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Fiscal Note

Drafting Number: LLS 22-0436 Date: January 31, 2022
Prime Sponsors: Rep. Weissman; Bacon Bill Status: House Education
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Bill Topic: FIFTH YEAR HIGH SCHOOL CONCURRENT ENROLLMENT

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Transfer (checkbox)
TABOR Refund (checkbox)
Local Government (checkbox)
School District (checked)

The bill makes changes to the ASCENT program, including removing the cap on the number of participating students. The bill increases state expenditures and school district revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$3.67 million to the Colorado Department of Education.

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

Table 1
State Fiscal Impacts Under HB 22-1002

Table with 3 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill modifies the Accelerating Students through Concurrent Enrollment (ASCENT) program, which allows selected students to enroll in postsecondary courses and be included in a local education provider's (LEP) pupil enrollment during the year following the student's fourth year of high school.

Participating students. The number of participating students, which is determined through the budget process, is currently capped at 500 students. Students must be designated by the Colorado Department of Education (CDE) to participate. The bill removes the limit on the number of students who can participate, and allows the LEP to designate eligible students for participation instead of the CDE.

The bill reduces the number of credit hours of postsecondary work ASCENT students are required to complete prior to the student's twelfth grade year from 12 to 6. LEPs must report to CDE the estimated number of ASCENT participants for the upcoming school year, and CDE must report the total estimated participants to the General Assembly as part of its budget request.

Non-tuition costs. Beginning in FY 2022-23, CDE must distribute to each LEP an amount equal to 3 percent of the per pupil extended high school funding amount for each participating ASCENT student. The LEP must make this amount available to reimburse students for non-tuition expenses, such as books, fees, and transportation. If the General Assembly does not appropriate a sufficient amount to fund these distributions, CDE must reduce each LEP's distribution by the same percentage.

The bill requires the Concurrent Enrollment Advisory Board to adjust its policies to allow an LEP to apply to CDE for a waiver allowing students to participate in the ASCENT program in their second year after twelfth grade if certain criteria are met. It also modifies reporting requirements and College Opportunity Fund provisions to align with the changes to the ASCENT program.

Repayment for concurrent enrollment courses. The bill repeals provisions requiring students who do not complete concurrent enrollment courses to repay the amount of tuition paid by the LEP on the student's behalf.

Assumptions

The fiscal note assumes that 400 additional students in FY 2022-23, and 575 additional students in FY 2023-24 will participate in the ASCENT program. This is based on the following data and assumptions:

- on average, LEPs have requested 795 slots in each of the last four years, or 295 more than the 500 slots that have been available;
- lowering the number of credit hours that must be completed will increase the number of participants; and
- due to the initial implementation time frame, the initial increase in participating students will occur over two years.

The fiscal note assumes that beginning in FY 2023-24, funding for the program will be based on the actual number of expected participants, as reported to CDE by LEPs, and actual extended high school per pupil funding after the application of the budget stabilization factor. The fiscal note assumes that the budget stabilization factor will remain constant at the FY 2021-22 level set in the 2022 supplemental school finance bill, as approved by the Joint Budget Committee.

State Expenditures

The bill increases state expenditures in CDE by \$3.7 million in FY 2022-23 and \$5.4 million in FY 2023-24. Expenditures are shown in Table 2 and detailed below. Expenditures are from the General Fund.

Table 2
Expenditures Under HB 22-1002

	FY 2022-23	FY 2023-24
Department of Education		
Personal Services	\$36,238	\$39,533
Operating Expenses	\$675	\$675
Capital Outlay Costs	\$6,200	-
State Share of School Finance	\$3,399,048	\$5,052,260
Distributions for Non-Tuition Expenses	\$229,436	\$283,366
Centrally Appropriated Costs ¹	\$8,259	\$8,556
Total Cost	\$3,679,856	\$5,384,390
Total FTE	0.5 FTE	0.5 FTE

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

Colorado Department of Education. Beginning in FY 2022-23, CDE requires 0.5 FTE in the Office of Postsecondary and Workforce Readiness to support the expanded program, including providing technical assistance, guidance, and outreach to additional districts, supporting data collection and reporting, handling participation requests, and supporting districts that expand concurrent enrollment opportunities. Standard operating and capital outlay costs are included; personal services in FY 2022-23 are prorated for the General Fund paydate shift.

School finance. By increasing participation in the ASCENT program, the bill increases the state share of school finance. ASCENT students are funded at a standard rate, expected to be \$8,498 in FY 2022-23, and \$8,787 in FY 2023-24, after application of the budget stabilization factor. Assuming 400 additional students participate in FY 2022-23, and 575 additional students participate in FY 2023-24, the bill increases the state share of school finance by \$3.4 million in FY 2022-23, and by \$5.0 million in FY 2023-24. The state share of school finance is paid from a combination of General Fund and State Education Fund.

Distributions for non-tuition expenses. The bill requires that the CDE distribute an amount equal to 3 percent of the per-pupil extended high school funding amount to LEPs to reimburse each student for non-tuition expenses. This amount is estimated at \$229,436 in FY 2022-23, and \$283,366 in FY 2023-24, based on estimated extended high school per pupil funding rates after the budget stabilization factor, and assumed program participation. This amount is estimated at \$255 per ASCENT student in FY 2022-23.

Institutions of higher education. Institutions of higher education that provide concurrent enrollment to students through the ASCENT program will have additional enrollment and tuition revenue from expansion of the program. State funding for institutions of higher education is partially allocated based on changes in enrollment and degrees awarded. To the extent the bill increases enrollment and degrees awarded, an institution's allocation of state funding may increase. No change in appropriations for higher education is required.

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 beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$550,740 in FY 2022-23, and by \$806,375 in FY 2023-24, which will decrease the amount of General Fund available for other purposes. Should the expenditures be paid out of the State Education Fund, the General Fund reserve requirements will not apply.

School District

The bill increases revenue and expenditures for school districts whose students participate in ASCENT. Districts will have additional workload to designate participating students, conduct outreach, and support students enrolling in postsecondary opportunities, as well as to distribute funds to the institutions of higher education. Districts will also receive extended high school funding for those students through the school finance formula, and an allocation of funding to reimburse students for non-tuition expenses. This amount is estimated at \$255 per ASCENT student in FY 2022-23, or 3 percent of the extended high school per pupil funding rate, after the application of the budget stabilization factor. Districts will see a minimal reduction in workload and revenue, as parents are no longer required to reimburse the district for the cost of tuition if their student does not complete the course.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$3,671,597 to the Colorado Department of Education, and 0.5 FTE. Of this amount, \$3,399,048 is for the state share of school finance.

State and Local Government Contacts

Education

Higher Education

School Districts