

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 08-0567 **Date:** July 22, 2008  
**Prime Sponsor(s):** Sen. Groff; Spence **Bill Status:** Signed into Law  
**Fiscal Analyst:** David Porter (303-866-4375)  
 Rep. Witwer; Carroll T.

**TITLE:** CONCERNING AUTHORIZATION OF SCHOOL DISTRICT BOARDS OF EDUCATION TO IMPLEMENT POLICY INNOVATIONS IN PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, ENACTING THE "INNOVATION SCHOOLS ACT OF 2008", AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
<b>State Revenue</b>		
<b>State Expenditures</b>		
General Fund	\$ 80,545	\$ 77,990*
<b>FTE Position Change</b>	1.0 FTE	1.0 FTE
<b>Effective Date:</b> The bill was signed by the Governor and became law on May 28, 2008.		
<b>Appropriation Summary for FY 2008-2009:</b> See State Appropriations section.		
<b>School District Impact:</b> See School District Impact section.		

\* Although this fiscal note estimates FY 2009-10 costs, the bill indicates that out-year implementation may be accomplished without additional state funding.

**Summary of Legislation**

SB08-130 creates a mechanism for schools, groups of schools, and districts to adopt plans that try new ways of delivering instruction and/or allocating resources. It creates a new classification of school districts, "Districts of Innovation," that have one or more schools implementing these plans. Districts of innovation are provided a greater degree of autonomy and can waive some statutory requirements. The narrative that follows describes the components of the bill and the process for becoming a district of innovation.

**Innovation Plan.** The plan to allocate resources or instruct students in a new manner that may require the waiver of certain statutory requirements is called an innovation plan. Innovation plans can be drawn up by a school, group of schools, or school district. The bill specifies what an innovation plan must contain and provides suggested innovations.

**Innovation School or Innovation School Zone.** A school, or group of schools, that develops an innovation plan is either an innovation school or innovation school zone. An innovation school zone is a collection of schools in a school district that share common interests, such as geographical location or educational focus, or that serve a class of students as they progress through the grades.

***District of Innovation.*** A district that receives authorization from the State Board of Education for one or many innovation plans.

***General Procedure.*** In general, the process by which innovation schools, innovation school zones, and districts of innovation are created as follows:

- ▶ a school, group of schools, or school district board of education develops an innovation plan;
- ▶ schools and groups of schools submit the plan to the school district board for review;
- ▶ district boards may submit plans to the State Board of Education for review;
- ▶ the reviewing body (either a district board or the State Board) has 60 days to approve or deny the innovation plan; and
- ▶ for rejected plans, the reviewing body must indicate the reason for rejection and the applicant can reapply with an amended innovation plan.

The State Board shall accept a plan unless it concludes that the plan will likely result in a decrease in academic achievement or is not fiscally feasible.

***Waivers.*** Districts and schools receive a waiver of statutory provisions identified in the plan upon State Board approval. The districts must still comply with the intent of waived statutes. Requirements pertaining to the following cannot be waived: the Public School Finance Act, the Exceptional Children's Education Act, the Children's Internet Protection Act, school accountability report data, fingerprinting and criminal history record checks of educators and school personnel, retirement systems, and items outside of Title 22 (the education title).

***Collective Bargaining.*** Provisions of a collective bargaining agreement *may* be waived by schools that adopt an innovative school plan. To waive portions of the agreement, the plan must identify those provisions the school or district intends to waive and must be approved by at least 60 percent of those covered by the agreement. Districts must make efforts to place employees that wish to stay under collective bargaining into schools that still have collective bargaining.

***Reporting and Review.*** Each March, on and after March 10, 2010, the State Board must submit a report to the Governor and Education Committees of the General Assembly identifying the number of schools and districts acting with innovation plans and assessing the performance of the plans. Local school district boards must review innovation plans every three years to assess effectiveness. If a plan is not performing successfully academically, it can be revoked.

## **State Expenditures**

**Total expenditures required by SB08-130 are \$80,545 and 1.0 FTE in FY 2008-09 and \$77,990 and 1.0 FTE in FY 2009-10. Funding of schools is not changed by this bill.** Expenditures are in the Colorado Department of Education to support the work of the State Board of Education and the Commissioner. Table 1 identifies the cost components of this bill.

<b>Table 1. Total Costs Under SB08-130</b>		
<b>Cost Components</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
Personal Services	\$ 72,540	\$ 72,540
<i>FTE</i>	1.0	1.0
Operating Expenses and Capital Outlay	5,005	2,450
Travel	3,000	3,000
<b>General Fund Total</b>	<b>\$ 80,545</b>	<b>\$ 77,990</b>
<i>FTE</i>	1.0	1.0

**Colorado Department of Education.** The department will need 1.0 FTE Senior Consultant beginning in FY 2008-09 to establish or create the following:

- ▶ *Application Process* — an application form and standard procedures for application review must be developed;
- ▶ *District Assistance* — assistance to districts applying to be districts of innovation will help ensure complete and consistent information is submitted for evaluation;
- ▶ *Application Review* — applications must be reviewed to gauge fiscal soundness and impact on academic achievement, after review, recommendations will be provided to the State Board and Commissioner and responses to applicants will be drafted; and
- ▶ *Annual Report* — writing the annual report will require surveying all programs and evaluating program success.

The workload is completely dependent on the number of innovation plans that districts submit for approval (note that each district may submit more than one plan). This fiscal analysis assumes that of the 178 school districts at least 10-15 plans will be submitted for review.

Note that the bill states the General Assembly's intent to fund first-year program costs only. In future years, the department may implement the bill without state funding. If the department cannot satisfy the bill's requirements within existing staff, it may request resources through the budget process, request legislative changes to reduce workload, or opt not to continue the program.

**Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

### **School District Impact**

Any school, group of schools, or district interested in taking advantage of "innovative" status must create an innovation plan and have the plan reviewed. District boards must review innovation plans submitted by schools. After three years, district boards must review the performance of the schools with innovation plans.

In many cases, the district boards will be leading the development of the innovation plan and will be responsible for submitting the plan to the State Board. The level of workload created by this bill is highly dependent on the number of innovation plans that are presented by schools and the districts' program participation. Presumably, districts would take advantage of the program if the work associated with applying to be a district of innovation would result in worthwhile improvements to a district's operation or students' academic achievement.

The bill allows schools and district boards to seek gifts, grants, and donations to offset any costs of developing and implementing innovation plans.

### **State Appropriations**

Consistent with this fiscal note, SB08-130 contains a General Fund appropriation to the Department of Education of \$80,545 and 1.0 FTE in FY 2008-09.

### **Departments Contacted**

Education