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Fiscal Note

Drafting Number:	LLS 24-0548	Date:	February 29, 2024
Prime Sponsors:	Rep. Martinez; Pugliese Sen. Coleman	Bill Status:	House Education
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Bill Topic: NINTH-GRADE SUCCESS GRANT & PERFORMANCE REPORTING

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> School District

The bill continues the Ninth Grade Success Grant Program, modifies reporting requirements, and provides ongoing funding for the program. The bill increases state expenditures and school district grant revenue on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$2.1 million to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1282

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$2,108,023	\$2,859,609
	Centrally Appropriated	\$27,591	\$41,386
	Total Expenditures	\$2,135,614	\$2,900,995
	Total FTE	1.4 FTE	2.1 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$316,203	\$428,941

Summary of Legislation

Under current law, the Ninth Grade Success Grant Program in the Colorado Department of Education (CDE) repeals on July 1, 2025. The bill continues the program, and requires that the General Assembly appropriate \$2.8 million per year for the program, beginning in FY 2024-25. Additionally, the bill specifies the school- and district-level data that must be included in the annual program report.

Background

The Ninth Grade Success Grant Program awards grants to local education providers to provide targeted support for ninth graders, including a team of teachers and support staff; data on behavior, attendance, and grades; services and instructional support for students at risk of falling behind; summer orientation for students and parents; and evaluation of the interventions on student success. In the first program cohort, which began in FY 2019-20, \$735,117 in funding was distributed to eight local education providers.

For FY 2023-24, the program was funded with \$2.4 million from the General Fund, and CDE administered the program with 1.8 FTE. Of that amount, \$800,000 and 0.6 FTE were included in the Long Bill and are expected to be ongoing program funding.

Assumptions

Program funding. For FY 2024-25, the fiscal note assumes that the required \$2.8 million in funding identified in the bill includes the \$800,000 currently in the Long Bill, resulting in the need for \$2.0 million in new funding for the program. Beginning in FY 2025-26, the grant program would repeal under current law. Thus, the fiscal note reflects the full \$2.8 million, including the continuation of the current \$800,000 and the \$2.0 million in new funding.

Administrative costs. Under current law, CDE may use up to 5 percent of program funding for administrative expense; however, actual administrative costs are estimated to exceed that amount. The fiscal note assumes that any administrative costs above the 5 percent cap are paid from the General Fund and not out of the money identified for the grant program. See Technical Note Section for more information.

State Expenditures

The bill increases state expenditures in CDE by \$2.1 million in FY 2024-25, and \$2.9 million beginning in FY 2025-26, paid from the General Fund. Costs are listed in Table 2 and discussed below.

Table 2
Expenditures Under HB 24-1282

	FY 2024-25	FY 2025-26
Department of Education		
Personal Services	\$131,281	\$196,921
Operating Expenses	\$1,792	\$2,688
Data System Costs	\$74,950	-
Grants	\$1,900,000	\$2,660,000
Centrally Appropriated Costs ¹	\$27,591	\$41,386
Total Cost	\$2,135,614	\$2,900,995
Total FTE	1.4 FTE	2.1 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff costs. In FY 2024-25, CDE requires 1.4 FTE to administer the new funding for the grant program, prorated for a September 2024 start date. This estimate is based on the resources allocated for the current program, scaled up for the additional program funding. In FY 2025-26, CDE requires 2.1 FTE, which includes the 1.5 FTE to administer the new funding and the continuation of the current, ongoing 0.6 FTE.

Data system costs. CDE requires \$74,950 in FY 2024-25 only to make the data system changes to allow districts to submit the information required by the bill. The data collection will be available beginning in FY 2025-26.

Grants. After administrative expenses, about \$1.9 million in FY 2024-25 and \$2.7 million in subsequent years is expected to be available for grants under the expanded/continued program. In FY 2024-25, the fiscal note assumes that the \$800,000 provided through the Long Bill will also be available as grants. Grants currently range from about \$10,000 to up to \$115,000 per year. The number of grants awarded and the amount of those grants will be determined by CDE.

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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

School District

By continuing the program and increasing funding for it on an ongoing basis, the bill increases revenue and expenditures for any school district that chooses to apply for and receives grant funding.

Technical Note

Under current law, up to 5 percent of appropriations for the Ninth Grade Success Program may be used for administrative expenses. In FY 2024-25, actual administrative costs are estimated at about \$208,000, including one-time data system costs, which equates to about 10.4 percent of the \$2.0 million in new funding required by the bill. Beginning in FY 2025-26, this amount reflects both new and continuing staff costs and is about 7.1 percent of \$2.8 million for the program, including both new and continuing funding.

The fiscal note assumes that the administrative costs above the 5 percent cap (\$108,023 in FY 2024-25 and \$59,609 in subsequent years) will be in addition to the funding allocated for the program in this bill. If the bill were amended to allow for a higher cap on administrative expenses, all administrative expenses would be paid from the appropriation required in the bill.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires General Fund appropriation of \$2,108,023 to the Department of Education, and 1.4 FTE.

State and Local Government Contacts

Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).