

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0750
Prime Sponsor(s): Rep. Wilson

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Bill Status: House Education
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BILL TOPIC: FLEXIBILITY FOR RURAL SCHOOL DISTRICTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	<u>\$386,774</u>	<u>\$110,122</u>
General Fund	378,375	101,273
Centrally Appropriated Costs**	8,399	8,849
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$378,375 - 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 changes reporting and accountability requirements for small rural K-12 school districts. A small rural school district is one enrolling fewer than 1,000 students and defined by the Colorado Department of Education (CDE) as "rural" based on geographic location.

This bill permits any small rural school district to apply to the State Board of Education (SBE) for a waiver from the requirements of the Colorado READ Act. A small rural school district must submit an application and strategic plan to the CDE ensuring that, no later than third grade, students will develop the necessary reading skills to enable them to master the academic standards and expectations of subsequent grade levels. The CDE must review and evaluate the district's application and make recommendations to the SBE to approve or deny an application.

A district that receives a waiver is still eligible to receive per-pupil intervention moneys and other financial assistance for early literacy. The district must meet the local targets for student proficiency on the third grade statewide English assessment as set in the district's improvement plan for that school year. If the district fails to achieve the required targets for two consecutive years, the waiver is revoked.

Beginning with the 2015-16 school year, small rural school districts that are accredited by the state accountability system in the two highest categories (accredited or accredited with distinction) are exempt from submitting the report that the CDE requires for preparing precoded labels for the statewide summative assessments. Further, these small rural school districts are authorized to submit the following reports biennially rather than annually:

- the school district unified improvement plan (UIP);
- the end-of-year enrollment report;
- the safe school report; and
- the report of programs and personnel.

Small rural school districts accredited by the accountability system in the three lowest categories (improvement, priority improvement, or turnaround) may submit to CDE an application and strategic plan that explains how that district will improve the academic performance of students if that district is allowed the same flexibility in reporting provided to the small rural school districts in the two highest categories. The CDE is required to review strategic plans and make recommendations to SBE, who may approve of such plans. The CDE and SBE are also given authority to revoke this flexibility if the district does not improve student academic performance.

The bill also exempts small rural school districts from the requirement that:

- district or school level accountability committees perform certain duties related to parent engagement;
- public meetings be held when preparing improvement plans;
- districts identify a dedicated employee to serve as a point of contact for parent engagement; and
- districts participate on a local or regional child fatality prevention review team.

State Expenditures

This bill increases state expenditures in the CDE by \$386,774 and 0.5 FTE in FY 2015-16 and by \$110,122 and 0.5 FTE in FY 2016-17, as a result of modifications to the READ act requirements for small rural districts. Increased costs are detailed in Table 1 and described below.

Table 1. Expenditures Under HB 15-1155		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$55,798	\$55,798
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	2,827	475
Reporting flexibility	21,750	
READ Act flexibility	90,000	45,000
Information Management Systems	208,000	
Centrally Appropriated Costs*	8,399	8,849
TOTAL	\$386,774	\$110,122

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

Staff. The CDE will require additional staff on an ongoing basis to manage waiver applications, and to manage the varied collection of data from multiple literacy assessments used by small rural districts. Workload increases to ensure appropriate analysis and validation of the assessments used in place of the statewide assessment used under current law. This is an ongoing cost due to the potential variability of changing assessments each year.

In FY 2015-16 and ongoing, the CDE will have personnel service costs of \$55,798 and 0.5 FTE to establish rules and procedures for small rural districts, create a waiver application and review process, monitor district eligibility, coordinate state board deliberations, manage vendor contracts, and ensure accountability.

Reporting flexibility. The bill allows small rural districts in the three lowest accreditation categories to apply for the same reporting requirements afforded to small rural districts in higher accreditation categories. One time costs for initial review of district applications including temporary contract services, technology upgrades to the UIP process, and expenses to convene the State Review Panel are estimated at \$21,750 in FY 2015-16.

READ Act flexibility. Permitting rural school districts to select other READ Act assessments will impact the way the CDE compares students with significant reading deficiencies (SRD). If a rural school district chooses to use a different assessment for SRD identification, the results may not be comparable with the rest of the state's definition. The 3rd and 4th grade English language arts achievement results for students identified with an SRD are included in the school and district performance frameworks. CDE will need to work with technical experts to validate the local assessments/identifications and determine if and how to include the results in a comparable way. The CDE requires technical assistance from national measurement experts on how to comparably use different methods for identifying students with significant reading deficiencies, and incorporating achievement results in the performance frameworks.

For each different assessment used, the CDE can anticipate 5 days of required consultation at a rate of \$1,800 per day. Assuming 10 different assessments, state costs increase by \$90,000 in the first year. In future years, five new assessments are assumed at a cost of \$45,000. These costs may vary based on the actual number of assessments selected by districts.

Information management systems. The department must modify information management systems to permit data analysis and to redesign a method to map and store information in the department data warehouse from multiple assessments. Total one-time contract services are estimated at \$208,000 (2,080 hours at \$100 per hour).

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 HB 15-1155		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,074	\$4,074
Supplemental Employee Retirement Payments	4,325	4,775
TOTAL	\$8,399	\$8,849

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

School District Impact

Districts that take advantage of the opportunity to report less frequently, or that seek waivers from certain reporting requirements, must adjust workload accordingly. A small workload savings is assumed for districts who receive additional flexibility from reporting requirements or from provisions of the READ act; however, no estimate of this change is available.

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

State Appropriations

For FY 2015-16 this bill requires an appropriation of \$378,375 General Fund and 0.5 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education