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Revised Fiscal Note

(replaces fiscal note dated February 16, 2021)

Drafting Number: LLS 21-0173 Date: March 30, 2021
Prime Sponsors: Rep. Larson; McLachlan; Sen. Lundeen Bill Status: House Finance
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Bill Topic: PROFESSIONAL EDUCATOR LICENSURE RENEWAL PERIOD

- Summary of Fiscal Impact: [X] State Revenue, [X] State Expenditure, [ ] State Transfer, [ ] TABOR Refund, [ ] Local Government, [ ] Statutory Public Entity

This bill extends the licensing period for professional educators from five to seven years. It reduces state revenue and expenditures in FY 2021-22 and FY 2022-23 only.

Appropriation Summary: For FY 2021-22, the bill requires that appropriations to the Colorado Department of Education be reduced by \$292,532.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the House Education Committee.

Table 1
State Fiscal Impacts Under HB 21-1104

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

## Summary of Legislation

This bill extends the licensing period for professional educators from five to seven years. If an individual has partially completed his or her current five-year licensing period, those completed years count toward the new seven-year licensing period. The bill applies to professional teacher, special services, principal, and administrator licenses.

Under current law, the cost of licensing educators is paid from fees paid to the Educator Licensure Cash Fund. This bill permits the General Assembly to designate General Fund money to the cash fund to supplement educator fees.

## State Revenue

The bill reduces cash fund revenue to Educator Licensure Cash Fund in the Colorado Department of Education (CDE) by approximately \$1.82 million in both FY 2021-22 and FY 2022-23.

By extending the renewal period, the bill extends all license renewals scheduled to occur after July 1, 2021 forward by two years, effectively delaying up to 60 percent of fee revenue during the next two fiscal years. The remaining 40 percent of fee revenue is from applications for new professional licenses. State revenue from licensing fees is subject to TABOR.

## State Expenditures

For FY 2021-22 and FY 2022-23 only, the bill reduces expenditures in the CDE by \$358,512 and 4.0 FTE.

Under current law, educator licensing and all related activities are cash funded from fees and receive no General Fund appropriations. This fee revenue supports initial and renewal licensing of educators, enforcement and disciplinary actions, teacher preparation and induction program review, and technical assistance and support to licensed professionals. By extending the renewal period, some FTE associated with supporting renewal applicants is reduced until those education professionals need to renew again. An estimate of the expenditure reduction for the next two fiscal years is displayed in Table 2. This expenditure is expected to return beginning in FY 2023-24.

**Table 2**  
**Expenditures Under HB 21-10XX**

	FY 2021-22	FY 2022-23
<b>Colorado Department of Education</b>		
Personal Services	(\$287,132)	(\$287,132)
Operating Expenses	(\$5,400)	(\$5,400)
Centrally Appropriated Costs <sup>1</sup>	(\$65,980)	(\$65,980)
<b>Total Cost</b>	<b>(\$358,512)</b>	<b>(\$358,512)</b>
<b>Total FTE</b>	<b>(4.0 FTE)</b>	<b>(4.0 FTE)</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**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 estimated to be reduced by \$65,980 in both FY 2021-22 and FY 2022-23.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2021-22, the bill requires an appropriation reduction of \$292,532 from the Educator Licensing Cash Fund to the Colorado Department of Education, and a decrease of 4.0 FTE.

## State and Local Government Contacts

Education