



## 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

#### Fiscal Analyst:

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**Bill Outcome:** Signed into Law

**Drafting number:** LLS 25-0241

**Version:** Final Fiscal Note

**Date:** July 31, 2025

**Fiscal note status:** The final fiscal note reflects the enacted bill.

### 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.** In the current FY 2024-25, the bill reduces appropriations to the Colorado Department of Education by -\$81,000. For FY 2025-26, the bill increases appropriations on net by \$22,187. See State Appropriations Section.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0	\$0
State Expenditures	-\$81,000	\$281,198	-\$8,389
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	4.4 FTE	2.8 FTE

<sup>1</sup> Totals reflect the net change to state spending. Fund sources for these impacts are shown in the table below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Current Year FY 2024-25</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	-\$81,000	\$638,260	\$385,124
Cash Funds (State Education Fund)	\$0	-\$456,000	-\$456,000
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$98,938	\$62,487
<b>Total Expenditures</b>	<b>-\$81,000</b>	<b>\$281,198</b>	<b>-\$8,389</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>4.4 FTE</b>	<b>2.8 FTE</b>

## 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.

The bill removes a requirement that an LEP administer the writing portion of the achievement college entrance exam (currently the SAT) to each student who requests this, and the requirement that CDE pay the cost of administering the writing portion of the exam.

## 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 the following 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.

## **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 CDE must provide supports within existing appropriations through FY 2026-27 and may request future funding as needed during the annual budget process.

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, 2026, the CDE must conduct an evaluation of the components and arrangements necessary for an external management partner to be successful in a turnaround school. The department must create a list of qualified state external management partners and a model contract agreement.

The department must facilitate other studies in consultation with relevant advisory groups on academic opportunities, inequities, and promising practices that improve the state accountability and accreditation system. Areas of required study include:

- lowering student count thresholds on accountability calculations and reporting;
- addressing inherent volatility of test score measurement; and,
- shortening statewide assessments and implementing adaptive testing technology.

### **Local Accountability Grant Program**

The bill eliminates the Local Accountability Grant Program and associated funding beginning in the current FY 2024-25.

### **State Expenditures**

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On net, the bill reduces spending by \$81,000 in the current FY 2024-25, increases spending by \$281,000 in FY 2025-26, and reduces spending by about \$8,000 in FY 2026-27 and ongoing. Expenditures are from the General Fund and the State Education Fund. These changes are displayed in Table 2 and described below.

**Table 2**  
**State Expenditures**  
**Department of Education**

<b>Cost Component</b>	<b>Current Year FY 2024-25</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$0	\$476,078	\$297,870
Operating Expenses	\$0	\$5,632	\$3,584
Capital Outlay Costs	\$0	\$33,350	\$6,670
Framework Changes – Data, Training, Supports	\$0	\$51,200	\$50,000
Accountability Dashboard	\$0	\$153,000	\$27,000
Eliminate Writing Exam	\$0	-\$450,000	-\$450,000
Changes to SAT Administration	\$0	-\$6,000	-\$6,000
Local Accountability Grant Program Repeal	-\$81,000	-\$81,000	\$0
Centrally Appropriated Costs	\$0	\$98,938	\$62,487
<b>Total Costs</b>	<b>-\$81,000</b>	<b>\$281,198</b>	<b>-\$8,389</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>4.4 FTE</b>	<b>2.8 FTE</b>

## Staff

Additional staff are required in the department to work across multiple areas of implementation over several years. In FY 2025-26, CDE requires 4.4 FTE, with staff levels decreasing to 2.8 FTE in FY 2026-27. 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:

- coordinate studies of new performance indicators, facilitate technical and advisory groups, and manage data and calculations of performance indicators;
- manage creation of accountability dashboards;
- assist with pathway plans for schools and districts with priority improvement or turnaround plans; and,
- manage and conduct studies and evaluations.

## Assessments

Beginning in FY 2025-26, eliminating the requirement that an LEP administer the writing portion of the SAT upon request, and the requirement that CDE pay the cost of the writing portion of the exam reduces state costs by \$456,000, paid from the State Education Fund.

## Performance Indicators

Adopting new performance indicators for the accountability framework increases costs for CDE by about \$51,200 in FY 2025-26 and \$50,000 in FY 2026-27 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.

## **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.

## **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**

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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**

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The bill was signed into law by the Governor and took effect on May 23, 2025.

## **State Appropriations**

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The enacted bill includes the following appropriation adjustments for the Colorado Department of Education:

- for the current FY 2024-25, a reduced General Fund appropriation of \$81,000;
- for FY 2025-26, a reduced General Fund appropriation of \$81,000;
- for FY 2025-26, a reduced State Education Fund appropriation of \$456,000; and
- for FY 2025-26, a General Fund appropriation of \$559,187, and 3.4 FTE.

To address a technical error that occurred as a result of the interaction of this bill with [Senate Bill 25-315](#), \$160,073 and 1.0 FTE of costs discussed above are appropriated from the General Fund to the Colorado Department of Education in SB25-315, instead of in this bill.

## **State and Local Government Contacts**

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Education