

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0566

Date: January 24, 2013

Prime Sponsor(s): Rep. Wilson

Bill Status: House Education

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TITLE: CONCERNING THE CREATION OF THE ADVANCED PLACEMENT INCENTIVES PILOT PROGRAM.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-2015 |
|--|---------------------|---------------------|
| State Revenue | | |
| State Expenditures | | |
| General Fund | \$623,529 | \$879,042 |
| FTE Position Change | 0.4 FTE | 0.4 FTE |
| Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. | | |
| Appropriation Summary for FY 2013-2014: See State Appropriations section. | | |
| School District Impact: See School District Impact section. | | |

Summary of Legislation

This bill creates the Advanced Placement Incentives Pilot Program in the Colorado Department of Education (CDE) to provide supplemental funding to rural schools that offer advanced placement (AP) courses, especially among low income student populations. No later than December 1, 2013, the CDE must prepare guidelines for the program and begin distribution of supplemental funding. The program is repealed July 1, 2017.

Only districts identified as rural by the CDE and enrolling fewer than 3,000 students may participate, and total participation is capped at 10,000 students. To participate, a rural district must:

- require that all grade ten students take the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT);
- have an existing program offering at least three AP courses, including one each in science, mathematics, and English; and
- designate an on-site mentor to support students enrolled in online AP courses, if offered.

Participating schools receive \$500 for each student completing an AP course with a passing grade and an additional \$500 for each student who passes the AP exam. Schools must use the supplemental funding to improve the quality of and access to AP courses. Funding must also be used to pay the national AP exam fee for students participating in the national school lunch program (NSLP).

If a school receives the additional award they must use a portion to pay incentives to teachers and online mentors. Teachers/mentors receive \$50 for each of their students who pass the exam plus \$50 if that student participates in the national school lunch program. Total annual bonuses are capped at \$2,000 per teacher/mentor per year.

Background

Advanced placement courses offer college-level experience to high school students, usually in grades 10 -12. Most institutions of higher education consider completed AP credits and national AP exam scores when making admission decisions or awarding college credit. Students taking an AP course are not required to take the exam, and passing the course is not a prerequisite for taking the exam.

As of 2012, 39 percent of graduating high school students statewide took an AP exam. Participation is lower among at-risk students and students in rural districts. For 2012 graduates, 16 percent of at-risk students took an AP exam. The CDE estimates that in rural schools, current participation in AP courses ranges from two to seven percent of eligible student enrollment.

There are 144 eligible rural districts serving 21,281 high school students. Of these districts, 20 currently offer the three prerequisite AP courses (math, science, English). Ten other districts offer two of the required courses. These 30 districts are most likely to be eligible for awards from the program, at least initially. The 114 remaining districts offer only one required AP course (13 districts), or no AP courses at all (101 districts).

State Expenditures

An award program meeting the requirements of the bill is expected to increase state expenditures by \$623,529 and 0.4 FTE in FY 2013-14. In FY 2014-15, costs are \$879,042 and 0.4 FTE. New expenditures are for program administration and AP incentive awards to school districts. These costs are described below and displayed in Table 1.

| Table 1. Estimated Expenditures Under HB 13-1056 | | |
|---|-------------------|-------------------|
| Cost Components | FY 2013-14 | FY 2014-15 |
| Personal Services | | |
| General Professional V | \$22,021 | \$22,021 |
| Program Assistant I | 4,508 | 4,508 |
| FTE | 0.4 | .04 |
| AP Incentive Awards | 597,000 | 852,513 |
| TOTAL | \$623,529 | \$879,042 |

Program Administration. The bill creates a new award program at the CDE. The department will have increased expenses to establish program rules, create application procedures, develop criteria for evaluating applications, award grants to districts, track applications and awards, and assure accountability. Additionally, the department will expend resources in human resources, accounting, budgeting, and management in support of the new program.

AP incentive awards. AP incentive awards will comprise the largest cost component of the bill. Only 30 rural school districts are likely to take advantage of the program in the first year. These districts serve about 9,750 high school students. Assuming seven percent of students complete an AP course and 75 percent of those students complete the AP exam, total award to districts is about \$597,000 ($1,194 * \$500.00 = \$597,187$). This analysis assumes that some students take more than one AP course or exam, but schools receive awards each time a student meets an award criterion, and that passing the AP exam means obtaining any score from 1 to 5. Total expenses will increase if the program expands participation among current students, or encourages other districts to begin offering AP programs. For example, if participation grows from seven percent of existing students to ten percent, total awards in FY 2014-15 are \$852,513.

School District Impact

District revenue and expenditures. Rural school districts will receive supplemental funding from the program to improve and enhance AP programs, and to offset costs to administer the PSAT test and increase AP program availability.

There are approximately 7,000 grade 10 students in the rural districts eligible to participate. If all districts administer the PSAT, the cost is at least \$14 per test administration (\$98,000), plus administrative costs for test proctors and substitute teachers during the test.

Adding AP programs increases costs for districts. For example, to add an online AP course, districts must purchase the course from an online vendor, provide existing staff development, pay salary and benefits for academic counseling and on-site mentors, etc. This expense is estimated to be, at minimum, \$1,200 per student (assuming \$300 per online course and \$900 in onsite staff and administrative costs per student).

State Appropriations

In FY 2013-14, this bill requires an appropriation of \$623,529 General Fund and 0.4 FTE to the Colorado Department of Education.

Departments Contacted

Education School Districts