



**Colorado
Legislative
Council
Staff**

SB16-052

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0395

Date: June 30, 2016

Prime Sponsor(s): Sen. Kerr

Bill Status: Postponed Indefinitely

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BILL TOPIC: CERT AUTHORIZERS OF MULTI-DISTRICT ONLINE SCHOOLS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$100,258</u>	<u>\$95,197</u>
General Fund	93,274	88,074
Centrally Appropriated Costs	6,984	7,123
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$93,274 - Colorado Department of Education (FY 2015-16)		
Future Year Impacts: Ongoing expenditure impact.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill requires that the Division of Online and Blended Learning in the Colorado Department of Education (CDE) develop a certification program for authorizers of multi-district online schools. The bill eliminates the current duty of the division to facilitate the certification of multi-district online schools directly, and instead requires that the division certify the authorizers of these schools. The bill specifies the standards the division must use to evaluate applications for certification.

The State Board of Education (SBE) must adopt rules for the certification program, including an application process and time lines for review and approval of applications by CDE. The division must use the recommendations from the final report of the Online Task Force, created by House Bill 14-1382, when making rule recommendations to the SBE.

Beginning January 2017, a school district, a group of two or more school districts, or a board of cooperative educational services (BOCES) that is not currently an authorizer of multi-district online schools must apply to the CDE for certification. An application for authorizer certification must be received in August of the year preceding the school year the new multi-district online school would operate. Current authorizers of existing online schools must also receive certification from the CDE, by January 2022, and every five years thereafter.

This bill also requires that the division study the issue of student mobility, and collect and make public data concerning the operations of online school authorizers. Authorizers that operate a multi-district online school must have a memorandum of understanding to operate drop-in learning centers in school districts that are not the online school's authorizer.

Finally, this bill extends the deadline for the CDE to solicit proposals for online programs and schools to initiate online education pilot projects. Parameters for the pilot projects were established by HB 14-1382. The deadline for applications is extended until October 15, 2016, and pilot projects must be implemented beginning with the 2017-18 school year. Currently, the CDE is required to use private donations to implement pilot projects. This bill requires that the General Assembly appropriate money for the pilot projects.

Background

Multi-district online schools may enroll students throughout the state of Colorado in addition to enrolling in-district students. Currently, there are 26 multi-district online schools, established by 18 authorizers. A multi-district online school can be authorized by a school district, the CSI or a BOCES. Among the current schools, 2 are authorized by CSI, 2 by a BOCES, and the remaining schools are authorized by school districts.

State Expenditures

The bill increases state expenditures by about \$100,250 and 0.5 FTE in FY 2016-17 and by about \$95,200 and 0.5 FTE in FY 2017-18. New expenditures are displayed in Table 1 and described below.

Table 1. Expenditures Under SB 16-052		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$34,597	\$34,599
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	2,827	475
Travel	3,000	3,000
Legal Services	2,850	-
Pilot Projects	50,000	50,000
Centrally Appropriated Costs*	6,984	7,123
TOTAL	\$100,258	\$95,197

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

Authorizer certification. This bill creates new workload for the CDE to create a certification program for authorizers. In FY 2016-17, staff will assist the SBE to adopt rules, facilitate new applicants for certification, select and train outside reviewers, certify 2-3 new authorizers, and prepare SBE documents in cases of appeal. Staff must also facilitate the review and evaluation of the 18 existing authorizers, and prepare for application and re-certification of all existing authorizers by 2022. In addition to personal services and standard operating costs, the CDE will have expenses for travel and for legal services from the Department of Law.

Pilot projects. Some pilot projects suggested by HB 14-1382 can be implemented with minimal additional resources and without direct funding to participating schools; however, others require funding to create support systems, or for investments directly in schools. To begin supporting the development of projects and encouraging applications by online schools, an initial estimate of \$50,000 annually is needed to support pilot project implementation.

Online education research. The CDE is required to research and report on student transfer rates in online schools, and to collect data concerning the operation of authorizers and multi district online schools to identify best practices and make data available for research in the field of online education. This effort is anticipated to require approximately 0.2 FTE. Because the CDE will no longer certify multi-district online schools, the department will have staff capacity that can be re-purposed to conduct research on online education.

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 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,023	\$4,023
Supplemental Employee Retirement Payments	2,961	3,100
TOTAL	\$6,984	\$7,123

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

School District Impact

The 18 local education providers currently certified to authorize multi-district online schools must adjust their practices in order to prepare to meet minimum standards specified in the bill by 2022. A local education provider not currently authorizing multi-district schools must also prepare to meet all standards adopted by the SBE for the certification program, and apply and receive certification prior to authorizing multi-district online schools.

Under current law, school districts and BOCES may submit a separate estimate of fiscal impacts within seven days of a bill's introduction. Estimates submitted by districts or BOCES for this bill can be found on the Legislative Council website at this address:

<https://www.colorado.gov/pacific/cga-legislativecouncil/school-district-fiscal-impact-statements>

Effective Date

The bill was postponed indefinitely by the Senate Education Committee on February 18, 2016.

State Appropriations

For FY 2016-17, this bill would have required a General Fund appropriation of \$93,274 and 0.5 FTE to the Colorado Department of Education. Of this amount, the Department of Law would have required \$2,850 in reappropriated funds.

State and Local Government Contacts

Education