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FISCAL NOTE

Drafting Number:	LLS 18-1266	Date:	April 23, 2018
Prime Sponsors:	Rep. Buckner; Lundein Sen. Hill	Bill Status:	House Education
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Bill Topic:	RETAINING TEACHERS GRANT PROGRAM
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Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue <input checked="" type="checkbox"/> State Expenditure <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input checked="" type="checkbox"/> School District <input type="checkbox"/> Statutory Public Entity
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The bill creates the Retaining Teachers Grant Program in the Colorado Department of Education. The bill increases state expenditures and school district revenue and expenditures through FY 2021-22.

Appropriation Summary:	For FY 2018-19, the bill contains an appropriation of \$3.0 million to the Department of Education.
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Fiscal Note Status:	The fiscal note reflects the introduced bill. This is a preliminary note, as not all agencies were able to respond with complete information in the time available. The fiscal note will be updated should additional information be available.
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Table 1
State Fiscal Impacts Under HB 18-1412

		FY 2018-19	FY 2019-20	FY 2020-21
Revenue		-	-	-
Expenditures	General Fund	\$3,000,000	\$3,000,000	\$3,000,000
	Centrally Appropriated	\$14,089	\$15,509	\$15,509
	Total	\$3,014,089	\$3,015,509	\$3,015,509
	Total FTE	0.9 FTE	1.0 FTE	1.0 FTE
Transfers		-	-	-
TABOR Refund	General Fund	-	-	-

Summary of Legislation

The bill creates the retaining teachers grant program in the Colorado Department of Education (CDE) to assist local education providers (LEPs) with implementing one or more of the following initiatives:

- job-sharing for teachers;
- on-site early childhood care for educators' families;
- teacher induction programs for new teachers;
- peer review and mentorship programs;
- professional development for career advancement pathways and teacher leadership positions;
- incentive programs to recognize highly effective teachers;
- reduced teacher contact hours and additional planning and collaboration time for new and mentor teachers; and
- increased use of technology to create financial incentives for teacher development and cost savings to support salary increases.

Administration. CDE must review applications, recommend grant recipients and amounts to the State Board of Education (SBE), and provide technical assistance to LEPs. The bill specifies what must be included in LEP grant applications, and the criteria CDE must consider in awarding grants. Criteria include prioritizing applicants demonstrating a large number of positions for which the LEP is unable to retain teachers, or low-performing schools demonstrating high rates of teacher turnover. Grants must supplement, not supplant, current resources for teacher retention.

Grants are awarded for three years, subject to annual review by CDE and renewal by the SBE. The annual review includes an evaluation of the progress achieved toward the goals of the funded initiative. In addition, CDE must monitor, and if necessary audit, grant recipients' use of the funding and submit a report on the implementation of the grant program to the SBE, Joint Budget Committee, and education committees of the General Assembly no later than January 15, 2019 and each year thereafter. The program is repealed July 1, 2022.

Funding. The bill creates the Retaining Teachers Fund, which is continuously appropriated to CDE to implement the grant program. Up to two percent of the amount appropriated to the fund may be used by CDE to administer the program. In FY 2018-19, \$3.0 million is appropriated from the General Fund to the Retaining Teachers Fund.

State Expenditures

The bill increases state expenditures by \$3.0 million in FY 2018-19. Funds are from the General Fund, appropriated to the Retaining Teachers Fund. Specific expenditures are listed in Table 2 and described below.

Table 2
Expenditures Under HB 18-1412

	FY 2018-19	FY 2019-20	FY 2020-21
Department of Education			
Personal Services	\$78,567	\$85,709	\$85,709
Operating Expenses and Capital Outlay Costs	\$5,558	\$950	\$950
Grants	\$2,915,875	\$2,913,341	\$2,913,341
Centrally Appropriated Costs*	\$14,089	\$15,509	\$15,509
FTE – Personal Services	0.9 FTE	1.0 FTE	1.0 FTE
Total Cost	\$3,014,089	\$3,015,509	\$3,015,509
Total FTE	0.9 FTE	1.0 FTE	1.0 FTE

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

Assumptions. The bill specifies that the grants are awarded for three years. The fiscal note assumes that \$3.0 million will also be appropriated annually from FY 2019-20 through FY 2020-21 for the program; however, future funding for the program is at the discretion of the General Assembly and is subject to available appropriations. Should less than \$3.0 million be appropriated in the second or third year, administrative costs and the amount available for grants will decrease.

Personal services. The CDE requires 1.0 FTE annually to implement the grant program. Duties include reviewing applications, making recommendations to the SBE, awarding grants, conducting grant monitoring and annual reviews, and providing technical assistance to LEPs. The FTE in FY 2018-19 has been prorated for the GF paydate shift. CDE workload will also increase to conduct rulemaking for the grant program. Legal services for rulemaking are provided by the Department of Law and can be accommodated within CDE's regular allotment of legal services hours.

Grants. After administrative costs, approximately \$2.9 million is available to be distributed as grants to LEPs. Grants are for three years, subject to annual review and renewal.

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 \$14,089 in FY 2018-19, and \$15,509 in FY 2019-20 and FY 2020-21.

School District

The bill increases revenue and expenditures for school districts that apply for and receive a grant. Grant amounts have not been estimated and will be determined by the CDE and SBE.

Technical Note

The bill limits administrative costs to two percent of the total appropriation, or \$60,000; however, the fiscal note estimates that the CDE will require approximately \$85,000 per year in FY 2018-19 through FY 2020-21 to administer approximately \$2.9 million in grants per year.

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 includes an appropriation of \$3.0 million from the General Fund, to the Retaining Teachers Fund, for the Colorado Department of Education, and 1.0 FTE.

State and Local Government Contacts

Education

Higher Education

School Districts