

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 14-0502  
**Prime Sponsor(s):** Rep. Wilson

**Date:** February 11, 2014  
**Bill Status:** House Education  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**SHORT TITLE:** FLEXIBILITY FOR RURAL SCHOOL DISTRICTS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>		
<b>State Expenditures</b>	<b>\$82,813</b>	<b>\$63,711</b>
General Fund	75,825	56,273
Centrally Appropriated Costs**	6,988	7,438
<b>FTE Position Change</b>	0.5 FTE	0.5 FTE
<b>Appropriation Required:</b> \$175,825 - Colorado Department of Education (FY 2013-14)		

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

This bill changes the reporting requirements for small rural K-12 school districts. A small rural school district is one enrolling fewer than 1,000 students and is defined by the Colorado Department of Education (CDE) as "rural" based on geographic location.

Beginning with the 2014-15 school year, small rural school districts that are accredited by the state accountability system in the two highest categories (accredited or accredited with distinction) are exempt from submitting the report that the CDE requires for preparing precoded labels for the statewide summative assessments. Further, these small rural school districts are authorized to submit the following reports biennially rather than annually:

- the school district unified improvement plan (UIP);
- the end-of-year enrollment report;
- the safe school report; and
- the report of programs and personnel.

Small rural school districts accredited by the accountability system in the three lowest categories (improvement, priority improvement, or turnaround) may submit to CDE an application and strategic plan that explains how that district will improve the academic performance of students if that district is allowed the same flexibility in reporting provided to the small rural school districts in the two highest categories. The CDE is required to review strategic plans and make recommendations to the State Board of Education (SBE), who may approve of such plans. The CDE and SBE are also given authority to revoke this flexibility if the district does not improve student academic performance.

The bill also exempts small rural school districts from the requirement that:

- district or school level accountability committees perform certain duties related to parent engagement;
- public meetings be held when preparing improvement plans;
- districts identify a dedicated employee to serve as a point of contact for parent engagement; and
- districts participate on a local or regional child fatality prevention review team.

Any small rural school district at any level of accreditation may apply to the SBE for a waiver from the requirements of the Colorado READ Act. A small rural school district must submit an application and strategic plan to the CDE ensuring that, no later than third grade, students will develop the necessary reading skills to enable them to master the academic standards and expectations of subsequent grade levels. The CDE must review and evaluate the district's application and make recommendations to the SBE to approve or deny an application.

A district that receives a waiver is still eligible to receive per-pupil intervention moneys and other financial assistance for early literacy. The district must meet the local targets for student proficiency on the third grade statewide English assessment as set in the district's improvement plan for that school year. If the district fails to achieve the required targets for two consecutive years, the waiver is revoked.

### **State Expenditures**

***This bill increases state expenditures in the CDE by \$82,813 and 0.5 FTE in FY 2014-15 and by \$63,711 and 0.5 FTE in FY 2015-16.*** Increased costs are detailed in Table 1 and described below.

<b>Table 1. Expenditures Under HB 14-1204</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Personal Services	\$55,798	\$55,798
FTE	0.5	0.5
Operating Expenses and Capital Outlay Costs	2,827	475
State Review Panel & Contract Services	17,200	-
Centrally Appropriated Costs*	6,988	7,438
<b>TOTAL</b>	<b>\$82,813</b>	<b>\$63,711</b>

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

***Waiver process.*** The bill allows small rural districts in the three lowest accreditation categories to apply for the same reporting requirements afforded to small rural districts in higher accreditation categories. The bill also allows any small rural district to apply for a waiver from the requirements of the READ Act, provided certain other assessment benchmarks are met. One time costs for the initial review of district applications including temporary contract services and expenses to convene the State Review Panel is estimated at \$17,200 in FY 2014-15.

In FY 2014-15 and ongoing, the CDE will have personnel service costs of \$55,798 and 0.5 FTE to establish rules and procedures for small rural districts, create a waiver application and review process, monitor district eligibility, coordinate state board deliberations, and ensure accountability.

**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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,113	\$3,113
Supplemental Employee Retirement Payments	3,875	4,325
<b>TOTAL</b>	<b>\$6,988</b>	<b>\$7,438</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

## School District Impact

Districts that take advantage of the opportunity to report less frequently, or that seek waivers from certain reporting requirements, must adjust workload accordingly. A small workload savings is assumed for districts who receive certain flexibility from reporting requirements or from provisions of the READ act; however, no estimate of this change is available.

Under current law, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

For FY 2014-15, this bill requires an appropriation of \$75,825 General Fund and 0.5 FTE to the Colorado Department of Education.

## State and Local Government Contacts

Education