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HB 18-1222

FINAL FISCAL NOTE

Drafting Number: LLS 18-0544
Prime Sponsors: Rep. Becker J.

Date: June 14, 2018
Bill Status: Postponed Indefinitely
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Bill Topic: SYSTEMATIC REVIEW OF EDUCATION PROGRAMS

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

The bill requires that the Office of State Auditor, in consultation with the Commissioner of Education, create and implement a process for the evaluation of education programs enacted by the General Assembly. The bill increases state expenditures on an ongoing basis beginning with FY 2018-19.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$216,650 to the Office of the State Auditor, and \$89,354 to the Colorado Department of Education.

Fiscal Note Status: This fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 18-1222

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total), Total FTE, and Transfers.

Summary of Legislation

No later than January 1, 2019, this bill requires that the Office of the State Auditor (OSA) and the Commissioner of Education in the Colorado Department of Education (CDE) design a program review process and schedule for the systematic evaluation of education programs enacted by the General Assembly. The bill details the minimum considerations to be used by OSA and CDE in designing the review process, and the minimum required components of each program review.

The education program reviews must determine whether these programs meet the objectives and intended outcomes of the General Assembly. The reviews may also include performance and fiscal audits. All education programs that have been implemented for at least six years are to be analyzed under the new process. The review process and a schedule of programs to be reviewed must be presented to the State Board of Education. The CDE is required to present the program review process and the list of program reviews for the upcoming calendar year at the annual State Measurement for Accountable, Responsive, and Transparent Government (SMART act) hearing of the joint education committees.

Once the schedule and process has been established, the OSA is required to conduct the annual program reviews, and submit a report of its findings and recommendations to the education committees of the General Assembly. The report must also be posted on the web pages of the OSA and the CDE.

Local education providers are required to provide to OSA and CDE with any requested information, analysis, or data that is available and under their control.

State Expenditures

The bill increases state expenditures by \$331,924 and 3.3 FTE in FY 2018-19, and by \$375,542 and 4.0 FTE in FY 2019-20. Expenditures increase in both the Office of the State Auditor and in the Colorado Department of Education as displayed in Table 2 and described below. Personal services costs have been prorated to reflect the bill's August 8 effective date and the General Fund pay date shift.

Table 2
Expenditures Under HB 18-1222

Cost Components	FY 2018-19	FY 2019-20
Office of the State Auditor (OSA)		
Personal Services	\$200,166	\$240,199
Operating Expenses and Capital Outlay Costs	\$16,484	\$2,850
Centrally Appropriated Costs*	\$18,277	\$21,932
FTE – Personal Services	2.5 FTE	3.0 FTE
Dept (Subtotal)	\$234,927	\$264,981

**Table 2
Expenditures Under HB 18-1222 (Cont.)**

Cost Components	FY 2018-19	FY 2019-20
Colorado Department of Education (CDE)		
Personal Services	\$83,701	\$100,440
Operating Expenses and Capital Outlay Costs	\$5,653	\$950
Centrally Appropriated Costs*	\$7,643	\$9,171
FTE – Personal Services	0.8 FTE	1.0 FTE
Dept (Subtotal)	\$96,997	\$110,561
Total	\$331,924	\$375,542
Total FTE	3.3 FTE	4.0 FTE

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

Office of the State Auditor. The OSA requires new auditor and project management staff to create the process and schedule for evaluations, and to work with the CDE and local education providers to conduct annual program audits. Personal services cost estimates for the OSA are based on the costs for a similar process and schedule the OSA uses for evaluating Tax Expenditures (see Section 39-21-305 *et. seq.* C.R.S.)

It is estimated that at least 55 separate education programs require evaluation by OSA, including multiple competitive grant programs, the Colorado Preschool Program, the READ Act, assessments and accountability, choice and innovation, educator licensing, educator effectiveness, concurrent enrollment, capital construction assistance, and several others. The OSA, assisted by the CDE, can evaluate 5 education programs annually, which includes working with and collecting data from school districts, charter schools, and other local education providers.

Colorado Department of Education. In order to evaluate education programs, the OSA will be required to access data, including student personally identifiable information (PII), in order to evaluate the program's impact on student and school district performance measures. The CDE requires additional staff to assist OSA to ensure compliance with federal education data privacy laws, and with Colorado's Student Data Transparency and Security Act.

Because of the ongoing nature and complexity of the auditor's evaluations, CDE staff is also required to serve as subject matter experts, and provide information and context to the OSA concerning programs being evaluated. Due to the CDE's position as a liaison to school districts, OSA will also need assistance from CDE to access district and school contacts, negotiate data sharing agreements, and act as a conduit for district level data to the OSA.

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 \$25,920 in FY 2018-19, and \$31,103 in FY 2019-20.

School District

School districts may experience an increase in workload to provide data to the CDE and the OSA.

Effective Date

The bill was postponed indefinitely by the House Education Committee on March 12, 2018.

State Appropriations

For FY 2018-19, the bill requires the following General Fund appropriations:

- \$216,650 and 2.5 FTE to the Office of the State Auditor; and
- \$89,354 and 0.8 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education State Auditor