

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 08-0994

Date: March 25, 2008

Prime Sponsor(s): Sen. Kopp

Bill Status: Senate Education

Fiscal Analyst: Josh Abram (303- 866-3561)

TITLE: CONCERNING EDUCATIONAL MEASURES TO ADDRESS STUDENTS' NEEDS IN RESPONSE TO THE STUDENTS' PERFORMANCE ON STATE ASSESSMENTS.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
Cash Funds - Tuition Reduction	Cannot be Quantified	
State Expenditures		
Cash Funds		
State Education Fund	\$580,440	\$476,985
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: The bill becomes effective 90 days following final adjournment unless a referendum petition is filed (August 6, 2008, if final adjournment is May 7, 2008).		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local School District Impact: See School District Impact section.		

Summary of Legislation

Beginning in FY 2008-09, and each year thereafter, this bill requires the Colorado Department of Education (CDE) to administer diagnostic examinations to all students in grade 11 who did not achieve a score of partial proficiency on the reading, writing, or math test taken in grade 10, as part of the Colorado Student Assessment Program (CSAP).

The CDE shall administer 2 diagnostic tests in each subject that a student failed to achieve the necessary score, the first test(s) within 6 months after the department issues CSAP results, and the second no later than 6 months after the first.

The bill requires that, in the time between the administration of the tests, the school district or charter school shall provide remedial curriculum to the students in each subject tested. The bill requires the State Board of Education to promulgate rules and procedures for the administration of the tests and adoption of remedial curriculum. The CDE shall collect and report the results of the tests annually to the Governor's Office and the Education Committees of the General Assembly.

The bill requires that results of the diagnostic tests be incorporated into the state's longitudinal growth model used for educational accountability.

The bill requires that the General Assembly appropriate moneys to the CDE to fund the administration of the tests, and allows funding from the State Education Fund.

On or before October 1, 2008, the bill requires that the State Board of Education promulgate rules establishing what constitutes “excellent” and “outstanding” scores for grade 10 CSAP tests in reading, writing, and math. Each student who attains such scores shall be awarded college credit, to be applied to general university requirements at state institutions of higher education. The state institutions shall award 1 credit hour for each “excellent” score attained, and 2 semester hours for each “outstanding” score attained in each subject. Credit is conferred at the time the student enrolls at the state institution, provided the student enrolls within 4 years after receiving the score.

State Revenue

State Institutions of Higher Education. State institutions are required to award from 1 to 6 credit hours for each student who attains a threshold score on the grade 10 CSAP test. This will result in a loss of tuition revenue since these students will not take as many credit hours to graduate from state institutions. Since criteria for attaining the scores have not been established, the number of students who might qualify to receive credit is indeterminate. Using the most recent resident freshman enrollment and average credit hour costs at state institutions, Table 1 displays the potential revenue loss across all state institutions, assuming different percentages of eligible students.

% Eligible	# Eligible*	Tuition Loss 1 Credit ⁺	Tuition Loss 6 Credits ⁺
1%	580	\$101,500	\$609,000
5%	2,900	507,500	3,045,000
10%	5,800	1,015,000	6,090,000
15%	8,700	1,522,500	9,135,000

*Based on 58,000 resident freshmen students in FY 2006-07.

⁺Based on \$175 average resident tuition per credit hour.

State institutions that enroll highly ranked resident freshmen will see a disproportionate impact. For example, 87 percent of this year’s incoming resident freshmen at the Colorado School of Mines (577 students) graduated in the top 25 percent of their class. Assuming that these students score at least “excellent” on grade 10 CSAP tests, and calculating the loss with the actual per credit hour rate at the school (\$313), the potential loss of granting 1 to 6 credit hours to these students at the Colorado School of Mines is estimated at between \$180,601 and \$1,083,606.

State Expenditures

Colorado Department of Education - \$580,440 and 1.0 FTE in FY 2008-09 and \$476,985 and 1.0 FTE in FY 2009-10. The bill requires that the CDE develop and administer diagnostic tests to students who fail to demonstrate at least partial proficiency in grade 10 reading, writing, or math CSAP tests. In FY 2006-07, the number of students in grade 10 receiving unsatisfactory scores on these tests was 27,205.

The bill requires diagnostic tests that are aligned with the state content standards. As such, the CDE will be required to contract for the development of new tests. Since this process is multifaceted, the per-test cost is estimated to be \$15 per test. Assuming a similar number of students will require diagnostic testing in FY 2008-09 and FY 2009-10, the cost of the new tests is estimated at \$408,075 (27,205 students * \$15 per test = \$408,075).

The CDE will require 1.0 FTE to manage the test development process, provide training to school district staff, and coordinate with districts to administer the tests. The combined personal services and operating expenses for the CDE are \$72,365 in FY 2008-09 and \$68,910 in FY 2009-10.

The CDE will make revisions to the Colorado growth model to incorporate multiple diagnostic tests. Revising the data structure in the data warehouse, reporting modifications, and reformatting data displays for district reporting is estimated to cost \$100,000.

Total expenditures for the CDE are summarized in Table 2.

Table 2. CDE Total Expenditures Under SB08-199		
Cost Components	FY 2008-09	FY 2009-10
Test Development & Administration	\$408,075	\$408,075
Personal Service and Operating	72,365	68,910
Contracts to Revise Growth Model	100,000	-
TOTAL	\$580,440	\$476,985

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

School District Impact

The bill requires that school districts implement a remedial curriculum to students in between diagnostic tests administered by the CDE. Districts and charter schools will have costs associated with this increased effort; however no current estimate is available. In large measure, specific costs will be driven by the tests developed, and the availability of pre-set curriculum that correspond with those tests. If these products are not available, districts will be responsible for developing their own curriculum, potentially at high resource cost.

In addition, the districts can be expected to devote time and resources for:

- ▶ individualized educational planning;
- ▶ test administration;
- ▶ increased classroom instruction;
- ▶ increased communication to students and parents; and
- ▶ staff development and training.

State Appropriations

In FY 2008-09, the Colorado Department of Education requires a cash funds appropriation from the State Education Fund for \$580,440 and 1.0 FTE.

Departments Contacted

Education

Higher Education