

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-1027	Date: April 21, 2014
Prime Sponsor(s): Rep. Young; Wilson Sen. Kerr; Roberts	Bill Status: House Education
	Fiscal Analyst: Josh Abram (303-866-3561)

SHORT TITLE: K-12 ON-LINE EDUCATION

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Potential Gifts, Grants, and Donations	
State Expenditures	<u>\$99,728</u>	<u>\$88,635</u>
General Fund	88,318	76,615
Centrally Appropriated Costs**	11,410	12,020
FTE Position Change	1.0 FTE	1.0 FTE
Appropriation Required: \$88,318 - Colorado Department of Education (FY 2014-15)		

* 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

Under current law, online education programs and online schools are regulated by the Colorado Department of Education (CDE). This bill updates definitions, clarifies and adds requirements for documenting student attendance and participation, removes the authority for a group of school districts that have not formed a Board of Cooperative Educational Services (BOCES) to authorize online programs or schools, and creates an authorizer certification program.

Under current law, an online school that enrolls students from more than one school district (a multi-district online school) must be certified by the State Board of Education (BoE). Under this bill, the BoE will no longer certify multi-district online schools. Instead, the BoE may certify a school district, a BOCES, or the State Charter School Institute as an authorizer of multi-district online schools. The certified authorizer is then given authority to create and oversee a multi-district online school.

No later than July 1, 2014, the Commissioner of Education must convene a task force to recommend to the BoE quality standards and other rules for certifying authorizers. Using these recommendations, the BoE must adopt rules and quality standards for a certification program. Beginning July 1, 2015, only certified authorizers may create or operate a multi-district online school or program. Existing authorizers must apply for certification in order to continue to oversee a school. If the existing authorizer is denied certification, it may reapply after six months. If the state board again denies certification, the authorizer may not reapply for two years.

Certification as an online school authorizer is valid for five years and may be renewed. The BoE may deny or refuse certification if the applicant does not meet the quality standards adopted by the BoE. The CDE may provide technical assistance to help an applicant gain certification when an application is denied. The CDE may also contract with a third party that has expertise in creating and overseeing online programs or schools to provide the technical assistance. If an existing authorizer does not obtain or loses certification, each multi-district online school that the authorizer oversees must apply for authorization from a new authorizer.

No later than July 1, 2014, the commissioner must convene a group of experts to assist the CDE in designing pilot programs that address specified issues in providing online education. No later than October 2014, the CDE will issue requests for proposals for online programs and schools to initiate pilot programs in the 2015-16 school year. The CDE must prepare summary reports annually for the pilot programs. The CDE may accept and expend gifts, grants, and donations to implement the pilot programs and is not required to implement pilot programs unless it receives sufficient funding.

State Revenue

The CDE may accept and spend public and private gifts, grants, and donations to offset the costs incurred by the department and by participating authorizers to implement pilot programs. No amount of private gifts, grants, or donations are identified.

State Expenditures

This bill increases state expenditures by \$99,728 and 1.0 FTE in FY 2014-15 and by \$88,635 and 1.0 FTE in FY 2015-16.

The Online and Blended Learning unit at CDE requires new staff to facilitate the work of the task force to adopt quality standards and other rules for certifying online education authorizers including development of an application, review, and renewal process. New staff will also provide technical assistance for applicants seeking certification as authorizers, and convene and facilitate a separate task force to create and implement pilot programs. The CDE will also have travel and meeting facility expenses. Total personnel, standard operating, and facility costs are displayed in Table 1.

Table 1. Expenditures Under HB14-1382		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$75,665	\$75,665
FTE	1.0	1.0
Operating Expenses and Capital Outlay Costs	5,653	950
Travel and Meeting Expenses	7,000	0
Centrally Appropriated Costs*	11,410	12,020
TOTAL	\$99,728	\$88,635

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

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.

Table 2. Centrally Appropriated Costs Under HB14-1382*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,155	\$6,155
Supplemental Employee Retirement Payments	5,255	5,865
Indirect Costs		
Leased Space		
TOTAL	\$11,410	\$12,020

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

School District Impact

School districts and BOCES who operate multi-district online schools will adjust operations to conform to these new requirements, including applying to the BoE for certification as an authorized operator of a multi-district online school; however, the bill is not anticipated to create new expenditures or change revenue for districts or BOCES.

Pursuant to Section 22-32-143, C.R.S., 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 \$88,318 General Fund and 1.0 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education

Law