



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1278: EDUCATION ACCOUNTABILITY SYSTEM

Prime Sponsors:

Rep. Bird; Lukens

Sen. Kirkmeyer; Michaelson Jenet

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Published for: House Appropriations

Drafting number: LLS 25-0241

Version: First Revised Note

Date: April 14, 2025

Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Education Committee.

Summary Information

Overview. The bill makes changes to state assessments and school accountability laws, and implements some of the recommendations of the Accountability, Accreditation, Student Performance, and Resource Inequity Task Force.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- School Districts

Appropriations. For FY 2025-26, the bill requires an appropriation of \$1,533,098 to the Colorado Department of Education.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$1,697,075	\$878,998	\$727,099
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	7.5 FTE	5.4 FTE	4.5 FTE

¹ Fund sources for these impacts are shown in the table below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$1,533,098	\$762,137	\$629,465
Cash Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$163,977	\$116,861	\$97,634
Total Expenditures	\$1,697,075	\$878,998	\$727,099
Total FTE	7.5 FTE	5.4 FTE	4.5 FTE

Summary of Legislation

The bill makes multiple changes to state accountability laws for public schools and districts and implements some of the recommendations of the [House Bill 23-1241](#) Accountability, Accreditation, Student Performance, and Resource Inequity Task Force.

Assessments

The bill requires that the Colorado Department of Education (CDE) collaborate with local education providers (LEPs) to divide state tests into shorter sections with age-appropriate time frames for students with disabilities, and must provide guidance to LEPs on encouraging all students to participate in state tests.

The bill expands administration of language arts tests in Spanish to include grades five through eight. The CDE must administer reading and writing tests in Spanish when the number of English language learners receiving instructional support in their native language reaches at least 1,500 students statewide within an assessed grade level. The CDE must administer tests in math, science, and social studies in any language other than English in any grade or content area if at least 1,500 students are receiving instruction in that language in the tested content area statewide.

Accountability Work group

The CDE must convene a 17-member accountability work group to provide feedback on state and federal accountability policies and make recommendations to the State Board of Education. The department must convene meetings as necessary and within existing appropriations. All work group meetings are open to the public.

Performance Indicators

The bill modifies the way certain performance indicators are measured, and beginning in the 2027-28 school year, requires that the CDE apply five new performance sub-indicators to measure the postsecondary and workforce readiness (PWR) of students:

- college and career readiness before graduation
- postsecondary progression
- graduation rate
- dropout rate; and
- the postsecondary progression.

The bill specifies the measures the CDE must use to calculate the sub-indicator scores for public schools and districts. When calculating statewide graduation and dropout rates, the bill requires that special education students be counted for graduation in the school year when the student completes the minimum graduation requirements.

Accountability Dashboard

No later than November 1, 2026, the CDE must gather stakeholder input on the specific data elements and visual reporting format for a statewide education accountability dashboard. The department must summarize the stakeholder input and the estimated cost to incorporate the data elements and reporting formats to the SBE and the education committees of the General Assembly. Subject to available appropriations, the department must create the accountability dashboard.

Continuous Improvement Planning

The bill requires that the CDE evaluate if school districts are experiencing early indicators of distress before they are placed on the accountability clock and offer ongoing support and feedback during the second year of the first two consecutive years of a priority improvement or turnaround plan.

The bill requires local education providers to develop pathway plans if they are on a priority improvement or turnaround plan and are on year three, four, or five of the performance watch or meet other criteria. The pathway plan is a multiyear plan for school improvement that is prepared by the LEP to connect local proposals for significant State Board of Education (SBE) action with broader strategies for improvement. The SBE must adopt rules to implement how schools and districts develop and use pathway plans.

The department, in collaboration with relevant organizations that work with local school boards, must provide guidance on how to review and monitor the implementation of accreditation plans to create consistency with implementation of statewide improvement plans.

The pathway plans or improvement plans for LEPs with priority improvement or turnaround accreditation must identify budget allocations to support the needs of the LEP and create a financial sustainability plan that includes salaries, facility, curriculum, and operational costs.

The bill also expands uses of the School Transformation Grant Program and makes external support partners for public schools subject to open records laws.

Accreditation with Distinction

The bill requires that the State Board of Education adopt rules that incorporate additional metrics the CDE must consider when determining if a school or district may be accredited with distinction, including demonstrating that at least 75 percent of students participate and complete state tests.

Studies and Evaluations

By November 1, 2027, the CDE must conduct an evaluation of the essential components necessary for an external management partner to be successful in a turnaround school, the effect partners have on a school or district's performance indicators. The department must create a list of qualified state external management partners and a model contract agreement.

Over the next three fiscal years, the CDE must facilitate various studies in consultation with relevant advisory groups on academic opportunities, inequities, and promising practices that improve the state accountability and accreditation system. Notable areas of required study include:

- lowering student count thresholds on accountability calculations and reporting;
- addressing inherent volatility of test score measurement;
- shortening statewide assessments and implementing adaptive testing technology;
- appropriate statewide professional learning and development resources;
- aligning the accreditation system with increased equitable access to state tests; and,
- best practices for participation in the school accountability system.

State Expenditures

The bill increases costs in the CDE by about \$1.7 million in FY 2025-26, \$878,000 in FY 2026-27, and \$727,000 million in FY 2027-28 and ongoing, paid from the General Fund. State expenditures are displayed in Table 2 and described below.

Table 2
State Expenditures
Department of Education

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$761,318	\$535,225	\$448,705
Operating Expenses	\$9,600	\$6,912	\$5,760
Capital Outlay Costs	\$60,030	\$0	\$0
Subdivide CMAS Tests	\$125,000	\$0	\$0
Performance Indicators Data Collection	\$109,150	\$50,000	\$5,000
Dashboard Stakeholder Engagement & Travel	\$153,000	\$0	\$0
Continuous Improvement Supports	\$180,000	\$150,000	\$150,000
Evaluations and Studies	\$135,000	\$20,000	\$20,000
Centrally Appropriated Costs	\$163,977	\$116,861	\$97,634
Total Costs	\$1,697,075	\$878,998	\$727,099
Total FTE	7.5 FTE	5.4 FTE	4.5 FTE

Staff

Additional staff are required in the department to work across multiple areas of implementation over several years. In FY 2025-26, CDE requires 8.2 FTE, with staff levels decreasing to 5.4 FTE in FY 2026-26 and 4.5 FTE beginning in FY 2027-28, following initial implementation and at the conclusion of required studies and evaluations. Personal services in FY 2025-26 include standard operating and capital outlay, and are prorated for an August start date. New staff are required to:

- develop content area assessments in languages other than English and Spanish and to manage the expansion of the Colorado Spanish Language Assessments (CSLA) to grades five through eight;
- coordinate impact studies of new performance indicators, facilitate technical and advisory groups, and manage data and calculations of performance indicators;
- manage creation of accountability dashboards;
- identify a system of early identification and intervention of schools and districts in distress, provide expanded supports, and assist with corrective action plans for schools and districts with priority improvement or turnaround plans; and,
- manage and conduct multiple studies and evaluations.

Assessments

Dividing CMAS into sections for age-appropriate timing is estimated to cost \$125,000 in FY 2025-26 only.

Performance Indicators

In addition to the staff time discussed above, adopting new performance indicators increases costs for CDE by about \$109,000 in FY 2025-26 to host in-person and remote trainings, update and translate all informational resources, and modify information systems for new data collection. Costs decrease in subsequent years. The fiscal note assumes that the new performance indicators related to PWR and special education will be available beginning in FY 2027-28, based on actual implementation timelines.

Accountability Dashboard

In FY 2025-26, only, additional contractor support is required to gather stakeholder input on the specific data elements and visual reporting format for a statewide accountability dashboard. The department must summarize the stakeholder input and the estimated cost to incorporate the data elements and reporting formats. This cost is estimated at \$153,000 for professional facilitators, stakeholder conferences, travel and report writing.

Continuous Improvement Supports

The CDE will have increased costs to research early identification and intervention systems for public schools and to provide additional support to schools in year two of the accountability clock. These costs are estimated at \$180,000 in FY 2025-26, and \$150,000 annually beginning FY 2026-27. The costs include a one-time contract to research indicators of districts and develop a rubric, and ongoing support for schools, such as needs assessments, professional development, facilitation, corrective plan development, and other technical assistance.

Evaluations and Studies

CDE requires \$135,000 in FY 2025-26, and \$20,000 in FY 2026-27 and FY 2027-28 for the various studies required by the bill, including ways to align the accreditation system with increased equitable access to state assessments and best practices for accountability systems. Costs include an external facilitator for the studies, who will conduct research and work with the department, local education providers, technical and advisory committees, and local school boards to produce the reports.

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 may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2.

School Districts

Public schools and districts will have increased workload to modify testing and accountability processes and systems, develop any required additional plans, and may have to adjust expenditures for training and reporting as needed to comply with revised accountability frameworks and assessments.

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 2025-26, the bill requires a General Fund appropriation of \$1,533,098 to the Colorado Department of Education and 7.5 FTE. The department may require roll-forward authority for a portion of this appropriation.

State and Local Government Contacts

Education