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Final Fiscal Note

Drafting Number: LLS 23-0737 Date: July 25, 2023
Prime Sponsors: Rep. Hamrick; Bacon Bill Status: Postponed Indefinitely
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Bill Topic: LOCAL INNOVATION FOR EDUCATION ASSESSMENTS

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill would have required that the Colorado Department of Education seek a federal waiver to reduce standardized testing and to support local development of innovative assessments for use in accountability. The bill increased state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$102,069 to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the introduced bill. The bill was postponed indefinitely by the House Education Committee on April 20, 2023; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 23-1239

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

If permitted by federal law and requested by a public school or district, the bill requires that the Colorado Department of Education (CDE) ensure that standardized tests are administered to the minimum extent practicable while still assessing the academic achievement of students. If necessary, the CDE must apply to the federal Department of Education (DOE) for a waiver of state testing requirements. The waiver application may propose shorter testing, a sampling model, or other alternative strategies.

No later than June 30, 2024, the CDE must produce a plan to facilitate the development of assessments and accountability systems by local education providers (LEPs). The department must cultivate and scale local innovations in testing and accountability systems toward a competency and mastery-based education model, with associated statewide testing and accountability systems.

In the first application cycle in FY 2023-24, the CDE must apply for a DOE competitive grant for state assessments to provide state support to local communities in developing and implementing performance-based tasks and assessments. The department must seek other federal resources if available.

The bill requires that the Colorado Department of Education (CDE) work with schools, school districts, and Board of Cooperative Educational Services (BOCES) to develop innovative testing and accountability. The CDE must:

- create a pilot network of LEPs to develop performance-based learning and assessment models and a process to implement the testing and accountability systems statewide;
- create a statewide resource bank of materials, tasks, and assessments developed by LEPs;
- facilitate professional development opportunities;
- provide support to LEPs for rubric and standards development;
- partner with universities and research institutions to study and support performance-based assessments and accountability; and
- develop a model for coherence between local and state governance structures that supports the co-creation of a local and state accountability system.

Background

Under state and federal law, CDE administers content assessments in English language arts in grades 3 - 8 and once in high school; in math in grades 3-8 and once in high school; and in science once in elementary school, once in middle school and once in high school. State law further requires the assessment of students in English language arts and math in grades 9 and 10, and in social studies once in elementary school and once in middle school. Social studies assessments are only administered in a representative sample of schools.

State Expenditures

The bill increases state expenditures in the CDE by \$120,797 in FY 2023-24, and \$1.2 million in FY 2024-25, paid from the General Fund. Costs are displayed in Table 2 and described below.

**Table 2
Expenditures Under HB 23-1239**

	FY 2023-24	FY 2024-25
Colorado Department of Education		
Personal Services	\$94,049	\$560,627
Operating Expenses	\$1,350	\$8,100
Capital Outlay Costs	\$6,670	\$33,350
Research and Evaluation	-	\$65,000
IT Vendor Contracts	-	\$43,700
Performance Assessments	-	\$360,000
Centrally Appropriated Costs ¹	\$18,728	\$114,230
Total Cost	\$120,797	\$1,185,007
Total FTE	0.9 FTE	5.6 FTE

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

Personal services. Beginning in FY 2023-24, CDE requires 1.0 FTE to develop the plan to support local creation of innovative assessment options, coordinate with stakeholders and between offices, and to apply for federal grants and waivers as needed. Beginning in FY 2024-25, CDE requires 4.0 FTE, one each in English, math, science, and an assessment professional to work with up to 30 local education providers in the pilot program, facilitate professional development for educators, and to research, develop, and implement valid and reliable locally developed assessments for state accountability. An additional 1.0 FTE is required to manage IT vendor contracts and the collection and storage of new data elements. Once fully implemented, CDE will add a total of 6.0 FTE across several units.

Personal service costs are prorated for the General Fund pay date shift in the year in which FTE starts, and include standard operating and capital outlay costs.

Research and evaluation. Beginning FY 2024-25, the CDE will need additional resources for research and evaluation of the validity and performance capability of locally developed assessments. This is estimated at \$65,000 per year.

IT vendor contracts. In FY 2024-25 only, CDE requires \$43,700 for a vendor contract to create a new data collection module.

Performance assessments. The CDE has costs to contract with professional development providers with demonstrated experience and expertise in supporting schools to implement evidence-based performance-based learning and assessment methods, and transition to using multiple measures for student assessment. This cost assumes 30 schools in the pilot network, and \$12,000 per school annually.

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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

School District

Implementation of the bill is expected to involve up to 30 pilot schools and districts working with CDE to develop assessment options, and testing and validating new assessments for inclusion in a statewide accountability system. Workload increases for participating schools and districts, with ongoing support from the CDE.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$102,069 from the General Fund to the Colorado Department of Education, and 0.9 FTE.

State and Local Government Contacts

Education Law