

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED CONDITIONAL FISCAL IMPACT**

(replaces fiscal note dated February 18, 2009)

Drafting Number: LLS 09-0084	Date: March 2, 2009
Prime Sponsor(s): Rep. Middleton; Massey Sen. Bacon	Bill Status: House Appropriations
	Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING MEASURES TO RAISE THE GRADUATION RATE IN PUBLIC HIGH SCHOOLS IN COLORADO.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
Cash Funds	Potential Gifts, Grants, and Donations	
State Expenditures		
Cash Funds*	\$157,772	\$150,172
FTE Position Change	2.0 FTE	2.0 FTE
Effective Date: Upon signature of the Governor or becoming law without his signature.		
Appropriation Summary for FY 2009-2010: None required.		
Local Government Impact: See Local Government Impact section.		

* Expenditures are conditional upon the receipt of sufficient gifts, grants, and donations.

Summary of Legislation

The fiscal note is revised to reflect amendments adopted by the House Committee on Education. These amendments make the creation of the Office of Dropout Prevention and Student Reengagement conditional upon the receipt of gifts, grants, and donations, and reduces some of the requirements on the Department of Education and school districts for planning, reporting, and providing technical assistance.

The bill, as amended, creates the Office of Dropout Prevention and Student Re-engagement in the Colorado Department of Education (CDE). Implementation of the office shall not begin until sufficient gifts, grants, or donations are received to fund its operations. The office is to provide technical assistance and collaborate with local education providers to reduce the student dropout rate and increase graduation and completion rates. The office is required to develop a report of best practices for reducing the dropout rate and increasing student engagement and conduct other data analysis. It is also required to report annually to the State Board of Education, the Governor, and the General Assembly with findings and recommendations for reducing the dropout rate and increasing the graduation rate.

The bill also creates a grant program to provide grants to local education providers to offer educational services and support to students, and establishes the Student Re-engagement Grant Program Fund. The CDE may accept gifts, grants, and donations to support the grant program, and funding for the grant program is subject to annual appropriation. The CDE must annually evaluate grants to education providers to determine the grant project effectiveness.

The State Board of Education is required to adopt rules for identifying high priority and priority education providers, implementing the grant program, and defining key metrics concerning student truancy, graduation, and dropout rates. The bill also removes the requirement for mandatory expulsion of habitually disruptive students.

State Revenue

The bill allows the CDE to seek and accept gifts, grants, and donations to fund the Office of Dropout Prevention and Student Re-engagement and its grant program. At this time, no specific revenue source has been identified. The bill encourages the CDE to use federal funds for this purpose, if available. However, it is unclear if federal funds can be used to support a state-mandated program. The fiscal note estimates that \$175,539 is required to implement the office in its first year, and \$169,067 per year thereafter.

State Expenditures

The bill increases cash funds expenditures in the CDE by \$157,772 and 2.0 FTE in FY 2009-10 and \$150,172 and 2.0 FTE in FY 2010-11, conditional upon the receipt of gifts, grants, and donations. Table 1 provides a summary of costs incurred by the CDE.

The CDE requires \$139,926 and 2.0 FTE in FY 2009-10 for staff costs, including a director and administrative assistant for the Office of Dropout Prevention and Student Re-engagement. Duties of the director include providing technical assistance, analyzing data, writing reports, and evaluating policies. The administrative assistant will assist in these duties, and manage office travel, meeting planning, grant agreements, and other tasks.

Operating expenses and capital outlay are expected to be \$17,846 in FY 2009-10. This includes standard costs for office supplies, furniture and communications, as well as about \$2,500 for travel costs.

The fiscal note assumes that no grants will be awarded during FY 2009-10. If any money is received from gifts, grants, and donations, funding to award grants can be appropriated through the supplemental or annual budget process.

Cost Components	FY 2009-10	FY 2010-11
Personal Services	\$139,926	\$139,926
FTE	2.0	2.0
Operating Expenses and Capital Outlay	17,846	10,246
TOTAL	\$157,772	\$150,172

Expenditures Not Included

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 summarized in Table 2.

Table 2. Expenditures Not Included Under HB09-1243*		
Cost Components	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$13,692	\$13,692
Supplemental Employee Retirement Payments	4,075	5,203
TOTAL	\$17,767	\$18,895

**More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf*

Local Government Impact

The bill has an impact on some school districts that show low graduation and high drop-out rates. The bill requires these school districts to conduct a practices assessment and a student graduation and completion plan. It is estimated that about 50 school districts will use about 300 hours of staff time per year to complete these reports. The timing of when school districts incur these costs depends on what priority level the school district is classified. If the office is implemented in FY 2009-10, high priority education providers will begin incurring costs in FY 2009-10, and priority education providers in FY 2010-11.

Funding

If sufficient funding is identified through gifts, grants, and donations to implement the Office of Dropout Prevention and Student Re-engagement in July 2009, the fiscal note indicates that the Colorado Department of Education requires a cash funds appropriation of \$157,772 and 2.0 FTE in FY 2009-10.

Departments Contacted

Education	Higher Education	Law
Corrections	Judicial	Governor