilot likely have per-pupil revenue amounts that are much higher than the statewide average. As additional LEPs participate, state expenditures for SFA increase annually through FY 2024-25.

**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 \$4,478 in FY 2019-20 and \$9,045 in FY 2020-21, and \$12,318 in FY 2021-22.

### **School District**

School districts that participate in either the Innovative Learning Plan Grants or the Innovative Learning Pilot Program may increase revenue either from increased program enrollment reporting or from competitive grant funding to create and improve innovative learning experiences for high school students.

### **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 requires a General Fund appropriation of \$279,563 to the Colorado Department of Education and 0.3 FTE.

### **State and Local Government Contacts**

Education