

**STATE and LOCAL
FISCAL IMPACT**

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Prime Sponsor(s): Sen. Zenzinger Rep. Fields	Bill Status: Senate Education
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SHORT TITLE: SCHOOL TURNAROUND LEADERS DEVELOPMENT PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016	FY 2016-17
State Revenue			
State Expenditures			
General Fund			
State Education Fund	\$2.0 million	\$2.0 million	\$2.0 million
FTE Position Change	1.2 FTE	1.2 FTE	1.2 FTE
Appropriation Required: \$2,000,000 - 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 repeals the School Leadership Academy Program in the Colorado Department of Education (CDE), and replaces it with the School Turnaround Leaders Development Program. The new program will contract with providers of high-quality turnaround leadership development programs, and award grants to school districts so they can develop school leaders capable of turning around low-performing schools. The State Board of Education (SBE) must adopt rules to implement and administer the new grant program, including establishing criteria for identifying approved service providers, and creating grant application procedures.

The CDE is required to issue a request for proposals (RFP) from leadership development program providers who seek to participate in the program. Based on criteria adopted by the SBE, the CDE will review, evaluate, and select one or more organizations who are able to provide turnaround leadership development programs. Authorized providers may apply for a one-time design grant to offset the costs incurred in creating or expanding the provider's turnaround leadership development program(s). Each authorized provider is required to track the effectiveness of persons who complete the leadership program, and report findings to the CDE.

The SBE must award school turnaround leader grants to one or more school districts, charter schools, or to the State Charter School Institute (CSI). A grant from the program may continue for up to three years. The CDE may rescind a grant if the grant recipient is not making adequate progress toward achieving the goals identified in the initial grant application. Grantees are required to use funding to:

- identify and recruit practicing and aspiring school turnaround leaders; and
- subsidize the cost of school turnaround leaders and other support staff to participate in turnaround leadership development programs.

During the term of the grant, recipients must make an annual report to the CDE, which must be summarized by the department and submitted to the Governor and to the education committees of the General Assembly.

The bill creates the School Turnaround Leaders Development Fund. Any moneys in the fund are subject to annual appropriation by the General Assembly. In each of the first three years of the program, the CDE is required to expend approximately one third of the moneys appropriated to the fund for one-time design grants. The CDE may expend up to five percent of the moneys annually appropriated from the fund to offset the bill's implementation costs.

Background

The School Leadership Academy Program was created by House Bill 08-1386 to provide recruitment, induction, and professional development to principals in public schools. The bill also created a board to oversee the program. The board began its work in January 2010, but has not met since January 2011. The program received \$75,000 and 0.7 FTE for FY 2009-10 and FY 2010-11; the program has not received any funding since FY 2010-11.

State Expenditures

For FY 2014-15 and FY 2015-16, this bill increases state expenditures by \$2.0 million.
Total costs are detailed below and displayed in Table 1.

Table 1. Expenditures Under SB 14-124			
Cost Components	FY 2014-15	FY 2015-16	FY 2016-17
Personal Services	\$98,208	\$98,208	\$98,208
FTE	1.2	1.2	1.2
Operating Expenses	5,653	950	950
Contract Services: Evaluators	22,400	22,400	22,400
Travel	30,664	30,664	30,664
Leadership Development Provider Grants	608,215	608,215	608,215
School Turnaround Leader Grants	1,234,860	1,239,563	1,239,563
TOTAL	\$2,000,000	\$2,000,000	\$2,000,000

Program administration. The department will establish grant program rules, create application procedures, identify eligible participants, provide technical assistance, prepare and issue an RFP, hire and train proposal evaluators, review applications and make recommendations to the SBE, and award grants. The CDE must also track and evaluate grant recipients and ensure accountability.

The department will require a 1.0 FTE project manager and 0.2 FTE administrative program support. The project manager will also contract for temporary reviewers to evaluate proposals and grant applications for final recommendations to the SBE. Program administration costs also include expenses for travel.

Turnaround leadership programs - design grants. The CDE must issue an RFP for leadership program providers who wish to participate in the program, and identify one or more programs that can provide turnaround leadership programs for Colorado school districts, the CSI, or charter schools. In each of the first three fiscal years in which the program is funded and operational, the SBE may distribute no more than approximately one-third of the fund for design grants. Based on a presumed total funding level of \$2.0 million, less fixed administrative costs, the CDE is anticipated to award approximately \$600,000 in design grants in each fiscal year; however, the total amount available for design grants is dependant on the actual amount appropriated for the program by the General Assembly. This fiscal note assumes that design grants are more likely in the first year of the program and that in later years, the cost and amount of these grant awards is likely to decrease, freeing more funds to provide school turnaround leader grants.

School turnaround leader grants. The SBE is required to award grants to one or more school districts, the CSI, or charter schools. Grants will be used by districts to identify and recruit school turnaround leaders and to subsidize the cost for leaders and staff to participate in leadership development programs. Based on a presumed total funding level of \$2.0 million, less fixed administrative costs and the required allocation for design grants, the program will have approximately \$1.2 million available to provide school or district level turnaround leader grants; however, the total amount available for school turnaround leader grants is dependant on the actual amount appropriated for the program by the General Assembly.

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.

Table 2. Centrally Appropriated Costs* Under SB 14-124			
Cost Components	FY 2014-15	FY 2015-16	FY 2016-17
Employee Insurance	\$7,401	\$7,401	\$7,401
Supplemental Employee Retirement Payments	6,820	7,612	8,360
TOTAL	\$14,221	\$15,013	\$15,761

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

School District Impact

School districts, the CSI, and charter schools who participate in the program may receive leadership training grants to offset the costs incurred for turnaround leaders and support staff to obtain training.

Under current law, school districts and 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>

Technical or Mechanical Defects

Section 22-13-106(1)(a) of the bill permits the CDE to expend no more than five percent of the moneys annually appropriated or transferred to the fund to offset the costs incurred in implementing the new grant program; however, this indirect rate is insufficient to cover the department's fixed costs to establish the new program, or the ongoing administrative cost to run the program.

This fiscal note assumes that the minimum total funding for the grant program is \$2.0 million in each of the next three fiscal years. This fiscal note also estimates the fixed administrative cost of the bill at about \$150,000 and 1.2 FTE annually. If the General Assembly appropriates \$2.0 million for the program and the department is held to an indirect rate of five percent, only \$100,000 is available for administrative purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2014-15, this bill requires an appropriation of \$2.0 million and 1.2 FTE from the State Education Fund to the Colorado Department of Education.

State and Local Government Contacts

Education