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REVISED FISCAL NOTE

(replaces fiscal note dated April 23, 2018)

Drafting Number: LLS 18-0061
Prime Sponsors: Rep. Hamner; Exum
Sen. Gardner

Date: May 1, 2018
Bill Status: Senate SVMA
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Bill Topic: EFFECTIVE IMPLEMENTATION OF READ ACT

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- School District (potential)
- Statutory Public Entity

The bill modifies the implementation of the READ Act. The bill increases state expenditures and workload and potentially impacts school district workload and revenue on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$1,000,000 from the Marijuana Tax Cash Fund to the Colorado Department of Education.

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

Table 1
State Fiscal Impacts under HB 18-1393

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (Cash Funds), Transfers, and TABOR Refund (General Fund).

## **Summary of Legislation**

The bill makes changes to state law regarding implementation of the Reading to Ensure Academic Development (READ) Act.

**Reading assessments and advisory lists.** Under current law, the Colorado Department of Education (CDE) must adopt advisory lists of instructional programming and professional development for reading. In addition, the State Board of Education (SBE) is required to adopt:

- minimum reading competency skill levels for kindergarten through third grade;
- a list of approved reading assessments; and
- an appeals process for publishers who submit materials for inclusion on the lists.

This bill specifies that reading assessments and instructional programming must be evidence- or scientifically-based, and must be aligned with each other, and with the preschool through elementary and secondary education standards for reading. CDE must also work with assessment publishers to better align the minimum reading competency levels for third grade with the education standards for third grade.

The SBE must review the skill levels and reading assessments and the CDE must update the list of approved reading assessments by July 1, 2019 and every four years after that. CDE must also review the advisory lists at least every two years and consult with local education providers (LEPs) and third-party experts in designing and updating the criteria to include materials on the assessment and advisory lists.

The bill allows LEPs to appeal for the inclusion of materials on the list of instructional programming, professional development, and reading assessments. During an appeal, the CDE and SBE must consider any findings that the appellant may submit from a nationally recognized, evidence-based information clearinghouse that demonstrates that the program has been successful for a similar population of students.

**Per pupil intervention funding.** Under current law, per-pupil intervention funding is divided among LEPs based on the number of students in kindergarten through third grade with a significant reading deficiency, and may only be spent on certain uses, including full-day kindergarten, summer literacy programs, tutoring services, and instructional services. The bill specifies that per-pupil intervention funding may be used to:

- purchase tutoring or intervention services in reading for students who receive instructional support; and
- provide certain professional development programming, not to exceed 15 percent of per-pupil intervention money received by an LEP.

The bill specifies that, upon request of CDE, an LEP must provide information on how the per-pupil intervention funds were spent.

**Early literacy grant program.** The early literacy grant program provides funding to LEPs to assist with the inclusion of reading instruction in kindergarten through third grade and to assist all students in achieving reading competency. The bill requires the SBE to allow a rural school

district or a charter school within a rural district to submit a simplified grant application, and clarifies that at least \$4 million from the early literacy fund must be spent on grants. The money allocated for the grant program must be awarded:

- at least 75 percent to applicants requesting funding for evidence and scientifically based literacy support and intervention instruction programs for reading competency in grades K-3;
- up to 15 percent to fund professional development initiatives for LEPs that are already implementing universal instruction and interventions; and
- up to 10 percent to applicants that have previously received a grant to fund literacy initiatives and are requesting an additional year of funding

**Working group.** By September 1, 2018, CDE must convene a working group to review the creation and use of READ plans and recommend changes. The membership of the working group must be determined by CDE, including experts who are willing to participate without compensation. The working group must neither consider nor recommend repealing the requirement for individual READ plans. CDE must submit a report on the group's findings and recommendations to the education committees of the General Assembly by February 1, 2020.

## Background

**READ Act.** The READ Act, enacted in House Bill 12-1238, aims to provide early literacy education for students enrolled in kindergarten, first, second, and third grades. It requires that teachers administer reading assessments to kindergartners near the beginning of the school year and to students in grades one, two, and three throughout the year. When a student is identified as having a significant reading deficiency, teachers, parents, and other personnel are required to develop an individualized approach to instruction, called a READ plan. CDE has oversight of the READ Act, which also includes the early literacy grant program, per-pupil intervention funding, and an early literacy assessment tool, among other elements.

## State Expenditures

The bill allows state expenditures for the early literacy grant program to increase above \$4.0 million per year; the specific amount appropriated for the program is at the discretion of the General Assembly. The fiscal note is based on an assumed \$1.0 million annual appropriation from the Marijuana Tax Cash Fund. In addition, the bill increases the workload for CDE beginning in FY 2018-19, as discussed below.

**CDE workload.** The bill increases workload for CDE and the SBE to review and update lists of reading assessments, professional development, and instructional programming, and to ensure that materials are evidence- and scientifically- based and align with educational standards. In addition, CDE must convene a working group by September 1, 2018 to review the creation and use of READ plans and recommend implementation changes. The working group members are not compensated or reimbursed for expenses, and the associated workload will be spread out over two years. The workload increase can be accomplished within existing appropriations.

**Legal services.** The bill may increase the legal services hours required by CDE to conduct rulemaking, modify the appeals process, and to handle any additional appeals as a result of the bill. Legal services are provided by the Department of Law, and will be covered by CDE's regular allotment of legal services hours.

**Early literacy grant program.** The bill increases the workload for CDE to distribute the additional \$1.0 million in grant funds. Current law allows 1 percent of funding appropriated from the early literacy fund to be used for administrative expenses; assuming an increase of \$1.0 million, CDE may use up to \$10,000 to award the additional grants. The fiscal note assumes that no additional FTE are required.

In addition, the bill modifies how early literacy grant program funds are awarded. In FY 2018-19, the fiscal note assumes that approximately \$5.0 million in grants will be awarded (\$4.0 million in Long Bill and \$1.0 million from the Marijuana Tax Cash Fund through this bill), which would be distributed as follows:

- \$3.75 million to applicants that request funding for literacy support and intervention instruction programs in grades K-3;
- \$750,000 to fund professional development initiatives for LEPs that are already implementing universal instruction and interventions; and
- \$500,000 to applicants that have previously received a grant to fund school-wide literacy initiatives and are requesting an additional year of funding.

## School District

**Workload.** The bill increases workload for districts that appeal the inclusion or non-inclusion of materials on CDE advisory lists, or for districts that participate on the working group convened by CDE.

**Revenue.** The bill impacts the level of funding that individual districts will receive from the distribution of early literacy grant funds, depending on grant proposals submitted to and awards made by CDE.

## State Appropriations

For FY 2018-19, the bill requires an appropriation of \$1,000,000 from the Marijuana Tax Cash Fund to the Colorado Department of Education.

## Effective Date

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

## State and Local Government Contacts

Education      Law      School Districts