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Revised Fiscal Note

(replaces fiscal note dated April 25, 2022)

Drafting Number: LLS 22-0412 **Date:** May 2, 2022
Prime Sponsors: Rep. Larson; McLachlan **Bill Status:** House Appropriations
 Sen. Lundeen **Fiscal Analyst:** Josh Abram | 303-866-3561
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Bill Topic: MATH ACHIEVEMENT ACCELERATOR GRANT PROGRAM

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> School District

The bill creates the Math Achievement Accelerator Grant Program in the Colorado Department of Education to help local education providers improve student achievement in mathematics in kindergarten through eighth grades. The bill increases expenditures through FY 2026-27.

Appropriation Summary: For FY 2022-23, the bill includes a cash funds appropriation of \$5.0 million to the Math Achievement Accelerator Grant Cash Fund. The cash fund is continuously appropriated to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Education Committee.

Table 1
State Fiscal Impacts Under HB 22-1396

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-	-
Expenditures	Cash Funds	\$5,000,000	\$5,000,000	\$5,000,000
	Centrally Appropriated	\$26,350	\$26,350	\$26,350
	Total Expenditures	\$5,026,350	\$5,026,350	\$5,026,350
	Total FTE	1.4 FTE	1.4 FTE	1.4 FTE
Transfers¹	General Fund	-	(\$5.0 million)	(\$5.0 million)
	Cash Funds	(\$5.0 million)	-	-
	Cash Funds	\$5.0 million	\$5.0 million	\$5.0 million
	Net Transfer	\$0	\$0	\$0
Other Budget Impacts	General Fund Reserve	-	\$750,000	\$750,000

¹For FY2022-23, the bill includes an appropriation of \$5.0 million from the Revenue Loss Restoration Cash Fund to the program cash fund. Funding in FY 2023-24 and FY 2024-25 are assumed to be appropriations from the General Fund to the program cash fund.

Summary of Legislation

The bill creates the Math Achievement Accelerator Grant Program in the Colorado Department of Education (CDE) to provide three-year grants to local education providers (LEPs) to improve student achievement in mathematics in kindergarten through eighth grades. The State Board of Education must adopt rules for the program. The bill lists minimum elements LEPs must include in grant applications and criteria the CDE must consider when recommending and awarding grants. The grant program is repealed July 1, 2027.

By January 15, 2023, the Commissioner of Education must convene a grant review committee. With assistance from the committee, the CDE must review applications and make recommendations to the State Board of Education for grant awards to LEPs. The program must award three year grants, which must be between \$75,000 and \$125,000 per recipient per budget year. Beginning FY 2023-24, second and third year grant distributions are conditional on confirmation that recipients are meeting all program requirements.

By March 15, 2023, the CDE must contract with an independent evaluator to determine the effectiveness of school-based plans implemented by grant recipients, and the degree to which plans can be replicated by other LEPs. The evaluator must prepare annual reports to the CDE, including interim and final evaluations of each-school based plan, and of the grant program overall. CDE must present the evaluation reports to the state board and the General Assembly.

The bill creates the Math Achievement Accelerator Grant Fund which is continuously appropriated to the CDE to implement the grant program. The department may use up to \$150,000 annually for administrative expenses, and up to \$100,000 annually for the independent evaluator. For FY 2022-23, the bill appropriates \$5.0 million to the grant fund from the Revenue Loss Restoration Cash Fund

State Transfers

For FY 2022-23, the bill transfers \$5.0 million from the Revenue Loss Restoration Cash Fund via an appropriation to the Math Achievement Accelerator Grant Fund. The fiscal note assumes that transfers in FY 2023-24 and FY 2024-25 are made from appropriations from the General Fund.

State Expenditures

The bill increases state expenditures in the CDE by \$5.0 million annually in FY 2022-23, FY 2023-24, and FY 2024-25. Expenditures are from the program cash fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1396

	FY 2022-23	FY 2023-24	FY 2024-25
Department of Education			
Personal Services	\$137,300	\$137,300	\$137,300
Operating Expenses	\$1,890	\$1,890	\$1,890
Capital Outlay Costs	\$6,200	-	-
Independent Evaluator	\$100,000	\$100,000	\$100,000
Math Accelerator Grants	\$4,754,610	\$4,760,810	\$4,760,810
Centrally Appropriated Costs ¹	\$26,350	\$26,350	\$26,350
Total Cost	\$5,026,350	\$5,026,350	\$5,026,350
Total FTE	1.4 FTE	1.4 FTE	1.4 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Administration and evaluation. Personal services include a program manager and grant support services staff. The department must adopt rules for the program, hire an independent evaluator, convene a grant application review committee, award grants, ensure annual grant compliance, disburse awards, and prepare annual reports.

Math accelerator grants. After accounting for administrative and evaluation costs, about \$4.8 million is available in each year to award grants to LEPs. Assuming an average annual grant award of \$100,000, \$4.8 million can be awarded to about 16 projects, where each LEP receives \$100,000 in each of three consecutive budget years. The grant program can add 16 new projects in the second FY 2023-24, and another 16 projects in the third FY 2024-25, for a total of 48 projects across the program timeline. The actual number of grantees and award amounts must be determined by the CDE. The final appropriation in FY 2024-25 is available for disbursements in FY 2025-26 and FY 2026-27, the last year before the program repeals.

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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$750,000 in FY 2023-24 and FY 2024-25, which will decrease the amount of General Fund available for other purposes.

School District

School districts and LEPs have increased revenue and expenditures to participate in grant program.

Effective Date

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

State Appropriations

For FY 2022-23, the bill includes an appropriation of \$5,000,000 from the Revenue Loss Restoration Cash Fund to the Math Achievement Accelerator Grant Fund. The grant fund is continuously appropriated to the Colorado Department of Education, which also requires 1.4 FTE.

State and Local Government Contacts

Education