



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0573 **Date:** July 19, 2021
Prime Sponsors: Sen. Coleman; Priola **Bill Status:** Signed into Law
Rep. McLachlan; Baisley **Fiscal Analyst:** Anna Gerstle | 303-866-4375
Anna.Gerstle@state.co.us

Bill Topic: **CONCERNING SUCCESSFUL HIGH SCHOOL TRANSITIONS**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> School District

The bill makes changes to the high school innovative learning pilot program and creates the fourth-year innovation pilot program. The bill increases state expenditures and impacts revenue and workload for some school districts on an ongoing basis.

Appropriation Summary: In FY 2021-22, the bill requires and includes an appropriation of \$44,222 to the Department of Higher Education and \$220,115 to the Colorado Department of Education.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB21-106

	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	-	-
Expenditures		
General Fund	\$264,337	\$658,944
Centrally Appropriated	\$14,174	\$15,645
Total Expenditures	\$278,511	\$674,588
Total FTE	0.9 FTE	1.0 FTE
Transfers	-	-
TABOR Refund	-	-

Summary of Legislation

The bill makes changes to the High School Innovative Learning Pilot Program and creates the Fourth-Year Innovation Pilot Program.

Fourth-Year Innovation Pilot Program. The bill creates a new pilot program in the Department of Higher Education (DHE) to provide state funding for low-income students who graduate early from high school to use for postsecondary education. By July 1, 2022 and each year thereafter, the participating local education provider (LEP) must notify DHE and the Colorado Department of Education (CDE) of students who graduated early in the prior year. The Long Bill must include sufficient funding for the early graduates, to be distributed to the student's postsecondary program, and funding to LEPs.

Funding. A student who graduates prior to their fourth year of high school receives the greater of 75 percent of the FY 2021-22 average state share of per pupil revenue or \$3,500, as determined during the 2021 legislative session. A student who graduates prior to the second semester of their fourth year receives the greater of 45 percent of the FY 2021-22 average state share of per pupil revenue, or \$2,000. A participating LEP receives 25 percent of the FY 2021-22 average state share per pupil for each student who graduates prior to their fourth year.

Eligibility. A student must qualify for free or reduced price lunch or for a Pell grant in order to be eligible for the program, and must begin a qualified postsecondary program within 18 months of graduating early. The first cohort of students must graduate early during the 2021-22 school year; the final cohort will graduate early in the 2025-26 school year. No more than five LEPs may be selected to participate, representing a mix of urban, suburban, and rural providers.

Reporting and repeal. DHE must report certain information to the Joint Budget Committee and education committees of the General Assembly by November 1, 2022 and each year thereafter. The Colorado Department of Labor and Employment must ensure participating students are included in existing data reported by postsecondary training providers. The program is repealed July 1, 2027.

High School Innovative Learning Pilot. This current program provides full-time funding for students in participating high schools that provide innovative learning opportunities to support transitions to postsecondary education or the workforce. Beginning in FY 2021-22, the bill encourages the State Board of Education (SBE) to select up to 20 applicants for the program, and:

- allows a school to participate independently of a district;
- requires that applications explain the benefits for underserved students; and
- requires that the Colorado Department of Education (CDE) and the SBE consider whether the applying program will provide opportunities for apprenticeships, technical training through an industry provider, teacher training, concurrent enrollment, and certificates.

State Expenditures

The bill increases state General Fund expenditures by \$278,511 and 0.9 FTE in FY 2021-22 and \$674,588 and 1.0 FTE in FY 2022-23. Costs are listed in Table 2 and discussed below.

**Table 2
Expenditures Under SB21-106**

Cost Components	FY 2021-22	FY 2022-23
Department of Higher Education		
Personal Services	\$37,077	\$40,448
Operating Expenses	\$945	\$945
Capital Outlay Costs	\$6,200	-
Student Awards	-	\$327,399
Centrally Appropriated Costs ¹	\$9,355	\$10,660
FTE – Personal Services	0.6 FTE	0.7 FTE
DHE Subtotal	\$53,576	\$379,451
Department of Education		
Personal Services	\$20,115	\$21,944
Technical Assistance Contract	\$200,000	\$200,000
LEP Distributions	-	\$68,208
Centrally Appropriated Costs ¹	\$4,820	\$4,985
FTE – Personal Services	0.3 FTE	0.3 FTE
CDE Subtotal	\$224,934	\$295,137
Total	\$278,511	\$674,588
Total FTE	0.9 FTE	1.0 FTE

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

Department of Higher Education. DHE requires 0.7 FTE to administer the Fourth-Year Innovation Pilot Program. Staffing costs are prorated in FY 2021-22 for the General Fund paydate shift. The department will review applications and select participating LEPs, coordinate with CDE to determine funding amounts, distribute funds, and work with LEPs and institutions to gather and distribute data.

Colorado Department of Education. Currently, the High School Innovative Pilot Program is expected to have 17 participants in the 2021-22 school year, and is administered by 0.3 FTE and a \$100,000 contract with a nonprofit to provide technical assistance to participants. CDE requires an additional 0.2 FTE to administer the program and an additional \$200,000 for the technical assistance contract. The additional contract amount includes \$133,500 to support 20 new participants, and \$66,500 to provide ongoing support for all participants in the program.

In addition, CDE requires 0.1 FTE to support DHE in administration of the Fourth-Year Innovation Pilot Program. Workload includes outreach and support to districts, coordinating the accurate funding distributions, and application review.

Student awards. Assuming 100 students participate in the Fourth-Year Innovation Pilot Program, half of whom graduate prior to their fourth year and half of whom graduate prior to the second semester of their fourth year, \$327,399 will be awarded by DHE to students for postsecondary programs, and \$68,208 will be distributed by CDE to participating LEPs in FY 2022-23. This is based on the following per student amounts:

- \$5,457 average state share per pupil, based on the projection for the 2021-22 school year with the adoption of Senate Bill 21-268, the school finance act;
- \$4,092 awarded to a student graduating prior to their fourth year of high school;
- \$2,455 awarded to a student graduating prior to the second semester of their fourth year; and
- \$1,346 distributed to a participating LEP for each student who graduates prior to their fourth year.

School finance. For a student who would have graduated early regardless of the bill, the bill increases state expenditures as discussed above; however, for any student who graduates early as a result of the bill, the state share of school finance will decrease, offsetting a portion of the increased expenditure for that student. The actual decrease in the state share of school finance for FY 2022-23 will depend on the number of participating students and LEPs, and whether students would have graduated early without the bill.

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 \$14,174 in FY 2021-22 and \$15,645 in FY 2022-23.

School District

High School Innovative Learning Pilot. For any school or district that chooses to participate in the expanded program, workload will increase.

Fourth-Year Innovation Pilot Program. Participating LEPs will receive \$1,222 per student who graduates prior to their fourth year of high schools. If LEPs receive distributions for 50 of the 100 participating students, LEP distributions will total \$68,208 in FY 2022-23. If students would have graduated early without the bill, this amount represents a revenue increase for the district. If the bill incentivizes the student to graduate early, the distribution offsets a decrease in the state share of school finance. In addition, workload increases for any district that chooses to participate in the program.

Effective Date

The bill was signed into law by the Governor and took effect on July 7, 2021.

State Appropriations

In FY 2021-22, the bill requires and includes the following General Fund appropriations:

- \$220,115 to the Colorado Department of Education, and 0.3 FTE; and
- \$44,222 to the Colorado Department of Higher Education, and 0.6 FTE.

State and Local Government Contacts

Education

Higher Education

Labor