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Fiscal Note

Drafting Number: LLS 24-1083 Date: March 27, 2024
Prime Sponsors: Rep. Bird; Taggart Bill Status: House Appropriations
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Bill Topic: CAP SCHOOLS IN EARLY HIGH SCHOOL GRADUATION PILOT

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

Budget package bill. The bill limits future participation in the Fourth-Year Innovation Pilot Program and requires that the Department of Higher Education and the Colorado Department of Education jointly evaluate and present recommendations on the program. The bill increases state expenditures in FY 2025-26 only.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of the FY 2024-25 budget package.

Table 1
State Fiscal Impacts Under HB 24-1392

Table with 3 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

Under current law, the Fourth Year Innovation Pilot Program in the Department of Higher Education (DHE) disburses state incentive and scholarship funding to local education providers (LEPs) for qualifying low-income students who graduate early from a participating high school. The bill limits program participation to only those LEPs participating as of the 2023-24 school year.

By November 1, 2026, the DHE and the Colorado Department of Education must collaborate to submit a final evaluation of the pilot program to the Governor’s Office of State Planning and Budgeting (OSPB), the Joint Budget Committee (JBC), and the education committees of the General Assembly. The evaluation must analyze program data to assess the impacts and outcomes of the program, including an evaluation of:

- objective measures of changes in student behavior;
- the cost-effectiveness of the program and the impact of incentives to LEPs on the state budget; and
- the feasibility and advisability of continuing the program.

Student data collected for the report must be disaggregated by gender, grade level, ethnicity, disability, English language learner status, free and reduced-price lunch status, and housing status, to the extent possible in compliance with student privacy laws.

State Expenditures

The bill is expected to limit program growth and associated costs in future years by restricting participation to only those LEPs currently receiving disbursements as of the 2023-24 school year. Exact savings are unknown and depend on how many LEPs would have participated in future years.

The bill will increase state expenditures by about \$36,500 and 0.3 FTE in FY 2025-26 in the DHE to collect data and prepare the evaluation report, paid from the General Fund. The CDE will have an increase in workload to assist DHE with the pilot evaluation. Expenditures are displayed in Table 2.

Table 2
Expenditures Under HB 24-1392

	FY 2024-25	FY 2025-26
Department of Higher Education		
Personal Services	-	\$30,958
Centrally Appropriated Costs ¹	-	\$5,575
FTE – Personal Services	-	0.3 FTE
Total Cost	-	\$36,533

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

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.

Effective Date

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

State and Local Government Contacts

Education Higher Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).