

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 24, 2013)

Drafting Number: LLS 13-0566

Date: March 28, 2013

Prime Sponsor(s): Rep. Wilson

Bill Status: House Appropriations

Fiscal Analyst: Josh Abram (303-866-3561)

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	\$710,529	\$1,003,029
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 The program is repealed July 1, 2017.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 and enrolling fewer than 6,500 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), or the ACT PLAN assessment;
- have an existing program offering at least one AP course in the area of 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. Participating schools receive an additional \$500 for each student who passes 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 the additional award they must use a portion to pay incentives to teachers and online mentors. Teachers/mentors receive \$75 for each of their students who 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 \$710,529 and 0.4 FTE in FY 2013-14. In FY 2014-15, costs are \$1,003,029 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.

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	684,000	976,500
TOTAL	\$710,529	\$1,003,029

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. Rural districts described in the bill serve approximately 21,340 students. Assuming 7 percent of students in rural districts enroll in at least one AP course and 75 percent of those complete the AP exam, total awards to districts is \$560,500 ($1,121 * \$500 = \$560,500$). The bill also provides an additional \$500 for each student who passes the exam. Assuming a score of "3" or higher is required to obtain the additional incentive award, total additional awards to districts is \$123,500 (22 percent of 1,121 students = $247 * \$500 = \$123,500$).

Total expenses will increase if the program expands participation among current students, or encourages districts to expand AP programs. For example, if participation grows from seven percent of existing students to ten percent, and 22 percent of these students achieve a score of "3" or higher, total awards in FY 2014-15 are \$976,500. 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.

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 \$710,529 General Fund and 0.4 FTE to the Colorado Department of Education.

Departments Contacted

Education School Districts