

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0008
Prime Sponsor(s): Rep. Priola
 Sen. Hill

Date: March 2, 2015
Bill Status: House Education
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BILL TOPIC: HIGHLY EFFECTIVE TEACHERS & LOW-PERFORMING SCHOOLS

Fiscal Impact Summary*	FY 2015-16	FY 2016-17 to FY 2018-19
State Revenue		
State Expenditures	<u>\$4.0 million</u>	Increased expenditures. See State Expenditures section.
State Education Fund Highly Effective Teachers Incentive Fund	\$4.0 million	
FTE Position Change	0.3 FTE	0.4 FTE
Appropriation Required: \$4.0 million - Colorado Department of Education (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill creates the Highly Effective Teacher Incentives Grant Program in the Colorado Department of Education (CDE). The program will provide grants to local education providers (LEPs) to enable them to offer monetary incentives for highly effective teachers who choose to teach in low-performing elementary, middle, or junior high schools. A LEP is a school district, school, charter school, the State Charter School Institute, or Boards of Cooperative Educational Services (BOCES).

The State Board of Education (SBE) must adopt rules for the new grant program. In FY 2015-16, the CDE must publicize details for program participation with LEPs, and award grants in two-year cycles beginning in FY 2016-17. Subject to available appropriations, the CDE will make grants based on the number of eligible teachers and the grade level in which they are employed in each qualifying LEP. No later than December 15, 2019, the CDE must prepare a final report for the program.

A LEP that operates a low-performing elementary, middle, or junior high school, or a charter school that is a low-performing school, may apply to the CDE for a grant. Low performing schools are those that, as a result of the most recent performance evaluation by the CDE, are assigned to either of the two lowest accreditation categories (priority improvement or turnaround).¹ LEPs that receive grants must use awards to provide salary bonuses for highly effective "transfer teachers." A transfer teacher means a highly effective teacher who in the first year of a grant cycle is newly employed by the LEP, having most recently been employed by either:

¹ The state accreditation categories from lowest to highest are: accredited with turnaround plan, accredited with priority improvement plan, accredited with improvement plan, accredited, and accredited with distinction.

- a school district or BOCES with the highest accreditation category (accredited with distinction), or
- a charter school with the third highest accreditation category (accredited with performance plan).

A transfer teacher may also be a returning employee of the LEP receiving grant funding, but who has transferred from another public school within the school district that was assigned the third highest accreditation category (accredited).

Transfer teachers are eligible to receive the following nonbase-building salary bonus amounts:

- \$12,000 for a transfer teacher working in a low-performing elementary school; or
- \$8,000 for a transfer teacher working in a low-performing middle or junior high school.

If a highly effective teacher is not a transfer teacher but is teaching in a low-performing school, he or she is eligible to receive the following nonbase-building salary bonus amounts:

- \$6,000 if he or she teaches in a low-performing elementary school for the second or subsequent consecutive school year; or
- \$3,000 if he or she teaches in a low-performing middle or junior high school for the second or subsequent consecutive school year.

The bill creates the Highly Effective Teacher Incentives Fund and appropriates \$4.0 million from the State Education Fund into the grant fund in FY 2015-16. Moneys in the fund are continuously appropriated to the CDE. The department may spend up to two percent of the moneys appropriated to the fund for the direct and indirect expenses to implement the program. If sufficient grant applications are received during FY 2015-16, the SBE is directed to award up to \$2.0 million in two-year grants beginning with FY 2016-17; the SBE must award any remaining funds for two-year grants beginning with FY 2018-19.

State Expenditures

This bill increases state expenditures by \$4.0 million in FY 2015-16. Increased costs are for program administration, operational expenses, and for grant awards. Over four fiscal years (FY 2015-16 through FY 2018-19), the CDE will expend the initial \$4.0 million appropriation in the amounts estimated in Table 1.

Table 1. Expenditures Under HB 15-1200				
Cost Components	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Personal Services	\$19,084	\$25,455	\$25,455	\$25,455
FTE	0.3 FTE	0.4 FTE	0.4 FTE	0.4 FTE
Operating Expenses	2,827	475	475	475
Highly Effective Teacher Grants		2,000,000		1,900,299
TOTAL	\$21,911	\$2,025,930	\$25,930	\$1,926,229

Grant program administration. During the first part of FY 2015-16, the department will adopt rules and begin communication and outreach with LEPs using existing staff. However, in the latter part of the year and continuing through FY 2018-19, new staff are needed to administer the program. The department will require 0.3 FTE for a program management and grants administrator in the first year, which increases to 0.4 FTE beginning with FY 2016-17. The project manager and grants administrator will be responsible for developing, evaluating, and recommending applications for approval by the SBE. Program staff will also be responsible for maintaining a database, monitoring school and educator ratings to ensure continued qualification for grants, and preparing the final report.

Highly effective teachers in low-performing schools grants. The bill appropriates \$4.0 million from the State Education Fund to launch the program. Following initial implementation of the program in FY 2015-16, the CDE will award up to \$2.0 million in grants for a two-year cycle beginning with FY 2016-17 (fiscal years 2016-17 and 2017-18). Beginning with FY 2018-19, the program is estimated to have approximately \$1,900,299 remaining for a second round of grants.

School District Impact

Local education providers who participate in the program will receive grant awards to create financial incentives for highly effective teachers to work in low performing schools. LEPs may have additional workload to identify teachers qualifying for the incentive payments and to manage the receipt and distribution of grant funds.

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>

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2015-16, the bill appropriates \$4.0 million from the State Education Fund to the Highly Effective Teachers Incentive Fund in the Colorado Department of Education. The department is given continuous spending authority over the incentive fund.

State and Local Government Contacts

Education