

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated March 28, 2013)

Drafting Number: LLS 13-0566

Date: May 2, 2013

Prime Sponsor(s): Rep. Wilson
Sen. Giron

Bill Status: Senate Appropriations

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TITLE: CONCERNING THE CREATION OF THE ADVANCED PLACEMENT INCENTIVES PILOT PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
State Education Fund	\$587,029	\$827,029
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 The program is repealed July 1, 2017.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 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), or the ACT PLAN assessment;
- have an existing program offering at least one AP course in the area of social studies, math, science, or English; and
- designate an on-site mentor to support students enrolled in online AP courses, if offered.

Participating schools receive \$500 for each student who completes an AP course and takes the national AP exam, regardless of the outcome on the 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 an award, they must use a portion to pay incentives to teachers and online mentors. Teachers/mentors receive \$50 for each of their students who complete the AP course and pass the exam. 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. Based on information from College Board, approximately 22 percent of AP students obtain a "3" or higher on the national AP exam. Typically, a score of "3" or higher is considered by institutions of higher education as indicative of a student's advanced academic ability.

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.

State Expenditures

An award program meeting the requirements of the bill is expected to increase state expenditures by \$587,029 and 0.4 FTE in FY 2013-14. In FY 2014-15, costs are \$827,029 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	560,500	800,500
TOTAL	\$587,029	\$827,029

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. It is assumed that rural districts described in the bill serve approximately 21,340 students; however, the amount of students may change based on the final definition of rural district adopted by the CDE. Assuming 7 percent of these students enroll in at least one AP course and 75 percent of those complete the AP exam, total awards to districts is \$560,500 (1,121 * \$500 = \$560,500).

Total expenses will increase if the program expands participation among current students, or encourages districts to expand AP programs. For example, this fiscal note assumes participation will grow from seven percent of existing students to ten percent. Total awards in FY 2014-15 are will be \$800,500. This analysis assumes that some students take more than one AP course or exam, but schools receive awards each time a student meets the award criteria.

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 either the PSAT or the ACT PLAN assessment, 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 \$587,029 and 0.4 FTE to the Colorado Department of Education.

Departments Contacted

Education

School Districts