

*Colorado Legislative Council Staff Fiscal Note*

**FINAL  
FISCAL NOTE**

<b>Drafting Number:</b> LLS 15-0501	<b>Date:</b> July 9, 2015
<b>Prime Sponsor(s):</b> Sen. Kerr; Hill Rep. Young; Wilson	<b>Bill Status:</b> Postponed Indefinitely
	<b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

**BILL TOPIC:** CERT AUTHORIZERS OF MULTI-DISTRICT ON-LINE SCHOOLS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	<b><u>\$97,939</u></b>	<b><u>\$94,281</u></b>
General Fund	93,258	89,321
Centrally Appropriated Costs**	4,681	4,960
<b>FTE Position Change</b>	0.5 FTE	0.5 FTE
<b>Appropriation Required:</b> \$93,258 General Fund - Colorado Department of Education (FY 2015-16)		

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

This bill requires that the Division of Online and Blended Learning in the Colorado Department of Education (CDE) develop a certification program for authorizers of multi-district online schools. The bill eliminates the current duty of the division to facilitate the certification of multi-district online schools directly, and instead requires that the division certify the authorizers of these schools. The bill specifies the standards the division must use to evaluate applications for certification.

The State Board of Education (SBE) must adopt rules for the certification program, including an application process and time lines for review and approval of applications by CDE. The process must include ways for applicants to demonstrate how they will meet specified requirements outlined in the bill. The division must use the recommendations from the final report of the Online Task Force, created by House Bill 14-1382, when making rule recommendations to the SBE.

Beginning January 2016, a school district, a group of two or more school districts, or a board of cooperative educational services (BOCES) that is not currently an authorizer of multi-district online schools must apply to the CDE for certification. In order to create any new multi-district online school, an application for authorizer certification must be received in August of the year preceding the school year the new multi-district online school would operate. Current authorizers of existing on-line schools, including the state Charter School Institute (CSI), are required to apply for and receive certification from the CDE, by January 2021, and every five years thereafter. The division may deny, revoke, or fail to renew an authorizer's certification if the division determines the authorizer fails to meet state requirements, subject to appeal to the SBE.

This bill also requires that the division study the issue of student mobility, and collect and make public data concerning the operations of online school authorizers. Authorizers that operate a multi-district online school must have a memorandum of understanding to operate drop-in learning centers in school districts that are not the online school's authorizer.

Finally, this bill extends the deadline for the CDE to solicit proposals for online programs and schools to initiate online education pilot projects. Parameters for the pilot projects were established by HB 14-1382. The deadline for applications is extended one year until October 2015, and pilot projects may be implemented beginning with the 2016-17 school year. Currently, the CDE is required to use private donations to implement pilot projects. This bill requires that the General Assembly appropriate money for the pilot projects.

## Background

Multi-district online schools may enroll students throughout the state of Colorado in addition to enrolling in-district students. Currently, there are 26 multi-district online schools, established by 18 authorizers. A multi-district online school can be authorized by a school district, the CSI or a BOCES. Among the current schools, 2 are authorized by CSI, 2 by a BOCES, and the remaining schools are authorized by school districts.

## State Expenditures

***The bill increases state expenditures by \$97,939 and 0.5 FTE in FY 2015-16 and by \$94,281 and 0.5 FTE in FY 2016-17.*** New expenditures are displayed in Table 1 and described below.

<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Personal Services	\$34,596	\$34,596
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	2,827	475
Travel	3,000	3,000
Legal Services	2,835	
Pilot Projects	50,000	50,000
Centrally Appropriated Costs*	4,681	4,960
<b>TOTAL</b>	<b>\$97,939</b>	<b>\$94,281</b>

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

**Authorizer certification.** This bill creates new workload for the CDE to create a certification program for authorizers. In FY 2015-16, new staff will assist the SBE to adopt rules, facilitate new applicants for certification, select and train outside reviewers, certify 2-3 new authorizers, and prepare SBE documents in cases of appeal. Staff must also facilitate the review and evaluation of the 18 existing authorizers, and prepare for application and recertification of all existing authorizers by 2021. In addition to personal services and standard operating costs, the CDE will have expenses for travel and for legal services from the Department of Law.

**Pilot projects.** Some pilot projects suggested by HB 14-1328 can be implemented with minimal additional resources and without direct funding to participating schools; however, others require funding to create support systems by the state, or for investments directly in schools. To begin supporting the development of projects and encouraging applications by online schools, an initial estimate of \$50,000 is needed to support pilot project implementation.

**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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under SB 15-201*</b>		
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,278	\$2,278
Supplemental Employee Retirement Payments	2,403	2,682
<b>TOTAL</b>	<b>\$4,681</b>	<b>\$4,960</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

### **School District Impact**

The 18 local education providers currently certified to authorize multi-district online schools must adjust their practices in order to prepare to meet minimal standards specified in the bill by 2021. A local education provider not currently authorizing multi-district schools must also prepare to meet all standards adopted by the SBE for the certification program, and apply and receive certification prior to authorizing multi-district online schools.

Pursuant to Section 22-32-143, C.R.S., school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

### **Effective Date**

The bill was postponed indefinitely by the Senate State, Veterans, & Military Affairs Committee on March 16, 2015.

### **State Appropriations**

For FY 2015-16, this bill would have required an appropriation of \$93,258 General Fund and 0.5 FTE to the Colorado Department of Education.

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

Education