



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 18-0125
Prime Sponsors: Rep. Hamner; Rankin
 Sen. Coram; Todd

Date: January 26, 2018
Bill Status: House Education
Fiscal Analyst: Anna Gerstle | 303-866-4375
 Anna.Gerstle@state.co.us

Bill Topic: RURAL SCHOOL DISTRICT TEACHING FELLOWSHIP PROGRAMS

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government *(potential)*
- Statutory Public Entity

The bill creates a teaching fellowship program for rural school districts and institutions of higher education that offer a teacher preparation program. The bill increases state workload and expenditures, and may increase school district costs. The impacts are ongoing beginning in FY 2018-19.

Appropriation Summary: The bill requires an appropriation of \$530,448 to the Department of Higher Education in FY 2018-19.

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

Table 1
State Fiscal Impacts Under HB 18-1002

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$530,448	\$528,042
	Centrally Appropriated	\$4,429	\$4,639
	Total	\$534,877	\$532,681
	Total FTE	0.5 FTE	0.5 FTE
Transfers		-	-

Summary of Legislation

The bill creates a teacher fellowship program for teacher candidates in their final year of an approved teacher preparation program that leads to employment in a rural school district upon graduation.

Identification of shortage areas. Within 30 days of the bill's effective date, the Colorado Department of Education must identify geographic areas, subject areas, and grade levels for which there are shortages of qualified teachers. The data must be updated annually.

Fellowship agreements. Qualified rural school districts with demonstrated financial need and hiring difficulty may enter into an agreement with an institution of higher education to create a one-year fellowship. The agreement must:

- evaluate the student's strengths and the district's needs;
- identify selection criteria for the fellowship and competencies the student must master;
- specify how the district and institution will support the student, provide an experienced teacher as a mentor, and include the student in activities required of teachers employed by the district; and
- include a commitment by the district to hire the student who successfully completes a fellowship year.

The student is expected to complete their teacher preparation program and any requirements for a teaching credential during the one year fellowship. Districts may enter into agreements with multiple institutions of higher education, assisted by the Department of Higher Education (DHE) if necessary.

Stipends. All students selected for a fellowship receive a \$10,000 stipend, distributed monthly. For up to 100 fellowships, half of the stipend will be paid by the DHE and half will be paid by the institution; those fellowships are selected by the DHE based on hiring difficulty and financial need of the school district. For fellowships not selected by the DHE, the district and institution must provide the full amount of the stipend, in proportions agreed to by both the district and institution. If a student in a fellowship does not accept an offer of employment from the district, the student must repay the amount of the stipend.

Reporting. The district and institution must annually prepare a report on the implementation of the agreement and the institution must file a copy of the report, as well as the agreement and related documents, with DHE. DHE must review each agreement and any modifications to the agreement to ensure that it meets the criteria outlined in the bill, and compile an annual summary report.

State Expenditures

The bill increases state General Fund expenditures for DHE by \$534,877 and 0.5 FTE in FY 2018-19 and \$532,681 and 0.5 FTE in FY 2019-20. Expenditures also increase for participating institutions of higher education and workload increases for CDE to implement the bill. Costs are listed in Table 2 and discussed below.

**Table 2
Expenditures Under HB 18-1002**

	FY 2018-19	FY 2019-20
Department of Higher Education		
Personal Services	\$25,270	\$27,567
Operating Expenses and Capital Outlay Costs	\$5,178	\$475
Stipends (State Portion)	\$500,000	\$500,000
Centrally Appropriated Costs*	\$4,429	\$4,639
FTE – Personal Services	0.5 FTE	0.5 FTE
Total Cost	\$534,877	\$532,681
Total FTE	0.5 FTE	0.5 FTE

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

Department of Higher Education - staffing. DHE requires 0.5 FTE beginning in FY 2018-19 to review fellowship agreements, select the fellowships to receive state funding, process stipend payments, prepare the annual report, and assist districts with finding an institution to work with. The FTE amount is based on staffing for similar programs administered by DHE, as well as the assumption that no more than 100 agreements will initially be signed by institutions and school districts. To the extent that fellowship recipients do not accept employment offers from the school district, costs could increase to ensure that recipients pay back the amount of the stipend; however, the fiscal note assumes that those instances will be minimal.

As specified in the bill, DHE also requires \$500,000 in order to cover \$5,000 of the \$10,000 stipend for 100 of the students selected for a fellowship.

Institutions of higher education. The bill increases costs and workload for any institution of higher education that enters into a fellowship agreement with a school district. Institution staff will work with school districts to develop agreements and fill fellowship positions. For up to 100 fellowships, institutions are required to cover \$5,000 of the \$10,000 stipend for each fellowship; for any additional fellowships, the portion of the stipend that the institution is responsible for will be determined in the fellowship agreement. The cost for each institution depends on whether or how many agreements the institution enters into with a rural school district. The fiscal note assumes that the institution's portion of the stipend will be paid out of current appropriations and that no change in state appropriations to state institutions of higher education is required.

Department of Education. The bill increases the workload for CDE's Educator Talent Division to identify geographic areas, subject areas, and grade levels for which there are shortages of qualified teachers in FY 2017-18, and to update those data in subsequent years. CDE currently conducts a voluntary survey of districts used to quantify the teacher shortage; it is likely that this survey would become mandatory for districts as a result of the bill. The workload increase can be accomplished within current appropriations.

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 \$4,429 in FY 2018-19 and \$4,639 in FY 2019-20.

School District Impact

To the extent that rural school districts are interested in entering into fellowship agreements, district staff will need to seek out and develop agreements with institutions of higher education. Should a fellowship not be selected by DHE to be covered by the state and institutions of higher education, costs may increase for districts to cover a portion of the \$10,000 stipend. Costs depend on how many agreements districts enter into, as well as the portion of the stipend that the district agrees to pay in a fellowship agreement.

Effective Date

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

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$530,448 to the Department of Higher Education, and an allocation of 0.5 FTE.

Departmental Difference

The DHE estimates that 1.0 FTE is required to implement the bill beginning in FY 2018-19. This estimate assumes that additional staff time is necessary to process payments to institutions on a monthly basis and to track documentation related to fellowship agreements, school district eligibility, and student outcomes. Additionally, the DHE assumes that there will be more than 100 agreements reviewed by DHE for compliance with the bill and for selection for state funding.

The estimate in the fiscal note of 0.5 FTE is based on the following assumptions:

- Similar scholarship programs administered by the DHE require 0.5 FTE.
- No more than 100 agreements will be signed in the initial years of the program. Assuming DHE spends 3 hours per agreement to process payments and 3 hours each to review agreements and related documents, 0.3 FTE is required.
- Additional staff time will be required to field questions related to the bill, connect interested districts and institutions, compile the required report, and provide assistance to districts and institutions related to reporting, filing, and eligibility requirements, resulting in 0.2 FTE.

State and Local Government Contacts

Education

Higher Education

Law

School Districts