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Final Fiscal Note

Drafting Number:	LLS 21-0581	Date:	August 26, 2021
Prime Sponsors:	Rep. Bird; Gonzales-Gutierrez Sen. Rodriguez	Bill Status:	Signed into Law
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Bill Topic: K-12 EDUCATION ACCOUNTABILITY SYSTEMS PERFORMANCE AUDIT

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 requires the State Auditor to contract for an independent performance audit of the statewide K12 system of standards and assessments, and the statewide education accountability system. The bill increase state expenditures through FY 2022-23.

Appropriation Summary: For FY 2021-22, the bill requires appropriations totaling \$352,000 to the Office of the State Auditor and the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the final act.

Table 1
State Fiscal Impacts Under HB 21-1294

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund	\$352,000	\$100,000
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

No later than October 1, 2021, the bill requires that the Office of the State Auditor (OSA) contract with a public or private entity to conduct a performance audit of the statewide implementation of K12 standards and assessments, and the statewide accountability system. At a minimum, the independent audit must address the effectiveness of the accountability system in objectively measuring the performance of public schools and districts in delivering a system of thorough and uniform public education for all students. The bill specifies additional topics that must be addressed.

The bill gives the contractor and OSA specific authority to access nonfinancial records and information held by the Colorado Department of Education (CDE), the Charter School Institute, and by public schools, school districts, and Boards of Cooperative Educational Services. The audit must be completed by November 15, 2022. Following review by the Legislative Audit Committee, the report must be submitted to the Commissioner of Education, the State Board of Education, and the education committees of the General Assembly. The bill is repealed, effective July 1, 2023.

State Expenditures

For FY 2021-22, the bill increases state expenditures by \$352,000 in the OSA and the CDE. For FY-2022-23, state costs are increased \$100,000 in the OSA. State expenditures are displayed in Table 2 and described below.

Table 2
Expenditures Under HB 21-1294

Cost Components	FY 2021-22	FY 2022-23
Contracted performance audit - OSA	\$300,000	\$100,000
Data sharing agreements - CDE	\$52,000	-
Total	\$352,000	\$100,000

Contracted performance audit. The OSA solicited initial high-level review of the proposed performance audit by possible contractors and received estimates ranging from \$300,000 to \$3.0 million. Based on that review and the auditor's experience with similar specialized audits, it is estimated the OSA will require \$300,000 in FY 2021-22 to manage the bid process and secure a qualified contractor to begin the work, and \$100,000 in FY 2022-23 to complete the audit and finalize required reports.

Data sharing agreements. It is assumed that the CDE will provide the bulk of data necessary to conduct the audit. The CDE will need to establish data sharing agreements with the contractor. Based on other audits conducted at the department, temporary contracted staff are required during the audit window to work with data sources, define all data request elements, document the agreements and track shared data to monitor compliance. Temporary staff is estimated at approximately 520 hours at \$100/hour.

School District

The contractor is authorized to seek data that is unavailable from the CDE from local education providers (LEPs). It is assumed that most data necessary for the audit is available at the state level, although some work is anticipated at the local level to collect district data, conduct focus groups and interviews, and otherwise work with LEPs to assess the implementation and efficacy of the accountability system.

Effective Date

The bill was signed into law by the Governor and it took effect on July 2, 2021.

State Appropriations

For FY 2021-22, the bill requires General Fund appropriations of:

- \$300,000 to the Office of State Auditor in the Legislative Department; and
- \$52,000 to the Colorado Department of Education.

State and Local Government Contacts

Education State Auditor