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Fiscal Note

Drafting Number: LLS 22-0087
Prime Sponsors: Rep. Kipp; McLachlan
Date: February 21, 2022
Bill Status: House Education
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Bill Topic: REMOVING BARRIERS TO EDUCATOR PREPARATION

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 type="checkbox"/> Statutory Public Entity

The bill creates two stipend programs in the Department of Higher Education to support students in educator preparation programs; expands options for assessing the professional competency of prospective educators; and allows the Colorado Department of Education to offer temporary eligibility authorization to additional types of educators. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$784,298 to multiple state agencies.

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

**Table 1
State Fiscal Impacts Under HB 22-1220**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$784,298	\$22,998,899
	Centrally Appropriated	\$82,239	\$140,492
	Total Expenditures	\$866,537	\$23,139,391
	Total FTE	4.7 FTE	8.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$117,645	\$3,449,835

Summary of Legislation

The bill creates two stipend programs, expands options for assessing professional competency of prospective educators, and expands temporary license eligibility authorization to additional types of educators.

Stipend programs. The bill creates the following stipend programs in the Department of Higher Education (DHE) for students in educator preparation programs meeting certain income eligibility requirements. The DHE must begin awarding stipends from the programs no later than August 1, 2023.

- The *Student Educator Stipend Program* will award stipends to eligible students to reduce the financial barriers to entering the workforce while placed as a student teacher. Educator preparation programs must distribute the stipends in monthly installments. An eligible student may receive a stipend of \$11,000 for a 16-week academic residency and \$22,000 for a 32-week academic residency.
- The *Educator Test Stipend Program* will award stipends to institutions of higher education to reduce student fees and costs associated with professional competency assessments required for licensure and license endorsements. The Colorado Commission on Higher Education (CCHE) must create a formula for calculating the amount of money awarded to each educator preparation program, based on the number of eligible students and the cost of assessments and endorsements.

CCHE must adopt program procedures and collect, evaluate, and report specific program data. By July 1 of each year, educator preparation programs must notify DHE of the number of students eligible for each program. By August 1 of each year, DHE must distribute money to the programs to be used for both stipends, plus money for operational expenses.

Assessment of professional competencies. Under current law, the Colorado Department of Education (CDE) administers a system of professional competency assessments for obtaining initial teacher licenses and some professional teaching licenses. Beginning in the 2023-24 school year, applicants may demonstrate professional competencies by:

- completing an approved performance-based assessment;
- submitting a portfolio of course work for examination by a review panel;
- submitting evidence of sufficient grades on higher education courses aligned with relevant standards; or
- through a combination of the three methods.

CDE, in collaboration with the DHE and institutions of higher education and with consideration of stakeholder feedback, must make recommendations to the State Board of Education and the board must adopt rules to implement these measures.

Temporary educator licenses. Under current law, CDE may issue a temporary educator eligibility authorization to an educator candidate in an educator preparation program for special education who has not yet met all the requirements for initial licensure. The bill makes this temporary authorization available for educator candidates in both regular and alternative teacher preparation programs.

Assumptions

Student Educator Stipend Program. Based on current enrollment, there are expected to be 1,364 students eligible for the Student Educator Stipend Program. The fiscal note assumes that 75 percent (1,023) will complete a 16-week academic residency, and 25 percent (341) will complete a 32-week residency.

Educator Test Stipend Program. Based on current enrollment, there are expected to be 3,185 students eligible for the Educator Test Stipend Program. The fiscal note assumes that the program will cover 4,426 exams, based on current number of exams taken by students, and that 10 percent of exams will be taken a second time.

Educator professional competencies. CDE receives approximately 42,000 educator license applications per year, of which about 20,000 are first-time applications for credentials that require content endorsement, and thus, will be have the three options established in the bill to establish professional competency. The fiscal note assumes that 50 percent (10,000) will utilize currently available assessment option, 25 percent (5,000) will utilize the portfolio review option, and 25 percent (5,000) will use the coursework review.

Funding source. Under current law, the Educator Licensing Division in CDE is funded through educator licensing fees that are deposited in the Educator Licensing Cash Fund, and may receive General Fund to supplement fee revenue. The fiscal note assumes that CDE’s costs to implement the bill will be funded by General Fund. Should appropriations be from the Educator Licensing Division Cash Fund, the fiscal note will be revised to include the fee impact to cover CDE implementation costs.

State Expenditures

The bill increases state expenditures for CDE and DHE by \$866,537 in FY 2022-23 and by \$23.1 million in FY 2023-24, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1220

Cost Components	FY 2022-23	FY 2023-24
Department of Education		
Personal Services	\$347,335	\$642,872
Operating Expenses	\$5,535	\$10,125
Capital Outlay Costs	\$31,000	\$18,600
Portfolio Management System	\$317,850	\$50,000
Portfolio Peer Review Costs	-	\$1,875,000
Information Management Costs	\$30,875	-
Centrally Appropriated Costs ¹	\$70,243	\$132,828
FTE – Personal Services	3.9 FTE	7.5 FTE
CDE Subtotal	\$802,838	\$2,729,425

**Table 2
Expenditures Under HB 22-1220 (Cont.)**

Cost Components	FY 2022-23	FY 2023-24
Department of Higher Education		
Personal Services	\$44,423	\$29,615
Operating Expenses	\$1,080	\$675
Capital Outlay Costs	\$6,200	-
Student Educator Stipends	-	\$18,755,000
Educator Test Stipends	-	\$717,012
Institution Administrative Costs	-	\$900,000
Centrally Appropriated Costs ¹	\$11,996	\$7,664
FTE – Personal Services	0.8 FTE	0.5 FTE
DHE Subtotal	\$63,699	\$20,409,966
Total	\$866,537	\$23,139,391
Total FTE	4.7 FTE	8.0 FTE

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

Colorado Department of Education. CDE will require 3.9 FTE in FY 2022-23 and 7.5 FTE beginning in FY 2023-24 to implement the two new options for applicants to establish professional competency. Personal services in FY 2022-23 are prorated for a September 1 start date and the General Fund paydate shift.

- **Portfolio review process.** The CDE requires staff beginning in FY 2022-23 to establish the portfolio management system, and recruit and develop guidelines for the peer review panels. Beginning in FY 2023-24, staff is needed to manage peer review panels in 45 content areas, provide assistance and technical support to candidates, and oversee the process. The peer review panels, made up of three people each, will review 5,000 applications. Estimated costs are based on five hours per review, at a cost of \$25 per hour.
- **Portfolio management system.** In FY 2022-23, CDE will purchase a portfolio management system that allows for the submission and review of portfolio materials. Costs include \$300,000 for the system and \$17,850 to issue the RFP. In subsequent years, maintenance costs are estimated at \$50,000 annually.
- **Coursework review process.** In FY 2022-23, CDE requires staff to establish procedures for the review of coursework and grades and determination of sufficiently high results. In FY 2023-24, staff will review the applications that utilize the coursework review option, and coordinate with educator preparation programs to ensure connection between coursework, grades, and professional competency review.

- **Information management costs.** In FY 2022-23 only, CDE requires \$30,875 to modify the Educator Preparation Program reporting dashboard to include the information collected by DHE on the new stipend programs. Costs are estimated at 247 hours at a cost of \$125 per hour.
- **Legal services.** CDE will require additional legal services hours to conduct rulemaking in FY 2022-23, estimated to be under 100 hours. Legal services are provided by the Department of Law. No change in appropriations is required.

Department of Higher Education. The DHE requires 0.8 FTE in FY 2022-23 and 0.5 FTE in FY 2023-24 to implement both stipend programs, including data collection and the development of program guidelines. In the first year, the new staff will also coordinate with CDE on development of multiple measure for professional competency. Personal services in FY 2022-23 are prorated for a September 1 start date and the General Fund paydate shift.

- **Student educator stipends.** The Student Educator Stipend Program is estimated to cost \$18.7 million beginning in FY 2023-24. The fiscal note assumes that 1,023 students will participate in 16-week residency program and receive an \$11,000 stipend, and 341 will participate in a 32-week residency program and receive a \$22,000 stipend.
- **Educator test stipends.** The Educator Test Stipend Program is estimated to cost \$717,012 beginning in FY 2023-24. The fiscal note assumes that students will each take 4,426 exams, at an average cost of \$135 per exam, and that about 10 percent of exams will be retaken a second time. It also includes funds to cover student travel and lodging costs to take the exams. To the extent that students utilize the two new pathways to establish competency created by the bill, costs may decrease in future years.
- **Institution administration costs.** The bill requires that DHE distribute an amount to institutions to cover the costs of implementing the stipend programs. These costs reflect the equivalent of about \$60,000, or about 1.0 FTE, for 13 public educator preparation programs and \$120,000 for the largest educator preparation program in the state. Actual distributions to educator preparation programs will be determined by DHE.

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.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

In FY 2022-23, the bill requires the following General Fund appropriations:

- \$732,595 to the Colorado Department of Education, and 3.9 FTE; and
- \$51,703 to the Department of Higher Education, and 0.8 FTE.

State and Local Government Contacts

Education

Higher Education