

**FINAL
FISCAL NOTE**

Drafting Number: LLS 14-0334	Date: July 25, 2014
Prime Sponsor(s): Rep. Wilson Sen. Todd	Bill Status: Signed into Law
	Fiscal Analyst: Josh Abram (303-866-3561)

SHORT TITLE: ADVANCED PLACEMENT INCENTIVES PILOT PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$264,511</u>	<u>\$263,652</u>
State Education Fund	261,561	260,519
Centrally Appropriated Costs**	2,950	3,133
FTE Position Change	0.3 FTE	0.3 FTE
Appropriation Required: \$261,561 - Colorado Department of Education (FY 2014-15)		

* 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 creates the Advanced Placement Incentives Pilot Program in the Colorado Department of Education (CDE) to provide supplemental funding to rural school districts or rural schools that offer advanced placement (AP) courses, especially among low income student populations. No later than December 1, 2014, the CDE must prepare guidelines for the program. The program is repealed July 1, 2018.

Only school districts identified as rural by the CDE may participate, and total participation is capped at 475 students. To participate, a rural school district must:

- require that all grade ten students take a pre-collegiate entrance exam to help identify students with potential to pass an AP exam;
- have an existing AP program offering at least one AP course in the area of social studies, math, science, or English language arts; and
- designate an on-site mentor to support students enrolled in online AP courses, if offered.

Participating schools or districts receive \$500 for each student who completes an AP course and subsequently takes the AP exam, regardless of the outcome on the exam. Schools and districts must use the supplemental funding to:

- implement a school- or district-wide AP program;
- provide professional development for administrators concerning the content required in non-AP classes to help students prepare for future success in an AP course;

- pay the AP exam fee for students participating in the federal school lunch program, provided the fee is not paid with other federal grant money; and
- provide teachers and mentors of AP courses with bonus payments of \$50 for each of their AP students who complete an AP course and take the corresponding AP exam; however, total bonuses per teacher may not exceed \$2,000 in any year.

The pilot program is repealed July 1, 2018. Not earlier than October 1, 2017, the CDE is required to alert the members of the education committees of the General Assembly concerning the 2018 repeal date for the pilot program.

Background

Advanced placement courses offer college-level experience to high school students, usually in grades 10 through 12. Most institutions of higher education consider completed AP credits and national AP exam scores when making admission decisions or awarding college credit. Based on information from College Board, approximately 22 percent of AP students obtain a "3" or higher on the national AP exam. Typically, a score of "3" or higher is considered by institutions of higher education as indicative of a student's advanced academic ability.

As of 2012, 39 percent of graduating high school students statewide took an AP exam. Participation is lower among at-risk students and students in rural districts. For 2012 graduates, 16 percent of at-risk students took an AP exam. The CDE estimates that in rural schools, current participation in AP courses ranges from two to seven percent of eligible student enrollment.

State Expenditures

An incentive award program meeting the requirements of the bill is expected to increase state expenditures by \$264,511 and 0.3 FTE in FY 2014-15, and by \$263,652 and 0.3 FTE in FY 2015-16. New expenditures are for program administration and AP incentive awards to eligible schools and school districts. These costs are described below and displayed in Table 1.

Table 1. Estimated Expenditures Under HB 14-1118		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$22,734	\$22,734
Operating	1,327	285
FTE	0.3	0.3
AP Incentive Awards	237,500	237,500
Centrally Appropriated Costs*	2,950	3,133
TOTAL	\$264,511	\$263,652

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

Program administration. The bill creates a new incentive award program at the CDE. The department will have increased expenses to establish program rules, create application procedures, develop criteria for evaluating eligibility, allocate incentive awards to schools and districts, track payments, and ensure accountability. Additionally, the department will expend resources in human resources, accounting, budgeting, and management in support of the new program.

AP incentive awards. AP incentive awards will comprise the largest cost component of the bill. Based on the definition adopted by the CDE, rural districts serve approximately 28,592 high school students. Of this amount, about 1,900 of those students will complete the AP course, and approximately 1,426 will go on to take the corresponding national AP exam. The bill limits participation in the program to the first 475 students. Therefore, the total cost for incentive awards is limited to \$237,500 (475 students X \$500 = \$237,500).

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.

Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,371	\$1,371
Supplemental Employee Retirement Payments	\$1,579	\$1,762
TOTAL	\$2,950	\$3,133

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

School District Impact

District revenue and expenditures. Rural school districts will receive supplemental funding from the program to improve and enhance AP programs, to offset costs to administer a pre-collegiate entrance exam, and to increase AP program availability.

There are approximately 9,683 grade 10 students enrolled in rural districts eligible to participate. If school districts must administer either the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT), or the ACT PLAN assessment, the cost is at least \$14 per test administration, plus administrative costs for test proctors and substitute teachers during the test. This will increase costs by at least \$135,562 (9,683 X \$14 = \$135,562).

Adding AP programs increases costs for school districts. For example, to add an online AP course, districts must purchase the course from an online vendor, provide professional development for existing staff, and pay salary and benefits for academic counseling and on-site mentors, among other costs. This expense is estimated to be, at minimum, \$1,200 per student (assuming \$300 per online course and \$900 in onsite staff and administrative costs per student).

Under current law, 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 signed into law by the Governor and took effect on June 5, 2014.

State Appropriations

Consistent with this fiscal note, for FY 2014-15, this bill contains a State Education Fund appropriation of \$261,561 and 0.3 FTE to the Colorado Department of Education.

Departments Contacted

Education School Districts