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FINAL FISCAL NOTE

Drafting Number: LLS 20-0622 Date: April 27, 2020
Prime Sponsors: Sen. Lundeen Bill Status: Postponed Indefinitely
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Bill Topic: BONUSES FOR HIGHLY EFFECTIVE TEACHERS

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

The bill would have created the Highly Effective Teacher Bonus Program to distribute money to local education providers for bonuses and recruiting incentives for highly effective teachers. The bill would have increased state expenditures and school district revenue and workload on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill would have required an appropriation of \$56.7 million to the Colorado Department of Education.

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

Table 1
State Fiscal Impacts Under SB 20-074

Table with 4 columns: Category, Sub-category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund), Transfers, and TABOR Refund.

Summary of Legislation

The bill creates the highly effective teacher bonus program to provide funding to local education providers (LEPs) to award bonuses to highly effective teachers and offer monetary incentives to recruit highly effective teachers for employment. For the purposes of this program, LEPs include school districts, charter schools, and boards of cooperative educational services (BOCES) that operate a public school. Highly effective teachers include those that received a highly effective rating during the previous school year.

No later than November 1, 2020 and each year thereafter, the Colorado Department of Education (CDE) must distribute \$20,000, plus \$850 per classroom teacher, to each LEP. If the appropriation for the program is not sufficient, CDE must reduce the amount distributed proportionally. For charter schools, the authorizing school district or state Charter School Institute must distribute 100 percent of the funds to the charter school as soon as possible after receiving the funds.

The bill contains the following reporting requirements:

- By September 15, 2020 and each year thereafter, each LEP must submit to CDE the total number of teachers, and the number of highly effective teachers, employed by the LEP;
- By June 30, 2021 and each year thereafter, each LEP must submit certain information to CDE describing how the money was distributed during the year.
- By January 1, 2022 and each year thereafter, CDE must submit a summary of the LEP reports from the previous year to the State Board of Education and education committees of the General Assembly.

State Expenditures

The bill increases state General Fund expenditures by approximately \$56.7 million in FY 2020-21 and \$57.2 million in FY 2021-22. Costs are shown in Table 2 and described below.

Table 2
Expenditures Under SB 20-074

	FY 2020-21	FY 2021-22
Department of Education		
Distributions to LEPs - \$20,000 per LEP	\$8,860,000	\$8,860,000
Distributions to LEPs - \$850 per teacher	\$47,809,950	\$48,353,950
Data System Costs	\$70,000	-
Total Cost	\$56,739,950	\$57,213,950

Distributions to LEPs. The bill requires approximately \$57 million annually to be distributed to LEPs to be awarded to highly effective teachers and used as monetary incentives for recruiting highly effective teachers. Based on the most recent data available, there are 443 eligible LEPs, of which 178 are school districts, 5 are BOCES that operate a school, and 260 are charter schools. At \$20,000 each, this results in a distribution of \$8.9 million. There will be about 56,247 teachers at eligible LEPs in FY 2020-21, based on the number of teachers in FY 2018-19 and a growth rate of about 1.1 percent per year. At \$850 each, this results in a distribution of \$47.8 million.

Data system costs. In FY 2020-21 only, CDE requires \$70,000 to modify the data collection system used for district data submittals and reporting. Because the dates for submissions do not align with current deadlines, a new collection must be created in the system. This requires 560 hours of work, including data warehouse changes, reporting changes, and creating the new collection, at the current vendor rate of \$125 per hour.

School District

The bill increases revenue for school districts, charter schools, and eligible BOCES, to be distributed as bonuses and recruiting incentives for highly effective teachers. The bill also increases workload for LEPs to determine how to distribute the funding to eligible teachers and new employees. None of the amount received via CDE may be used for anything other than bonuses and incentives.

TABOR impact. In addition, this bill increases revenue to four school districts (Harrison, Steamboat Springs, Cherry Creek, and Colorado Springs) that are subject to constitutional spending limits and thus, may be required to issue a refund to taxpayers under TABOR. To the extent that revenue from the state has not been exempted from TABOR by voters in those four districts, the amount required to be refunded to taxpayers may increase for those districts.

Effective Date

The bill was postponed indefinitely by the Senate Finance Committee on February 11, 2020.

State Appropriations

For FY 2020-21, the bill would have required a General Fund appropriation of \$56,739,950 to the Colorado Department of Education.

State and Local Government Contacts

Education School Districts