0443 Study of the Dropout Rate in Secondary Schools

Colorado Legislative Council

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0443 Study of the Dropout Rate in Secondary Schools

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Study of the

Dropout Rate in

Secondary Schools

Report to the
COLORADO
GENERAL ASSEMBLY

Colorado Legislative Council
Research Publication No. 443
November 1998
RECOMMENDATIONS FOR 1999

STUDY OF THE DROPOUT RATE IN SECONDARY SCHOOLS

Report to the Colorado General Assembly

Research Publication No. 443
November 1998
November 1998

To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Study of the Dropout Rate in Secondary Schools. The interim committee was created pursuant to Senate Joint Resolution 98-33 to review the dropout rate in Colorado and to assess ways in which it might be reduced.

At its meeting on October 15, 1998, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 1999 session was approved.

Respectfully submitted,

/s/ Representative Chuck Berry
Chairman
Legislative Council

CB/CE/pw
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Letter of Transmittal</strong></td>
<td>iii</td>
</tr>
<tr>
<td><strong>Table of Contents</strong></td>
<td>v</td>
</tr>
<tr>
<td><strong>Recommended Bills and Fiscal Notes</strong></td>
<td>vii</td>
</tr>
<tr>
<td><strong>Members of the Committee</strong></td>
<td>ix</td>
</tr>
<tr>
<td><strong>Executive Summary</strong></td>
<td>xi</td>
</tr>
<tr>
<td>Committee Charge</td>
<td>xi</td>
</tr>
<tr>
<td>Committee Activities</td>
<td>xi</td>
</tr>
<tr>
<td>Committee Recommendations</td>
<td>xi</td>
</tr>
<tr>
<td><strong>Statutory Authority and Responsibilities</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>Committee Activities</strong></td>
<td>3</td>
</tr>
<tr>
<td>Defining the Dropout Rate</td>
<td>3</td>
</tr>
<tr>
<td>Review of Existing Dropout Prevention Programs</td>
<td>3</td>
</tr>
<tr>
<td>Strategies to Reduce the Dropout Rate</td>
<td>4</td>
</tr>
<tr>
<td>Other Issues Discussed</td>
<td>5</td>
</tr>
<tr>
<td><strong>Summary of Recommendations</strong></td>
<td>7</td>
</tr>
<tr>
<td>Bill A — Repeal of Educational Clinics for Public School Dropouts and the Second Chance Program for Problem Students</td>
<td>7</td>
</tr>
<tr>
<td>Bill B — ADD Screening for Disruptive Children</td>
<td>7</td>
</tr>
<tr>
<td>Bill C — Raising the Age for Compulsory Education</td>
<td>8</td>
</tr>
<tr>
<td>Bill D — Identification of Gifted Students</td>
<td>8</td>
</tr>
<tr>
<td>Bill E — Dropout Definition and District Reporting</td>
<td>9</td>
</tr>
<tr>
<td>Bill F — Dropout Prevention Strategies</td>
<td>10</td>
</tr>
<tr>
<td><strong>Materials Available</strong></td>
<td>11</td>
</tr>
<tr>
<td>Meeting Summaries</td>
<td>11</td>
</tr>
<tr>
<td>Memoranda and Reports</td>
<td>11</td>
</tr>
<tr>
<td>Reports Provided to the Committee</td>
<td>12</td>
</tr>
</tbody>
</table>
# Recommended Bills and Fiscal Notes

<table>
<thead>
<tr>
<th>Bill</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill A</td>
<td>Concerning the Repeal of Specific Dropout Programs, and in Connection Therewith, Repealing Educational Clinics for Public School Dropouts and the Second Chance Program for Problem Students</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Fiscal Note</td>
<td>15</td>
</tr>
<tr>
<td>Bill B</td>
<td>Concerning Evaluations for Disabilities of Certain Suspended Students</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Fiscal Note</td>
<td>19</td>
</tr>
<tr>
<td>Bill C</td>
<td>Concerning an Increase in the Age for Compulsory School Attendance</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Fiscal Note</td>
<td>25</td>
</tr>
<tr>
<td>Bill D</td>
<td>Concerning Education of Gifted Students</td>
<td>27</td>
</tr>
<tr>
<td>Bill E</td>
<td>Concerning Reporting of Dropout Rates of Students in Secondary Schools in the State</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Fiscal Note</td>
<td>33</td>
</tr>
<tr>
<td>Bill F</td>
<td>Concerning Dropout Prevention Strategies</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Fiscal Note</td>
<td>37</td>
</tr>
</tbody>
</table>
STUDY OF THE DROPOUT RATE
IN SECONDARY SCHOOLS

Members of the Committee

Senator MaryAnne Tebedo
Chairman
Representative Debbie Allen
Vice Chairman
Senator Ken Arnold
Senator Rob Hernandez
Representative Dorothy Gotlieb
Representative Frana Mace

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Dr. Joe Sandoval
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**EXECUTIVE SUMMARY**

**Committee Charge**

Pursuant to Senate Joint Resolution 98-33, the Interim Committee to Study the Dropout Rate in Secondary Schools is charged with studying issues pertaining to the dropout rate in Colorado. Specifically, the committee is directed to consider strategies to reduce the dropout rate, alternative methods of completing a high school education program, and means of stressing the importance of education to Colorado youth. In addition, the committee is required to study methods of helping at-risk students overcome the educational barriers that face them due to their socioeconomic status or inability to communicate in English.

**Committee Activities**

The committee held four meetings and received testimony on issues relating to the dropout problem from students, teachers, administrators, counselors, and academic researchers, as well as representatives of the Colorado Department of Education. In its review of existing programs for students at risk of dropping out of school, the committee heard testimony from students, teachers, and administrators from Colorado's Finest Alternative School, Englewood; the Colorado Youth ChalleNGe Corps; Denver Public Schools; Gateway High School, Aurora; and West Valley School, Pikes Peak Board of Cooperative Services. In addition, a discussion of apprenticeship opportunities was held with a representative of the Colorado AFL-CIO.

In its efforts to focus on varied aspects of the dropout problem, the committee also heard testimony regarding teacher preparation and training from a representative of the Sheridan School District and testimony regarding the truancy process from a representative of the Littleton School District. In addition, researchers from the University of Colorado at Boulder presented academic findings on at-risk youth and on the types of programs that best respond to their unique needs.

**Committee Recommendations**

As a result of committee discussion and deliberation, the committee recommends six bills for consideration in the 1999 legislative session.

**Bill A — Repeal of Educational Clinics for Public School Dropouts and the Second Chance Program for Problem Students.** Bill A repeals the statutes establishing educational clinics for public school dropouts and the Second Chance Program for Problem Students.
Bill B — ADD screening for disruptive children. Bill B requires a school district, in the course of developing a remedial discipline plan, to evaluate and determine whether the student has an emotional disorder or an identifiable perceptual or communicative disorder that may be considered a disability.

Bill C — Raising the age for compulsory education. Bill C raises the upper age of compulsory school attendance from 16 years to 17 years.

Bill D — Identification of gifted students. Bill D requires each school district to provide an addendum to its plan for educating students with disabilities that will cover gifted children. Specifically, the bill requires each school district to adopt policies to ensure that any student who provides indications that he or she may be gifted receives an appropriate evaluation and, if appropriate, an individual education program (IEP).

Bill E — Dropout definition and district reporting. Bill E requires the State Board of Education to adopt rules to require school districts to report the enrollment of transferring students in order to more accurately identify dropouts. The bill also modifies the definition of a dropout and expands the definition of approved educational programs.

Bill F — Dropout prevention strategies. Bill F implements three dropout prevention strategies: 1) requires each school to include a dropout prevention plan in its annual accountability plan; 2) allows a court in a truancy proceeding to require parental participation in parenting classes; and 3) allows expansion of the state grant program for in-school or in-home suspension programs.
Pursuant to Senate Joint Resolution 98-33, the Interim Committee to Study the Dropout Rate in Secondary Schools was established to review the dropout rate in Colorado and to assess ways in which it might be reduced. The committee is composed of six members of the General Assembly (three from the Senate and three from the House) and three members appointed by the Governor representing a minority community, the Colorado Department of Education, and a school district. The resolution directs the committee to consider the following issues:

- methods to reduce the dropout rate in Colorado schools and to increase the percentage of young adults who complete a high school education;

- alternative methods of completing a high school education program;

- means by which to stress the importance of education to the state's youth and to urge them to obtain a high school education; and

- methods of assisting students to overcome the educational barriers that face them due to their socioeconomic status or inability to communicate in English, or due to their background, which may lack adequate support and resources necessary for their educational well-being.
Defining the Dropout Rate

**Definition.** In approaching the dropout problem, the committee studied how Colorado law defines a dropout and how the dropout rate is calculated. Colorado law defines a dropout as a person who leaves school before completion of a high school diploma or its equivalent and who does not transfer to another school or home study program. The dropout rate in Colorado is an annual rate, reflecting the percentage of all public school students in grades 7-12 who leave school during a single school year. A student who leaves school and returns and drops out again within a single school year is counted only once. However, a student who drops out a second time in a subsequent school year will be counted a second time. The dropout rate does not include expelled students. The committee discussed whether the definition of a dropout needed to be amended to be made more precise and learned that there is variance among states in the way that dropout rates are calculated and reported.

**Tracking and reporting.** The committee heard testimony from the Colorado Department of Education and from high school principals and administrators that insufficient tracking of transferring students may, at times, pose a problem for school districts and result in an inaccurate dropout count. If a student transfers to another school and fails to inform his or her original school, the original school must, under current reporting requirements, count the student as a dropout rather than as a transfer.

**Recommendation.** The committee recommends Bill E, which amends the definition of a dropout to mean a student who has been absent from class for six consecutive weeks or more in any one school year. Bill E also requires the State Board of Education to adopt rules requiring school districts to report the enrollment of transferring students within the state.

Review of Existing Dropout Prevention Programs

**Reviewing statewide programs.** The committee reviewed and heard testimony on several existing dropout prevention programs. Representatives from the Colorado of Department of Education (CDE) reported on the status of a number of statewide programs, including the Colorado Preschool Program, Educational Clinics for Public School Dropouts, the Second Chance Program, and In-School Suspension Programs. CDE, as well as researchers from the University of Colorado, presented data and evaluations of both state and national drop-out prevention programs.

**Educational Clinics for Public School Dropouts.** The committee heard testimony indicating that two programs created in statute may no longer be necessary. The educational clinics program allows students who have dropped out of a public school to
satisfy attendance requirements by attending a clinic offered by a private institution. Currently there are no approved educational clinics for public school dropouts. CDE testified that there have been problems in the past with private schools offering educational clinics and enrolling students in the private schools, creating the impression that the private school’s diploma was approved by CDE, which it was not. CDE subsequently heard from dissatisfied parents and students regarding this program.

Second Chance Program for Problem Students. The Second Chance Program for Problem Students allows students who have dropped out of high school to enroll in a school district offering a Second Chance Program. CDE testified that the Second Chance Program may no longer be needed because students now are allowed choice in school enrollment through the Public Schools of Choice law.

Alternative schools. Students, teachers, counselors, and administrators from alternative schools in the Denver and Colorado Springs areas provided testimony on the reasons that students become at risk for dropping out of traditional public schools and on the effectiveness of some alternative schools. Colorado’s Finest Alternative School in Englewood, West Valley School under the Pikes Peak Board of Cooperative Services, and the Youth ChalleNGe program under the Department of Military Affairs, were three schools and programs for at-risk students that have shown high rates of success.

Recommendation. The committee recommends Bill A, which repeals the Educational Clinics for Public School Dropouts and the Second Chance Program for Problem Students in statute.

Strategies to Reduce the Dropout Rate

Addressing students’ needs. The committee heard testimony, particularly from students and school officials, about effective methods of keeping students in school and about the special needs of some students that may need to be addressed in order to keep them in school. Students who testified, most of whom had dropped out previously or were at risk of dropping out, spoke, in particular, of the importance of parents or adults at school demonstrating an interest in their lives. Students also indicated that schools should be aware of students who need extra challenges or who have special needs.

Enforcing attendance. The committee discussed the effectiveness or ineffectiveness of possible sanctions, such as revocation of driving privileges, against students who drop out of school. The committee heard testimony about truancy proceedings and the enforcement of compulsory attendance. There was also testimony from students and officials from Gateway High School in Aurora about the implementation of an In-School Suspension Program. The committee learned that identifying and assisting at-risk students through In-School Suspension before they are expelled or drop out may be an important dropout prevention strategy.
**Recommendations.** The committee recommends Bills B, C, D, and F. Bill B requires that an evaluation for emotional disorders be conducted in conjunction with a habitually disruptive student's remedial discipline plan. Bill C raises the age for compulsory school attendance from age 16 to 17. Bill D mandates that each school district adopt policies to evaluate students who may be gifted and determine whether they would benefit from an individual education program (IEP).

Bill F implements three dropout prevention strategies. The first strategy requires that schools include a dropout prevention plan in their annual accountability plans and that school districts establish a district dropout prevention plan. The second strategy allows the court in a truancy proceeding to require parental participation in parenting classes. The third strategy authorizes expansion of the state grant program for in-school or in-home suspension programs.

The committee also recommends that dropout prevention be given consideration by the House and Senate Education Committees during the legislative session. The committee recommends that the House and Senate periodically review data on the dropout rate and evaluate the effectiveness of existing programs.

**Other Issues Discussed**

*Academic research on at-risk youth.* Researchers from the University of Colorado at Boulder briefed the committee on research they have conducted, including the assessment of successful dropout prevention programs and the identification of risk and protective factors that differentiate dropouts from students who stay in school.

*Apprenticeship opportunities.* The committee heard testimony from a representative of the Colorado AFL-CIO on current apprenticeship opportunities for young adults. The committee discussed the importance of offering technical and vocational education and the issues surrounding the expansion of apprenticeship programs.

*Conditions in the classroom.* Teachers and students testified on current conditions in some public school classrooms. Smaller classes and the purchase of up-to-date textbooks were some of the issues that those testifying felt should be priorities for the legislature.

*Preschool and early childhood education.* The committee heard testimony about the strong link that exists between preschool/early childhood education and later success in school. Some researchers and policymakers feel that ensuring solid preschool education is one of the best dropout prevention strategies.

*Teacher preparation and training.* The committee was briefed on Sheridan School District's teacher preparation program and on the Gallup Organization's Study of Effective Teachers. Discussion centered on the role that good teachers can play in keeping at-risk students in school.
SUMMARY OF RECOMMENDATIONS

As a result of the committee’s activities, the following bills are recommended to the Colorado General Assembly.

Bill A — Repeal of Educational Clinics for Public School Dropouts and the Second Chance Program for Problem Students

The committee heard testimony regarding two existing state programs that have attempted to address the dropout problem, but that may no longer be effective. Statutes establishing educational clinics for public school dropouts allow students who have dropped out of public school to enroll in an educational clinic at a private institution. However, testimony revealed that many of these private institutions are not accredited and have awarded diplomas that are not recognized by the Colorado Department of Education. This situation has resulted in numerous complaints and problems and the committee concluded that this program is no longer an effective method of addressing the dropout issue.

The second program is the Second Chance Program for Problem Students. This program allows dropout students to attend a Second Chance school outside of their school district of residence. The committee heard testimony that the Second Chance Program is no longer necessary due to the state’s Public Schools of Choice law, which allows students to enroll in a school of their choice within their district or a school outside of their district of residence.

Bill A repeals the statutes establishing the educational clinics for public school dropouts and the Second Chance Program for Problem Students. Bill A is assessed as having no fiscal impact.

Bill B — ADD Screening for Disruptive Children

The committee heard testimony from teachers, counselors, and administrators about at-risk students and learned that students who are suspended or expelled are often at risk of dropping out of school. One of the grounds for expulsion is habitually disruptive behavior, which is defined as three suspensions in any one school year. State law currently requires the development of a remedial discipline plan prior to the expulsion of a student for habitually disruptive behavior.

Bill B requires a school district, in the course of developing a remedial discipline plan, to evaluate and determine whether the student has an emotional disorder or an identifiable perceptual or communicative disorder that may be considered a disability. The bill specifies that such disorders include, but are not limited to, attention deficit disorder (ADD), attention deficit hyperactivity disorder (ADHD), and bipolar disorder.
The fiscal impact statement for Bill B indicates that state, federal, and local expenditures will be affected by the provisions of the bill. Special education costs for 3,610 additional students in FY 1999-00, at a cost of $5,657 per student, total $20,421,770. Based on the current funding split for other special education programs, the state general fund will provide 20 percent of the total with matching federal funds providing an additional ten percent. The remainder, 70 percent, will be the responsibility of local school districts.

Bill C — Raising the Age for Compulsory Education

The committee discussed the need for additional sanctions on students who drop out of school prior to receiving a high school diploma. One of the ideas considered by the committee was the restriction of driving privileges for habitually truant students. The committee noted that this sanction would have little effect unless the age of compulsory school attendance was raised, so it initially considered the two actions together. However, the committee ultimately rejected the notion of restricting driving privileges for truant students and considered raising the age of compulsory school attendance by itself as a means of keeping children in school until graduation. Testimony revealed that many students do drop out at the age of 16 and that parents, schools, and the courts are powerless to keep them in school. Raising the age of compulsory school attendance would be one method of ensuring that children stay in school until they graduate.

Bill C raises the upper age of compulsory school attendance from 16 years to 17 years. The committee expects that this will reinforce the idea that staying in school is important and that it will prevent many 16-year-olds from dropping out of school prior to receiving a high school diploma.

It is anticipated that increasing the age of compulsory attendance will increase public school enrollment by approximately 1 percent of 12th grade enrollment, or 392 students. Based on current statewide average per pupil operating revenue (PPOR) of $4,650, the increase in the General Fund appropriation is estimated at $1,882,800.

Bill D — Identification of Gifted Students

The committee discussed the unique needs of gifted and talented students and considered the fact that many students who drop out of school prior to graduation may do so because they are not adequately challenged. Testimony from administrators and students in various alternative schools for at-risk students revealed that many students become disenchanted and drop out of school due to boredom and lack of challenge with traditional education programs. The committee concluded that such students need to be identified and provided with an individualized educational program that will challenge them, thereby increasing their chances of remaining in school.
Bill D requires each school district to adopt policies to ensure that any student who indicates that he or she may be gifted receives an appropriate evaluation by a committee of professionals appointed by the local school board. Upon determination that a student is gifted, the committee may recommend preparation of an individual education program (IEP) which will be reviewed annually. The bill requires that each school district provide an addendum to its plan for educating children with disabilities that will cover gifted children and requires that the plan be submitted to CDE no later than October 1, 1999.

The fiscal impact statement for Bill D was not complete at the time this report went to press. The fiscal impact of the bill depends on the interpretation of which students may be eligible for an evaluation to receive an individual education program for gifted students. If the bill implies that every student who may be gifted is eligible for consideration for an IEP by a committee of professionally qualified personnel, the program could be available to as many as 70,000 students. In this case, total program costs, including the IEP development process, IEP implementation, and administrative costs, could be as high as $108 million in FY 1999-00 and $85 million in FY 2000-01. On the other hand, if the evaluation is limited only to gifted students who show an abrupt decline in their level of performance, an increase in behavioral problems, or increasing truancy, the fiscal impact of the bill would be significantly less. Information is not available at this time to determine the cost of this scenario.

**Bill E — Dropout Definition and District Reporting**

Committee discussion and testimony revealed that inaccurate tracking of students who transfer to other schools poses a problem for many school districts. Under current reporting requirements, when a student transfers to another school and does not notify his or her original school, the original school must count the student as a dropout rather than as a transfer. Testimony indicated that this is a common occurrence that distorts the dropout rate in some districts. The committee also expressed concern about the current definition of a dropout, noting that the phrase “leaves school” is imprecise and leaves too much room for interpretation.

Bill E requires the State Board of Education to adopt rules that will require school districts to report the enrollment of transferring students in order to more accurately identify dropouts. The bill also modifies the definition of a dropout to mean a student who does not attend classes for six or more consecutive weeks in any one school year without a specific reason. Finally, the bill expands the definition of approved educational programs to include on-line educational programs, which were authorized pursuant to House Bill 98-1227.

Bill E is assessed as having no fiscal impact.
Bill F — Dropout Prevention Strategies

After receiving testimony from students who have dropped out of school and teachers and administrators who have worked with at-risk students, the committee considered expanding existing strategies or implementing new strategies for reducing the dropout rate. Two key issues that the committee discussed were parental involvement and the importance of retaining students who have been suspended or expelled and who therefore become at risk for dropping out of school.

Bill F implements three dropout prevention strategies. The first strategy encourages schools and school districts to make dropout prevention a local priority by requiring each school to include a dropout prevention plan in its annual accountability plan. These dropout prevention plans will be reviewed and compiled to establish each school district’s dropout prevention plan.

The second strategy recognizes the parental role in a student’s school attendance and educational progress. Under Bill F, a court that holds a proceeding to compel a student’s attendance at school may also require parental participation in parenting classes as part of the court-ordered mandatory treatment plan for the student.

The third strategy allows expansion of the state grant program for in-school or in-home suspension programs. This program allows any public school to be eligible to receive a grant for implementation of an in-home or in-school suspension program. Bill F eliminates the $500,000 funding cap on the grant program, but does not appropriate any additional funding.

The fiscal impact statement for Bill F indicates that while no appropriation is necessary in FY 1999-00, the bill is assessed as having a conditional fiscal impact. Because there would no longer be a $500,000 statutory cap on the in-school or in-home suspension grant program, the future fiscal impact is conditional and dependent upon the number of grant programs approved annually by the State Board of Education.
**Materials Available**

The materials listed below are available upon request from the Legislative Council staff.

<table>
<thead>
<tr>
<th>Meeting Summaries</th>
<th>Topics Discussed</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 4, 1998</td>
<td>Overview of current Colorado law regarding dropouts; existing dropout prevention strategies, including the Colorado Preschool Program; strategies currently used by school districts to encourage school attendance and to reduce the dropout rate; alternative schools and programs in Colorado, including West Valley School, Colorado's Finest Alternative School, and the Colorado Youth Challenge Corps</td>
</tr>
<tr>
<td>August 24, 1998</td>
<td>Continued discussion of dropout prevention strategies, including the Expelled Student Grant program, the Second Chance program, and Educational Clinics; teacher preparation and training and class size; perspectives of students in alternative programs; research indicators on at-risk youth and characteristics of successful national dropout prevention programs; identification of risk factors; in-school suspension programs</td>
</tr>
<tr>
<td>September 8, 1998</td>
<td>Diversity and the dropout problem; parental involvement; apprenticeship opportunities for students and obstacles to expanding existing apprenticeship programs; truancy and court-ordered penalties imposed on habitually truant students; compulsory age of attendance laws; school district tracking and reporting requirements</td>
</tr>
<tr>
<td>September 28, 1998</td>
<td>Consideration of proposed legislation for recommendation to the Legislative Council</td>
</tr>
</tbody>
</table>

**Memoranda and Reports**

Legislative Council and Office of Legislative Legal Services staff memoranda titles:

*Current Colorado Law Regarding Dropouts*, June 23, 1998

Dropout Prevention Strategies, July 28, 1998

Record-Keeping and Reporting Requirements, August 18, 1998

Compulsory School Attendance Laws, August 31, 1998

Driving Privileges and School Attendance, August 31, 1998

The Quantum Opportunity Program, August 31, 1998

Reports provided to the committee:

Dreams Deferred: High School Dropouts in the United States, Educational Testing Service

Dropout Prevention Data, Sheridan School District #2, August 21, 1998

What's Working in Colorado Schools? Colorado Foundation for Families and Children

Answers and Questions About Class Size: A Statewide Experiment, Jeremy D. Finn and Charles M. Achilles, Fall 1990


Dropout Reduction Recommendations, Joseph C'de Baca, September 1998

Overview of Truancy, Colorado Foundation for Families and Children

CDE-2 End-of-Year Pupil Membership Data Collection, Colorado Department of Education, April 27, 1998

Teacher Perceiver: Overview, Background and Research, The Gallup Organization, 1997
By Senator Arnold; also Representative Gotlieb

A BILL FOR AN ACT
CONCERNING THE REPEAL OF SPECIFIC DROPOUT PROGRAMS, AND IN
CONNECTION THEREWITH, REPEALING EDUCATIONAL CLINICS FOR
PUBLIC SCHOOL DROPOUTS AND THE SECOND CHANCE PROGRAM FOR
PROBLEM STUDENTS.

Bill Summary
"Repeal Ed Clinics & Second Chance Prog"
(Note: This summary applies to this bill as introduced and does not
necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Dropout Rates in Secondary Schools. Repeals
article 27 of title 22, which allowed for the establishment of educational clinics
for public school dropouts. Repeals article 52 of title 22, which established the
second chance program for problem students. Makes a conforming
amendment.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby
finds, determines, and declares that the public school dropout rate in Colorado
remains an area of great concern. Further, the general assembly acknowledges
that the statutory provisions allowing for the establishment of educational clinics
for public school dropouts and the creation of the second chance program were intended to encourage dropout students to return to school and
to allow these students to obtain a quality education. However, the general
assembly has determined that both of these programs are no longer necessary
and effective ways of dealing with the dropout problem. While the general
assembly continues to recognize the importance of giving dropout students a
second chance by providing a variety of educational opportunities for them, the
general assembly recognizes that these two avenues are no longer effective
means of doing so.

SECTION 2. Repeal. Articles 27 and 52 of title 22, Colorado
Revised Statutes, are repealed.

SECTION 3. Repeal. 22-30.5-109 (4), Colorado Revised Statutes,
is repealed as follows:

22-30.5-109. Charter schools - restrictions - establishment -
number. (4) If otherwise qualified, nothing in this part shall be construed to
prohibit any institution certified as an educational clinic pursuant to article 27
of this title, on or before April 1, 1993, from applying to become a charter
school pursuant to this part I.

SECTION 4. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.
CONCERNING THE REPEAL OF SPECIFIC DROPOUT PROGRAMS, AND IN CONNECTION THEREWITH, REPEALING EDUCATIONAL CLINICS FOR PUBLIC SCHOOL DROPOUTS AND THE SECOND CHANCE PROGRAM FOR PROBLEM STUDENTS.

Summary of Assessment

This bill would repeal Articles 27 and 52 of Title 22, C.R.S. Article 27 allowed for the establishment of educational clinics for public school dropouts, and Article 52 established the second chance program for problem students. An educational clinic has not been approved in several years, and the second chance program is no longer necessary because the goals of the program are being accomplished through the schools of choice program.

No state funds have ever been appropriated for the two programs and repeal of these two articles is assessed as having no fiscal impact on the state or on local school districts. The bill would become effective upon signature of the Governor.

Departments Contacted

Education
A BILL FOR AN ACT
CONCERNING EVALUATIONS FOR DISABILITIES OF CERTAIN SUSPENDED STUDENTS.

Bill Summary

"ADD Screening For Disruptive Children"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Dropout Rates in Secondary Schools. Requires a school district to evaluate a child for any disability while it prepares a remedial discipline plan. A school district is required to prepare such a plan following the child's second suspension for disruption.

Requires that the child's parent, guardian, or legal custodian give written consent for the disability evaluation.

Includes attention deficit disorder ("ADD"), attention deficit hyperactivity disorder ("ADHD"), and bipolar disorder within the scope of any disability involving a significant identifiable emotional, perceptual, or communicative disorder.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-33-106 (1) (c.5) (IV), Colorado Revised Statutes, is amended to read:

22-33-106. Grounds for suspension, expulsion, and denial of admission. (1) The following shall be grounds for suspension or expulsion of a child from a public school during a school year:

(c.5) (IV) (A) No child shall be declared to be an habitually disruptive student prior to the development of a remedial discipline plan for the child that shall address the child's disruptive behavior, his or her educational needs, and the goal of keeping the child in school. The remedial discipline plan shall be developed after the second suspension for a material and substantial disruption. The district shall encourage and solicit the full participation of the child's parent, guardian, or legal custodian in the development of the remedial discipline plan.

(B) In the course of developing the remedial discipline plan pursuant to sub-subparagraph (A) of this subparagraph (IV), the district shall evaluate the child to determine whether the child has a disability as described in section 22-20-103 (1.5). Such evaluation shall be conducted only with the written consent of the child's parent, guardian, or legal custodian. For purposes of this section, any "significant identifiable emotional disorder or identifiable perceptual or communicative disorders", as set forth in section 22-20-103 (1.5), shall include, but need not be limited to, attention deficit disorder, attention deficit hyperactivity disorder, and bipolar disorder.
SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
CONCERNING EVALUATIONS FOR DISABILITIES OF CERTAIN SUSPENDED STUDENTS.

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School District Impact: The additional student evaluations in preparation of the remedial discipline plan will increase the number of students that are classified as disabled under the Exceptional Children's Educational Act. Additional school district expenditures are estimated to be $14,295,239 in FY 1999-00 and $15,436,400 in FY 2000-01.

Summary of Legislation

Under current law, a school district is required to prepare a remedial discipline plan on a student following a child's second suspension for disruption. This bill would require school districts to evaluate the child for any disability in the course of preparing the remedial discipline plan. The evaluation, however could be conducted only with the written consent of the child's parent, guardian, or legal custodian. A "significant identifiable emotional disorder or identifiable perceptual or
communicative disorder" would include attention deficit disorder (ADD), attention deficit hyperactivity disorder (ADHD), and bipolar disorders.

State Expenditure Impact

Evaluating students for ADD, ADHD, and bipolar disorders in preparation of a remedial discipline plan will increase the number of students that are classified as disabled under the Exceptional Children's Educational Act. The Department of Education does not collect information on the number of children that have ADD, ADHD, or bipolar disorders. Furthermore, state and local administrative units only identify the primary disability of each child with a disability. Therefore, the number of children with ADD, ADHD, or bipolar disorders that are already receiving special education services is not known.

Approximately 1.0 percent of the students in Colorado have been identified as handicapped and are receiving services under Section 504 of the Rehabilitation Act of 1973. This includes children with ADD, ADHD and bipolar disorders who do not currently qualify under state and federal special education laws. It is assumed that one-half of the Section 504 students would qualify for special education under the provisions of this bill.

The average cost per student for special education in FY 1999-00 is approximately $5,657, including $444 per student for a 16 hour special education referral and assessment. It is assumed that 3,610 students would be affected by the bill in FY 1999-00, and that 3,700 students will be affected in FY 2000-01. Program costs are assumed to be split as follows: 20 percent state General Fund obligation; 10 percent matching federal funds; and 70 percent local school district support. This is based on the current funding split for other special education programs. Table 1 identifies the funding requirements of the bill.

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<th>Number of students affected</th>
<th>FY 1999-00</th>
<th>FY 2000-01</th>
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<tr>
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<td>State General Fund (20%)</td>
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<td>2,042,177</td>
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<td>Local School District (70%)</td>
<td>14,295,239</td>
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<tr>
<td>Total Cost</td>
<td>$20,421,770</td>
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School District Impact

The bill will increase the number of special education children identified under the Exceptional Children's Educational Act. It will also require an increase in the number of special education teachers and related services personnel required at the school level. It is assumed that 70 percent of
the program costs will be a local school district obligation. Local school district costs are projected to be $14,295,239 in FY 1999-00 and $15,436,400 in FY 2000-01.

State Appropriations

The fiscal note implies that the FY 1999-00 General Fund appropriation for Public School Finance, Total Program, be increased by $4,084,354.

Departments Contacted

Education

Omissions and Technical or Mechanical Defects

The bill does not allow school districts the option of identifying children with ADD, ADHD, and bipolar disorders under the category of physical disabilities. This is in conflict with 2220-R-2.01 of the Rules for the Administration of the Exceptional Children's Educational Act.
Bill C

By Senator Hernandez; also Representative Gotlieb

A BILL FOR AN ACT
CONCERNING AN INCREASE IN THE AGE FOR COMPULSORY SCHOOL ATTENDANCE.

Bill Summary

"Raising The Age For Compulsory Education"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Dropout Rates in Secondary Schools. Raises the age of public school students who must attend school from 16 to 17. Makes a conforming amendment.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-33-104 (1), Colorado Revised Statutes, is amended to read:

22-33-104. Compulsory school attendance. (1) Except as otherwise provided in subsection (2) of this section, every child who has attained the age of seven years and is under the age of SEVENTEEN years, except as provided by this section, shall attend public school for at least one thousand fifty-six hours if a secondary school pupil or nine hundred sixty-eight hours if an elementary school pupil during each school year; except that in no case shall a school or schools be in session for fewer than one hundred sixty days without the specific prior approval of the commissioner of education.

SECTION 2. 22-33-107 (3) (a), Colorado Revised Statutes, is amended to read:

22-33-107. Enforcement of compulsory school attendance. (3) (a) As used in this subsection (3), a child who is "habitually truant" means a child who has attained the age of seven years and is under the age of sixteen SEVENTEEN years having four unexcused absences from public school in any one month or ten unexcused absences from public school during any school year. Absences due to suspension or expulsion of a child shall be considered excused absences for purposes of this subsection (3).

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
Concerning an increase in the age for compulsory school attendance.

**Fiscal Impact Summary**

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</table>

Other State Impact: None identified

Effective Date: Upon signature of the Governor

Appropriation Summary for FY 1999-2000: $1,882,800 GF, Public School Finance, Total Program

School District Impact: It is estimated that the number of students enrolled in public school would increase by 392 students. This increase would be accompanied by $1,882,800 in additional state support.

**Summary of Legislation**

This bill would raise the age of compulsory school attendance from 16 years of age to 17 years of age.

**State Expenditures**

Current law requires every child who has attained the age of seven years and is under the age of 16 years (with certain exceptions) to attend public school. The dropout rate is an annual rate reflecting the percentage of all students enrolled in grades 7 through 12 who leave school during the
Bill D

By Representative Gotlieb; also Senator Tebedo

A BILL FOR AN ACT
CONCERNING EDUCATION OF GIFTED STUDENTS.

Bill Summary

"Identification Of Gifted Students"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Committee on Dropout Rates in Secondary Schools. Requires each administrative unit to adopt policies to ensure that any student who indicates that he or she may be gifted receives an evaluation to determine whether the student should receive an individual education program (IEP) for gifted students.

Specifies that the determination of whether a student is gifted and should receive an IEP shall be made by a committee of professionals appointed by the school district board of education. Instructs the committee to work with the student's parents. Applies the existing procedures for appealing the determination of a disability to any appeal of the determination of whether a student is gifted.

Requires the administrative unit to provide an IEP for gifted students, based on requirements adopted by the state board of education, to any student who the committee determines to be gifted. Requires the IEP to specify whether the gifted student will achieve the school district content standards or personalized content standards included in the IEP.

Requires, rather than allows, administrative units to develop a management plan for excellence in education, which shall include the education of gifted children. Requires each administrative unit, no later than October 1, 1999, to submit to the department of education an addendum to its plan for providing an education to all children with disabilities to specify how the administrative unit will provide an education to gifted students.

Makes a conforming amendment.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-20-102.5, Colorado Revised Statutes, is amended to read:

22-20-102.5. Legislative declaration - identification of gifted students - required testing. (1) The general assembly hereby finds and declares that traditional assessment methods currently used do not adequately identify some gifted students, including those who are economically and culturally disadvantaged and those with disabilities; and that the state board, the department, and every administrative unit are encouraged to give the highest priority to the identification of such gifted students and to the development of educational programs which include such gifted students.

(2) (a) Each administrative unit shall adopt policies to ensure that any student who provides indications that he or she may be gifted receives an evaluation pursuant to paragraph (b) of this subsection (2) to determine whether the student should receive an individual education program for gifted students. Said policies shall specifically identify indicators that require evaluation,
INCLUDING BUT NOT LIMITED TO CONSISTENT OUTSTANDING PERFORMANCE BY A STUDENT FOLLOWED BY AN ABRUPT DECLINE IN THE STUDENT'S LEVEL OF PERFORMANCE, AN INCREASE IN BEHAVIORAL PROBLEMS, OR INCREASING TRUANCY.

(b) THE DETERMINATION THAT A STUDENT IS GIFTED AND THE RECOMMENDATION FOR PLACEMENT OF THAT STUDENT IN AN INDIVIDUAL EDUCATIONAL PROGRAM FOR GIFTED STUDENTS SHALL BE MADE BY A COMMITTEE OF PROFESSIONALLY QUALIFIED PERSONNEL DESIGNATED BY THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT OR BY THE GOVERNING BOARD OF THE BOARD OF COOPERATIVE SERVICES IF THE ADMINISTRATIVE UNIT ENCOMPASSES MORE THAN A SINGLE SCHOOL DISTRICT. THE STATE BOARD SHALL PRESCRIBE THE COMPOSITION OF THE COMMITTEE, WHICH MAY BE COMPOSED OF, BUT NOT LIMITED TO, THE FOLLOWING: THE DIRECTOR OF SPECIAL EDUCATION FOR THE ADMINISTRATIVE UNIT; A PSYCHOLOGIST; A SOCIAL WORKER; A PHYSICIAN; A SCHOOL ADMINISTRATOR; AND A TEACHER OF GIFTED STUDENTS. THE COMMITTEE SHALL UTILIZE GUIDELINES RECOMMENDED BY THE DEPARTMENT TO DETERMINE THE MOST APPROPRIATE PROGRAM IN WHICH TO EDUCATE THE STUDENT. THE COMMITTEE SHALL GIVE THE STUDENT'S PARENTS AN OPPORTUNITY TO CONSULT WITH THE COMMITTEE OR A REPRESENTATIVE THEREOF PRIOR TO A DETERMINATION OF WHETHER THE STUDENT IS GIFTED.

(c) IN THE EVENT OF AN APPEAL OF THE DETERMINATION OF BEING GIFTED OR OF THE PLACEMENT OF A STUDENT IN AN INDIVIDUAL EDUCATIONAL PROGRAM PURSUANT TO THIS SUBSECTION (2), OR AN APPEAL OF THE PROGRAM TO BE OFFERED, THE APPEAL PROCEDURES SHALL BE THE SAME AS THOSE PROVIDED IN SECTION 22-20-108 (3).

(3) EACH STUDENT DETERMINED BY THE COMMITTEE TO BE GIFTED PURSUANT TO SUBSECTION (2) OF THIS SECTION SHALL BE PROVIDED WITH AN INDIVIDUAL EDUCATIONAL PROGRAM FOR GIFTED STUDENTS THAT SHALL BE DEVELOPED IN ACCORDANCE WITH REQUIREMENTS ESTABLISHED BY THE STATE BOARD AND SHALL BE REVIEWED ANNUALLY. SUCH INDIVIDUAL EDUCATIONAL PROGRAM SHALL SPECIFY WHETHER SUCH STUDENT SHALL ACHIEVE THE CONTENT STANDARDS ADOPTED BY THE DISTRICT IN WHICH SUCH STUDENT IS ENROLLED OR WHETHER SUCH STUDENT SHALL ACHIEVE INDIVIDUALIZED STANDARDS WHICH WOULD INDICATE THE STUDENT HAS MET THE REQUIREMENTS OF SUCH STUDENT'S INDIVIDUAL EDUCATIONAL PROGRAM.

SECTION 2. 22-20-103 (3.7), Colorado Revised Statutes, is amended to read:

22-20-103. Definitions. As used in this article, unless the context otherwise requires:

(3.7) "Gifted children" AND "GIFTED STUDENTS" means those persons between the ages of five and twenty-one whose abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs.

SECTION 3. 22-20-104.5 (1), Colorado Revised Statutes, is amended to read:

22-20-104.5. Plan for academic excellence - inclusion of gifted children - cooperation. (1) Administrative units may develop and implement a management plan for excellence in education which shall include
the education of gifted children. Any plan developed and implemented pursuant to the provisions of this section shall satisfy any criteria for accreditation which have been established by the state board. No management plan shall be implemented by an administrative unit unless adequate funding is provided for such implementation.

SECTION 4. 22-20-106 (2) and (3), Colorado Revised Statutes, are amended to read:

22-20-106. Special educational programs. (2) Each administrative unit shall submit a plan to the department indicating how the school district will provide for education of all children with disabilities between the ages of five and twenty-one and, on and after January 1, 1992, between the ages of three and twenty-one. Each unit plan shall include the type and number of children with disabilities in the unit based upon the department's criteria of incidence, the services to be provided, and the estimated resources necessary. An addendum to the administrative unit's plan to cover gifted children may be submitted by October 1, 1999.

(3) Administrative units shall make available special educational services for the education of any child with a disability between the ages of five and twenty-one and, on and after January 1, 1992, between the ages of three and twenty-one under jurisdiction of the administrative unit and may serve gifted students. In providing these services, an administrative unit shall pay for salaries and employee benefits of certified special education teachers and special education staff; equipment; in-service training of the staff of an administrative unit who have pupil contact; mileage expenses incurred by staff; the costs of educational services for a child in an eligible facility; or any other expenses related to special education. Special education services may be provided by community centered boards in cooperation with administrative units and school districts.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
Bill E

By Senator Tebedo;
also Representative Mace

A BILL FOR AN ACT
CONCERNING REPORTING OF DROPOUT RATES OF STUDENTS IN SECONDARY SCHOOLS IN THE STATE.

Bill Summary

"Dropout Definition & District Reporting"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Dropout Rates in Secondary Schools. Modifies the definition of a "dropout" to mean a student who has been absent from class for 6 consecutive weeks or more in any one school year.

Requires the state board of education to adopt rules to require school districts to report the enrollment of transferring students in order to more accurately identify dropouts.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-2-114.1 (3), Colorado Revised Statutes, is amended to read:

22-2-114.1. Dropout rates - collection of data on grades seven through twelve and development of plans. (3) (a) For the purposes of this section, a "dropout" means a person who
leaves school for any reason; HAS

BEEN ABSENT FROM CLASS FOR SIX CONSECUTIVE WEEKS OR MORE IN ANY ONE SCHOOL YEAR, except for reasons of expulsion or death, before completion of a high school diploma or its equivalent and who does not transfer to another public or private school or enroll in an approved home study program or in an on-line program pursuant to section 22-33-104.6.

(b) The state board shall also collect data on the students who have dropped out of a regular course of study but who are enrolled and pursuing an alternative program of study.

SECTION 2. 22-2-109 (1), Colorado Revised Statutes, is amended by the addition of a new paragraph to read:

22-2-109. State board of education - additional duties. (1) The state board of education shall:

(q) Adopt rules that require the reporting between school districts of the enrollment of any students who have transferred to another school or school district within the state. Such rules shall improve the ability of school districts to accurately identify which students have in fact dropped out of school and which students have merely transferred to another school or school district.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
CONCERNING REPORTING OF DROPOUT RATES OF STUDENTS IN SECONDARY SCHOOLS IN THE STATE.

Summary of Assessment

This bill would change the definition of a "dropout" to mean a person who has been absent from class for six consecutive weeks or more in any one school year, except for reasons of expulsion or death. The definition would not apply to a student who transfers to another public or private school or enrolls in an approved home study program or in an on-line program. The State Board of Education would be required to adopt rules to require school districts to report between districts the enrollment of transferring students. The rules are designed to improve the ability of school districts to accurately identify which students have in fact dropped out of school and which students have transferred to another school or school district.

The Department of Education would incorporate these changes as part of the student data collection system under the Automated Data Exchange System. The bill is assessed as having no fiscal impact on the state or on local school districts. Schools, however, may experience an increase in paperwork in order to notify the student's previous school that a transfer has occurred.

It should be noted that the change in the definition of a "dropout" will result in a statistical increase in the number of dropouts reported in the state. The Department of Education currently collects data based on the status of the student at the end of the school year. Under the change in the definition, if a student drops out during the school year, and later returns to an educational program, the student may be double counted as enrolled and as a dropout.

The bill would become effective upon signature of the Governor.

Departments Contacted

Education
By Representative Mace; also Senator Tebedo

A BILL FOR AN ACT
CONCERNING DROPOUT PREVENTION STRATEGIES.

Bill Summary
"Dropout Prevention Strategies"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Dropout Rates in Secondary Schools. Requires the advisory accountability committee for each public school in the state to include a dropout prevention plan in its annual accountability plan. Requires each school district to include a dropout prevention plan in its accountability plan.

Allows a state court, under the compulsory school attendance act, to include a requirement of participation in parenting classes as part of the court-ordered mandatory treatment plan for the child.

Removes the $500,000 cap on the aggregate annual costs for the statewide grant program for in-school or in-home suspensions.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-7-205, Colorado Revised Statutes, is amended to read:

22-7-205. Local goals and objectives and plans to improve educational achievement and graduation rates. (1) No later than June 15, 1989, and then no later than September 1, 1990, and September 1 of each year thereafter, the advisory accountability committee for each school building in the state shall adopt high, but achievable, goals and objectives for the improvement of education in its building and shall adopt a plan to improve educational achievement in the school, to implement methods of maximizing graduation rates from the secondary schools of the district, TO IMPLEMENT A DROPOUT PREVENTION PLAN, and to increase the ratings for the school’s accreditation category established pursuant to section 22-11-202. Each building’s goals and objectives and plan shall be reviewed by the district advisory accountability committee before its submission to the board of education of the district. Procedures for the implementation of the plan shall be included in the budget submitted to the board of education pursuant to section 22-44-108.

(2) After consultation with the district advisory accountability committee and review of its recommendations, the board of education shall compile school building goals and objectives and plans and shall report a district’s high, but achievable, goals and objectives for the improvement of education in the district and a district plan to improve educational achievement, maximize graduation rates, IMPLEMENT A DROPOUT PREVENTION PLAN, and increase the ratings for the school’s accreditation category established pursuant to section 22-11-202. Such report shall be made available to the public no later than October 1, 1989, and October 1 of each year thereafter.

SECTION 2. 22-33-108 (6), Colorado Revised Statutes, is amended to read:
22-33-108. Judicial proceedings. (6) In the discretion of the court before which a proceeding to compel attendance is brought, an order may be issued against the child or the child's parent or both compelling the child to attend school as provided by this article or compelling the parent to take reasonable steps to assure the child's attendance. The order may require the child or parent or both to follow an appropriate treatment plan that addresses problems affecting the child's school attendance and that ensures the child has an opportunity to obtain a quality education. The treatment plan may include a requirement for the child's parent, guardian, or legal custodian to attend, either with or without the child, a course in appropriate parenting techniques and to provide documentation to the court demonstrating successful completion of such course.

SECTION 3. 22-37-105 (1), Colorado Revised Statutes, is amended to read:

22-37-105. Administration. (1) The state board shall have the authority to approve programs under this article, the total stated costs of which shall not exceed twenty-five thousand dollars for each individual program in any one year and five hundred thousand dollars, in the aggregate, for all programs in any one year.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
Bill F

STATE and LOCAL
CONDITIONAL FISCAL IMPACT
State General Fund Expenditure Impact
School District Revenue and Expenditure Impact

Drafting Number: LLS 99-0 108
Prime Sponsor(s): Rep. Mace
               Sen. Tebedo
Date: October 21, 1998
Bill Status: Interim Committee on the
            Study of the Dropout Rate in
            Secondary Schools
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING DROPOUT PREVENTION STRATEGIES.

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<td>Appropriation Summary for FY 1999-2000: None</td>
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Local Government Impact: More school districts may be eligible for in-school or in-home suspension grants if additional moneys are made available for this purpose. See the School District Impact Section on Page 2.

Summary of Legislation

The State Board of Education presently has the authority to approve grant programs for in-school or in-home suspension. Each grant is for a period of two years, subject to review of the effectiveness of the program, and may be renewed for an additional two-year period. The grant for each individual program may not exceed $25,000, and the aggregate value of all grants in any one year may not exceed $500,000. This bill would remove the $500,000 statutory cap, but the bill does not appropriate additional funding for this purpose. This provision of the bill is assessed as having a conditional state and local fiscal impact.
amount of money or more, on a calendar year basis, for specified Supplemental Security Income (SSI) recipients. Failure to comply with this agreement or failure to change the agreement with the federal government may jeopardize federal funding for the state’s Medicaid program.

**Local Government Impact**

The fiscal impact to counties is $98,550 in FY 1998-99 and $326,180 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

**Spending Authority**

The fiscal note indicates the following appropriations for FY 1998-99:

**Department of Human Services:**
- General Fund: $394,202
- County Funds — Cash Funds Exempt: 98,550
- OAP Fund: (591,343)

**Department of Health Care Policy and Financing:**
- General Fund: $ (5,025,742)
- Federal Funds: (5,193,335)
- OAP Health and Medical Care Fund: (110,074)

**Departments Contacted**

Department of Human Services
Department of Health Care Policy and Financing

**Omissions and Technical or Mechanical Defects**

1. **Residency Requirement** — The US and Colorado State Supreme Court have ruled on the illegality of residency requirements relative to welfare programs.

2. **MOE** — Under the bill, persons eligible for the Colorado Supplement Program would be excluded from that supplement for the first five years, thus raising the issue of "equitable treatment".
FACTS AND ASSUMPTIONS

Assumptions — *Department of Human Services*

1. FY 1998-99 OAP-A caseload will equal 18,523.
2. FY 1998-99 OAP-B caseload will equal 7,018.
4. OAP-A — assumes 12.2% of new clients will not meet the residency requirement (70 clients).
5. OAP-B — assumes 13.6% of new clients will not meet the residency requirement (15).
6. Applicants deemed ineligible for OAP benefits will apply and receive benefits through the AND program.
7. Increases in the AND-SSI-CS caseload are estimated at 48 per month, increases in the AND-SO caseload are estimated at 18 per month.
8. Verifying residency requirements will add 30 minutes to the application process.
10. Assumes a 1.5% increase in average payment for OAP in FY 1999-00.
11. Assumes a 3.1% increase in the AND-SSI-CS payment for FY 1999-00.
12. Assumes a 2.1% increase in the AND-SO payment for FY 1999-00.

Assumptions — *Department of Health Care Policy and Financing*

2. FY 1998-99 OAP-B caseload will equal 4,864.
3. FY 1998-99 OAP-SO caseload will equal 3,098.
4. Assumes 2% caseload growth annually for OAP-A, OAP-B, and OAP-SO.
5. OAP-A — assumes 20.11% of total caseload is comprised of new applicants annually.
6. OAP-B and OAP-SO — assumes 9.91% of total caseload is comprised of new applicants annually.
7. OAP-A — assumes 12.2% of new clients will not meet the residency requirement.
8. OAP-B and OAP-SO — assumes 13.6% of new clients will not meet the residency requirement.
10. Assumes $8,958.73 is the average Medicaid cost per client for OAP-B recipients in FY 1998-99.
11. Assumes $3,163.53 is the average medical benefit package for OAP-SO recipients receiving services through the Health and Medical Care Fund.
12. Assumes a 5% annual increase in the average medical cost per client.
BILL C

By Senator Weddig

A BILL FOR AN ACT
CONCERNING THE PROGRAM FOR AID TO THE NEEDY DISABLED.

Bill Summary

"Changes To Aid To Needy Disabled Program"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Old Age Pension Program: Increases the amount of the cash grant to recipients of aid to the needy disabled (AND) over a 5-year period. Provides that at the end of the 5-year period, the amount of the AND grant will be equivalent to the supplemental security income (SSI) grant standard.

Directs that the rules of the state department of human services governing the AND program shall require recipients who may be eligible for federal or state benefits to apply for and pursue receipt of those benefits.

Creates a state-funded health and medical care program to provide health care benefits for AND recipients. Authorizes the department of health care policy and financing to administer the program. Directs the state board of medical services to promulgate rules for administering the program, including but not limited to defining the services provided and establishing measures to contain costs and utilization of medical services, such as the use of copayments, managed care requirements, and limitations on provider rates. Makes conforming amendments.

Makes this act effective only if the constitutional amendment making changes to the old age pension program is approved by the voters at the 1998 general election.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-2-119, Colorado Revised Statutes, is amended to read:

26-2-119. Amount of assistance payments - aid to the needy disabled.
(1) The amount of assistance payments which shall be granted to a recipient under the program for aid to the needy disabled shall be on the basis of budgetary need, as determined by the county department with due regard to any income, property, or other resources available to the recipient, within available appropriations, and in accordance with rules and regulations of the state department, which may include the use of statistics, averages, tables, standards, and other criteria with respect to such determination of budgetary need. Commencing with the effective date of this subsection (1) and continuing through fiscal year 2002-03, the amount of the monthly cash grant shall be increased to result in an amount in fiscal year 2002-03 that is equivalent to the amount of the monthly grant standard in fiscal year 2002-03 established for supplemental security income under title XVI of the social security act. Thereafter, the amount of the monthly cash grant shall be in an amount that is equivalent to the amount of the monthly grant standard established for supplemental security income under title XVI of the social security act. The rules and regulations of the state department may require an applicant or recipient who may be eligible for benefits under another federal or state program or who may have a right to receive or recover other income or resources to take reasonable steps to apply for, otherwise pursue, and accept such benefits, income, or resources.

(1.5) (a) In addition to the amount of assistance available pursuant to subsection (1) of this section, the medical services board in the department of
health care policy and financing, with the consent of the general assembly and subject to available funds, may provide adult foster care for persons eligible to receive aid to the needy disabled. For the purposes of this paragraph (a), "adult foster care" means the care and services defined in section 26-2-122.3.

(b) In addition to the amount of assistance available pursuant to subsection (1) of this section, the medical services board in the department of health care policy and financing, with the consent of the general assembly and subject to available funds, may provide a home care allowance for persons eligible to receive aid to the needy disabled. For the purposes of this paragraph (b), "home care allowance" means care and services defined in section 26-2-122.3.

(2) In computing budgetary need pursuant to subsection (1) of this section, due consideration shall, subject to available appropriations, be given to the special needs of the needy disabled recipient. Medical care payments in behalf of recipients may be provided under rules and regulations of the state department to nursing homes, intermediate care, and residential care facilities not covered by Title XIX of the social security act or the "Colorado Medical Assistance Act".

(3) and (4) Repealed.

(5) Any special payment by the federal government in the form of a one-time-only credit against or refund of federal income taxes shall not be considered as income for purposes of this title unless required by federal law.

SECTION 2. Part 1 of article 2 of title 26, Colorado Revised Statutes, is amended by the addition of a new section to read:

26-2-119.5. Health and medical care program - aid to the needy disabled. (1) Subject to available appropriations, the department of health care policy and financing shall establish and administer a program to provide health and medical care to persons who qualify to receive aid to the needy disabled. The costs of such program shall be funded from appropriations made by the general assembly each fiscal year.

(2) The state board of medical services is authorized to promulgate rules for the establishment and administration of the health and medical care program, including but not limited to the following:

(a) Defining the types of services and medical treatments or care provided under the health and medical care program;

(b) Establishing measures to control costs and utilization of medical services, including such measures as:

(I) Copayments;

(II) Managed care requirements,

(III) Limitations on provider rates.

SECTION 3. 25.5-1-201 (1), Colorado Revised Statutes, is amended by the addition of a new paragraph to read:

25.5-1-201. Programs to be administered by the department of health care policy and financing. (1) Programs to be administered and functions to be performed by the department of health care policy and financing shall be as follows:

(I) The health and medical care program for the recipients of aid to the needy disabled, as specified in section 26-2-119.5, C.R.S.
SECTION 4. 25.5-1-303 (1) (c), Colorado Revised Statutes, is amended, and the said 25.5-1-303 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:


(1) The board shall have the authority set forth in subsection (3) of this section over the following programs administered by the department:

(c) Adult foster care, as specified in section 26-2-122.3, C.R.S.; and

(e) THE HEALTH AND MEDICAL CARE PROGRAM FOR THE RECIPIENTS OF AID TO THE NEEDY DISABLED, AS SPECIFIED IN SECTION 26-2-119.5, C.R.S.

SECTION 5. Effective date. This act shall take effect upon proclamation by the governor of the vote of the registered electors at the 1998 general election approving 1998 ___ Concurrent Resolution Number ___. This act shall not take effect if the registered electors at the 1998 general election disapprove 1998 ___ Concurrent Resolution Number ___.

SECTION 6. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
CONCERNING THE PROGRAM FOR AID TO THE NEEDY DISABLED.

Summary of Legislation

<table>
<thead>
<tr>
<th>STATE FISCAL IMPACT SUMMARY</th>
<th>FY 1998/99</th>
<th>FY 1999/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revenues</td>
<td></td>
<td></td>
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<tr>
<td>General Fund</td>
<td></td>
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<tr>
<td>Other Fund</td>
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| State Expenditures          |            |            |
| General Fund                | $9,613,021 | $22,221,799 |
| Cash Funds Exempt — County Funds | 272,838 | 973,305 |

FTE Position Change | 1.0 | 1.0

Local Government Impact — The fiscal impact to counties is $272,838 in FY 1998-99 and $973,305 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

The bill includes the following provisions which have a fiscal impact for the state and counties:

- **Section 26-2-119. Amount of assistance payments — aid to the needy disabled:** phases in an increase in the Aid to the Needy Disabled (AND) grant standard over a five-year period, and provides that at the end of the five-year period the AND grant standard will equal the Supplemental Security Income (SSI) grant standard:

- **Section 26-2-119.5. Health and medical care program — aid to the needy disabled:** creates a Health and Medical Care Program for AND recipients in the Department of Health Care Policy and Financing and requires the State Board of Medical Services to promulgate rules for administering the program.
The bill is effective only if the constitutional amendment making changes to the Old Age Pension Program is approved by the voters at the 1998 General Election.

State Expenditures

NOTE: Because implementation of the bill's provisions is contingent upon voter approval of a constitutional amendment to change the OAP Program at the 1998 General Election, costs identified in this fiscal note are identified as conditional.

Department of Human Services (DHS) — $1,364,192. The department will require $1,364,192 in FY 1998-99 and $4,866,523 in FY 1999-00 for the five-year phase-in of increased grant payments to AND State-Only recipients. The fiscal note assumes that, if the constitutional amendment is adopted by the voters, the plan to increase grant payments would become effective January 1, 1999. Thus, costs for FY 1998-99 represent only six months of expenditures.

Grant Standard and Caseload. The current grant standard for the AND State-Only Program is $229 per month; the SSI grant standard is $484 per month. Current practice provides a cost of living adjustment (COLA) for the SSI grant standard January 1 of each year which averages 3.2 percent. In accounting for the annual COLA provided with the SSI grant payment, it is estimated that the AND State-Only grant standard must be increased $66 annually over a five-year period to achieve parity with the SSI grant standard. In year five of the implementation, it is assumed that the incremental amount may be greater or lower than $66 depending on the exact level of COLA increases adopted during the five-year period. It is estimated that the AND caseload will equal 4,253 in FY 1998-99 and 4,389 in FY 1999-00.

Interim Assistance Reimbursement Payments (IAR). IARs are payments DHS collects from the federal government for clients determined SSI eligible. At the time of AND application, clients meeting the state disability requirements receive benefits immediately (within 40 to 60 days). During the application process clients must simultaneously apply for SSI benefits (a process which may take anywhere from 6 to 12 months to qualify). Once an individual is determined SSI eligible, back payments of SSI benefits are made and cover the application period. The state keeps that portion of the SSI back payments equal to state payments made, thus offsetting program costs. It is estimated that the IAR collection rate will equal 19 percent in FY 1998-99 and 30% in FY 1999-00.

Department of Health Care Policy and Financing (DHCPF) — $8,521,667. The department will require $8,521,667 in FY 1998-99 and $18,328,580 to establish a Health and Medical Care Program to cover persons qualifying for AND State-Only.

Health and Medical Care Program. Persons eligible for this new program currently do not receive health and medical services. The fiscal note assumes that, if the constitutional amendment is adopted by the voters, the plan to implement the medical program would become effective January 1, 1999. Thus, costs for FY 1998-99 represent only six months of expenditures. Costs are based on an FY 1998-99 caseload of 4,253 at an average cost per client of $3,962.52, and an FY 1999-00 caseload of 4,389 at an average cost per client of $4,162.55. The cost per client for this new group of persons is based on the average between the cost per
client for Old Age Pension - State Only and AND/SSI clients. FY 1998-99 medical benefits costs are identified at $8,426,299 and $18,269,395 for FY 1999-00.

**Systems Costs and New FTE.** DHCPF will require moneys for systems changes to the Medicaid Management Information Systems (MMIS) and the Client-Oriented Information Network (COIN). MMIS costs are based on historical hours needed to add new programs/benefits and per hour costs dictated by the contract fiscal agent. COIN hours are based on historical hours needed and per hour costs DHS will charge DHCPF. MMIS will require $54,500 in FY 1998-99 (500 hours at $109/hour) and $5,700 in FY 1999-00 (50 hours at $114/hour). COIN will require $16,250 in FY 1998-99 (250 hours at $65/hour) and $3,250 in FY 1999-00 (50 hours at $65/hour). Additionally, the department will require $24,618 and 0.5 FTE administrative program specialist in FY 1998-99 to design and implement a new medical program. Responsibilities will include: research on population served, development of benefits package, preparation of rules, data analysis, and program management. In FY 1999-00 the personal services costs are annualized to $50,236 and 1.0 FTE.

**Local Government Impact**

The fiscal impact to counties is $272,838 in FY 1998-99 and $973,305 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

**Spending Authority**

The fiscal note indicates that for FY 1998-99 the Department of Human Services should receive an appropriation of $1,364,192. Of this amount, $1,091,354 is General Fund and $272,838 is cash funds exempt — county funds. The Department of Health Care Policy and Financing should receive a General Fund appropriation of $8,521,667 and 0.5 FTE.

**Departments Contacted**

Human Services
Health Care Policy and Financing
FACTS AND ASSUMPTIONS

Facts

1. Current AND State-Only grant standard is $229 per month.
2. Current SSI grant standard is $484 per month.
3. COLA increases are provided annually on the SSI grant standard.
4. Program implementation is contingent upon passage of a constitutional amendment at the 1998 General Election.

Assumptions

2. It will require $66 annually, over a five-year period, to reach parity between the AND State-Only grant standard and the SSI grant standard.
3. FY 1998-99 — The cost per client ($3,962.52) for medical benefits is based on the average between the cost per client for Old Age Pension - State Only ($3,165.53) and AND/SSI clients ($4,759.51).
4. FY 1999-00 — The cost per client ($4,162.55) for medical benefits is based on the average between the cost per client for Old Age Pension - State Only ($3,323.81) and AND/SSI clients ($4,997.49).
BILL D

By Senator Coffman

A BILL FOR AN ACT
CONCERNING THE CREATION OF A SELF-SUFFICIENCY AND EMPLOYMENT PROGRAM
FOR CERTAIN PUBLIC ASSISTANCE RECIPIENTS.

Bill Summary

"Self Sufficiency & Employment Pilot"
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Old Age Pension Program. Creates a self-sufficiency and employment program as a pilot program to evaluate the cost-effectiveness of requiring applicants for the old age pension (OAP) program and the aid to the needy disabled (AND) program who are identified as potentially employable to participate in efforts leading to employment. Allows current recipients in OAP and AND to voluntarily participate in the self-sufficiency and employment program.

Directs that the pilot program be conducted in 4 workforce development regions that have implemented the one-stop career concept. Sets criteria for the selection of the workforce development regions, including the voluntary participation of one or more county departments of social services within those regions.

Requires the department of human services, in conjunction with the department of labor and employment, to design a screening tool to identify those OAP and AND applicants who demonstrate potential for employment. Refers those applicants to the local one-stop career center for an employment assessment. Requires the career center to develop an individual employment plan for those persons who are determined to have employment potential. Requires the participant to agree to follow through with the individual employment plan as a condition of receiving OAP or AND. Allows a participant to be exempted from participation in the pilot program for good cause, as defined by rules of the state board of human services.

As an incentive to participate in the pilot program, allows participants to earn and retain extra income up to a certain percentage of the federal poverty level without becoming ineligible for OAP or AND.

Subject to available appropriations and the receipt of any necessary federal waivers, allows the following persons to participate in the transitional-plus medicaid buy-in program:

- A recipient of AND during the time he or she is participating in the pilot program;
- A recipient of AND who becomes ineligible for AND due to employment and does not have health insurance as an employee benefit;
- A recipient of OAP whose health care was provided through the state-funded health care program and who becomes ineligible for OAP due to employment and does not have health insurance as an employee benefit.

Requires a report to the committee(s) of the general assembly on the pilot program. Provides for the repeal of the pilot program on July 1, 2003.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 2 of title 26, Colorado Revised Statutes, is amended
BY THE ADDITION OF A NEW PART to read:

PART 9
COLOJARDO SELF-SUFFICIENCY AND EMPLOYMENT ACT

26-2-901. Short title. This part 9 shall be known and may be cited as the "COLORADO SELF-SUFFICIENCY AND EMPLOYMENT ACT".

26-2-902. Legislative declaration. The general assembly hereby finds and determines that encouraging self-sufficiency and employment of persons dependent upon an old age pension or aid to the needy disabled is beneficial to those persons and to the state if such persons can move...
TOWARD SELF-SUFFICIENCY THROUGH EMPLOYMENT. THE GENERAL ASSEMBLY ALSO FINDS THAT IT IS APPROPRIATE FOR THE STATE TO IMPLEMENT A PILOT PROGRAM TO TEST WHETHER A COMBINATION OF EMPLOYMENT ASSESSMENT, DEVELOPMENT OF INDIVIDUAL EMPLOYMENT PLANS FOR THOSE WITH EMPLOYMENT POTENTIAL, AND INCENTIVES TO RETAIN INCOME EARNED AND TO OBTAIN HEALTH INSURANCE THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PLAN CAN HELP RECIPIENTS IN THE OLD AGE PENSION AND AID TO THE NEEDY DISABLED PROGRAMS MOVE TOWARD SELF-SUFFICIENCY THROUGH EMPLOYMENT.

26-2-903. Pilot program on self-sufficiency and employment - creation - employment assessment. (1) THE STATE DEPARTMENT SHALL DEVELOP AND IMPLEMENT A PILOT PROGRAM TO EVALUATE THE COST-EFFECTIVENESS OF REQUIRING APPLICANTS FOR THE OLD AGE PENSION PROGRAM AND THE AID TO THE NEEDY DISABLED PROGRAM WHO ARE IDENTIFIED AS POTENTIALLY EMPLOYABLE TO PARTICIPATE IN EFFORTS LEADING TO INCREASED SELF-SUFFICIENCY THROUGH EMPLOYMENT. IN ADDITION, RECIPIENTS RECEIVING ASSISTANCE ON OR AFTER JANUARY 1, 2000, UNDER EITHER PROGRAM MAY VOLUNTARILY PARTICIPATE IN THE PILOT PROGRAM AS OUTLINED IN SECTION 26-2-905.

(2) ON OR BEFORE JANUARY 1, 1999, THE STATE DEPARTMENT SHALL SELECT FOUR WORKFORCE DEVELOPMENT REGIONS THAT HAVE IMPLEMENTED THE ONE-STOP CAREER CENTER CONCEPT TO PARTICIPATE IN THE PILOT PROGRAM. THE STATE DEPARTMENT SHALL SELECT FROM WORKFORCE DEVELOPMENT REGIONS THAT APPLY IN CONJUNCTION WITH ONE OR MORE COUNTY DEPARTMENTS LOCATED IN THAT REGION THAT VOLUNTEER TO PARTICIPATE IN THE PILOT PROGRAM. THE STATE DEPARTMENT SHALL SELECT WORKFORCE DEVELOPMENT REGIONS THAT ARE DIVERSE GEOGRAPHICALLY AND IN POPULATION SIZE AND SHALL ALSO CONSIDER THE SIZE OF THE CASELOAD IN THE AFFECTED COUNTY DEPARTMENTS. THE STATE DEPARTMENT AND THE SELECTED WORKFORCE DEVELOPMENT REGIONS AND THE COUNTY DEPARTMENTS WITHIN THOSE REGIONS THAT VOLUNTEER TO PARTICIPATE IN THE PILOT PROGRAM SHALL IMPLEMENT THE PILOT PROGRAM ON OR AFTER JANUARY 1, 2000.

(3) THE PILOT PROGRAM SHALL INCLUDE THE FOLLOWING COMPONENTS:

(a) DEVELOPMENT OF AN INDIVIDUAL EMPLOYMENT PLAN, AS DESCRIBED IN SECTION 26-2-904, FOR THOSE PARTICIPANTS WHO ARE DETERMINED THROUGH EMPLOYMENT ASSESSMENT TO HAVE EMPLOYMENT POTENTIAL;

(b) INCOME INCENTIVES, AS DESCRIBED IN SECTION 26-2-906;

(c) AN OPPORTUNITY TO PARTICIPATE IN THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM AS DESCRIBED IN SECTION 26-2-907.

(4) THE STATE DEPARTMENT, IN CONJUNCTION WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT, SHALL DEVELOP A SCREENING TOOL TO BE USED BY THE PARTICIPATING COUNTY DEPARTMENTS TO CONDUCT A PRELIMINARY EMPLOYMENT ASSESSMENT OF ALL APPLICANTS FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM AND ALL APPLICANTS FOR ASSISTANCE UNDER THE AID TO THE NEEDY DISABLED PROGRAM AND ANY PERSONS WHO VOLUNTEER PURSUANT TO SECTION 26-2-905. THE SCREENING TOOL SHALL ASSESS THE APPLICANT'S EMPLOYMENT SKILLS AND INTERESTS, WORK HISTORY, EDUCATION AND TRAINING HISTORY, BARRIERS TO EMPLOYMENT, OR SPECIAL NEEDS FOR SUPPORTIVE SERVICES. SUCH SCREENING TOOL SHALL BE USED AS PART OF THE APPLICATION PROCESS FOR THE TWO PROGRAMS. BASED UPON THE PRELIMINARY EMPLOYABILITY ASSESSMENT OF THE APPLICANTS, THOSE APPLICANTS WHO DEMONSTRATE THE POTENTIAL FOR EMPLOYMENT SHALL BE REFERRED TO THE
LOCAL ONE-STOP CAREER CENTER OPERATED IN THE WORKFORCE DEVELOPMENT REGION.

(5) THE ONE-STOP CAREER CENTER SHALL CONDUCT A COMPLETE EMPLOYABILITY ASSESSMENT FOR EACH APPLICANT REFERRED BY A COUNTY DEPARTMENT TO DETERMINE THE PERSON'S SKILLS AND EMPLOYABILITY. IF APPROPRIATE, THE ONE-STOP CAREER CENTER SHALL REFER THE PERSON TO THE DIVISION OF VOCATIONAL REHABILITATION FOR ANY FUNCTIONAL OR MEDICAL ASSESSMENTS NECESSARY TO DETERMINE THE PERSON'S SKILLS AND EMPLOYABILITY. THE ASSESSMENT SHALL BE COMPLETED NO MORE THAN THIRTY DAYS AFTER THE SUBMISSION OF THE APPLICATION FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM OR THE AID TO THE NEEDY DISABLED PROGRAM. THE ONE-STOP CAREER CENTER SHALL ISSUE A WRITTEN ASSESSMENT AND MAKE ONE OF THE FOLLOWING RECOMMENDATIONS:

(a) THE PERSON HAS POTENTIAL FOR BEING EMPLOYED AND AN INDIVIDUAL EMPLOYMENT PLAN SHOULD BE DEVELOPED, OR

(b) EMPLOYMENT FOR THE PERSON IS NOT A REALISTIC OPTION.

(6) IF A PERSON IS DETERMINED THROUGH THE EMPLOYMENT ASSESSMENT TO HAVE POTENTIAL FOR EMPLOYMENT, THE ONE-STOP CAREER CENTER AND THE PERSON SHALL DEVELOP AN INDIVIDUAL EMPLOYMENT PLAN PURSUANT TO SECTION 26-2-904.

(7) IF A PERSON IS DETERMINED THROUGH THE EMPLOYMENT ASSESSMENT NOT TO HAVE EMPLOYMENT POTENTIAL, THE CAREER CENTER SHALL NOTIFY THE COUNTY DEPARTMENT OF SOCIAL SERVICES AND THE PERSON OF SUCH FINDING. SUCH PERSON SHALL NOT BE SELECTED TO PARTICIPATE IN THE PILOT PROGRAM BUT SHALL RECEIVE ASSISTANCE IF THE PERSON IS OTHERWISE ELIGIBLE TO RECEIVE ASSISTANCE.

26-2-904. Individual employment plan. (1) FOR EACH PERSON REFERRED PURSUANT TO SECTION 26-2-903, THE CAREER CENTER AND THE PERSON SHALL JOINTLY DEVELOP AN INDIVIDUAL EMPLOYMENT PLAN THAT SETS GOALS AND REQUIREMENTS FOR THE PERSON TO FOLLOW IN ORDER TO TRAIN FOR AND SEEK EMPLOYMENT. THE INDIVIDUAL EMPLOYMENT PLAN SHALL BE DEVELOPED WITHIN THIRTY DAYS AFTER THE ASSESSMENT IS COMPLETED AND SHALL BE SUBMITTED TO THE APPLICANT'S COUNTY DEPARTMENT. AS A CONDITION OF ELIGIBILITY FOR AN OLD AGE PENSION OR AID TO THE NEEDY DISABLED, THE PERSON SHALL ENTER INTO AN AGREEMENT WITH THE CAREER CENTER IN WHICH THE PERSON AGREES TO PARTICIPATE IN THE PILOT PROGRAM AND TO FOLLOW THROUGH WITH THE COMPONENTS OF THE EMPLOYMENT PLAN. AN INDIVIDUAL EMPLOYMENT PLAN SHALL COVER A MAXIMUM OF TWO YEARS AND SHALL BE REASSESSED AND MODIFIED AS NECESSARY AFTER THE COMPLETION OF ONE YEAR. THE PARTICIPANT SHALL BE REQUIRED TO PROVIDE DOCUMENTATION TO THE COUNTY DEPARTMENT THAT HE OR SHE IS CONTINUING TO COMPLY WITH THE COMPONENTS OF THE PLAN.

(2) THE FOLLOWING SERVICES OR JOB ASSISTANCE MAY BE PROVIDED THROUGH AN INDIVIDUAL EMPLOYMENT PLAN:

(a) EDUCATION OR VOCATIONAL TRAINING;

(b) TUITION ASSISTANCE;

(c) JOB READINESS TRAINING;

(d) MENTORING;

(e) TRANSPORTATION;

(f) JOB REFERRAL, LABOR EXCHANGE, OR JOB PLACEMENT,
(g) VOUCHERS FOR UNIFORMS OR SUITABLE WORK CLOTHING;

(h) BUDGETING AND MONEY MANAGEMENT TRAINING.

(3) TRAINING PROVIDED THROUGH AN INDIVIDUAL EMPLOYMENT PLAN SHALL NOT EXCEED ONE YEAR.

(4) AN INDIVIDUAL EMPLOYMENT PLAN SHALL ALSO INCLUDE DEVELOPMENT OF THE ONGOING NEEDS OF THE PARTICIPANT TO BECOME SELF-SUFFICIENT DURING RETIREMENT YEARS, INCLUDING AN ASSESSMENT OF THE PARTICIPANT'S CURRENT SOURCES OF RETIREMENT INCOME AND DEVELOPMENT OF WHAT MEASURES COULD BE TAKEN BY THE PARTICIPANT TO DEVELOP BETTER AND MORE DEPENDABLE SOURCES OF RETIREMENT INCOME, PARTICULARLY SELF-FUNDED SOURCES.

(5) A PARTICIPANT MAY BE EXEMPTED FROM PARTICIPATING IN THE PILOT PROGRAM FOR GOOD CAUSE, AS DETERMINED BY RULES OF THE STATE BOARD. GOOD CAUSE MAY INCLUDE THE FACT THAT THE PARTICIPANT IS THE PRIMARY CARE GIVER FOR A SPOUSE WHO IS INFIRM, ILL, OR DISABLED.

(6) THE STATE BOARD SHALL PROMULGATE RULES FOR THE IMPOSITION OF SANCTIONS AFFECTING THE RECEIPT OF ASSISTANCE UNDER THE OLD AGE PENSION OR AID TO THE NEEDY DISABLED PROGRAM IN CIRCUMSTANCES WHERE THE PARTICIPANT FAILS TO MEET THE CONDITIONS OF THE INDIVIDUAL EMPLOYMENT PLAN.

(7) THE STATE DEPARTMENT AND THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL DEVELOP A METHOD OF FOLLOWING THE PROGRESS OF ALL PARTICIPANTS IN THE PILOT PROGRAM IN COMPLYING WITH THE CONDITIONS OF INDIVIDUAL EMPLOYMENT PLANS.

26-2-905. Voluntary participation of recipients. Any person who is receiving benefits on or after January 1, 2000, under the Old Age Pension Program or Aid to the Needy Disabled Program and who resides in a county that is participating in the pilot project may volunteer to undergo the preliminary employment assessment and potential referral to the local one-stop career center for a complete employability assessment as specified in section 26-2-903. If the person is determined through the employment assessment to have potential for being employed and desires to participate in the pilot project, an individual employment plan shall be developed for such person as outlined in section 26-2-904; however, no recipient voluntarily participating in the pilot program shall be subject to sanctions for failure to meet the conditions of an individual employment plan.

26-2-906. Income incentives. Persons participating in the pilot program may earn and retain monthly income in an amount to be established in rules adopted by the state board without becoming ineligible for assistance under the Old Age Pension Program or the Aid to the Needy Disabled Program. A participant shall be eligible for assistance until such time as the participant's income reaches a specific percentage of the federal poverty level, which percentage shall be established in rules adopted by the state board.

26-2-907. Health care benefits. (1) In enacting this part 9, the general assembly recognizes that lack of health insurance is often a significant barrier to people achieving self-sufficiency. The general assembly recognizes that the aid to the Needy Disabled Program does not include any health care benefits for recipients. In addition, persons who receive aid to the Needy Disabled or Old Age Pension assistance who
BECOME EMPLOYED AND LOSE THEIR ELIGIBILITY FOR SUCH PUBLIC ASSISTANCE MAY NOT ALWAYS HAVE HEALTH INSURANCE BENEFITS AS AN EMPLOYEE BENEFIT. AS A RESULT, THE GENERAL ASSEMBLY HEREBY DECLARES THAT THE INTENT OF THIS SECTION IS TO PROVIDE AN INCENTIVE TO PARTICIPANTS IN THE PILOT PROGRAM TO SEEK EMPLOYMENT BY OFFERING THEM THE OPPORTUNITY TO RECEIVE MEDICAID THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM.

(2) SUBJECT TO AVAILABLE APPROPRIATIONS AND SUBJECT TO THE RECEIPT OF ANY NECESSARY FEDERAL WAIVERS, THE FOLLOWING PERSONS MAY PURCHASE MEDICAL ASSISTANCE THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM IN ACCORDANCE WITH SECTION 26-4-110.5:

(a) A RECIPIENT OF THE AID TO THE NEEDY DISABLED PROGRAM WHO IS PARTICIPATING IN THE PILOT PROGRAM;

(b) A PARTICIPANT WHO HAS BEEN RECEIVING AID TO THE NEEDY DISABLED AND WHO BECOMES INELEGIBLE FOR ASSISTANCE UNDER THE AID TO THE NEEDY DISABLED PROGRAM DUE TO EMPLOYMENT AND DOES NOT HAVE HEALTH INSURANCE AS AN EMPLOYEE BENEFIT;

(c) A PARTICIPANT WHO HAS BEEN RECEIVING AN OLD AGE PENSION AND RECEIVING HEALTH CARE THROUGH THE HEALTH AND MEDICAL CARE PROGRAM AND WHO BECOMES INELEGIBLE FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM DUE TO EMPLOYMENT AND DOES NOT HAVE HEALTH INSURANCE AS AN EMPLOYEE BENEFIT.


26-2-909. Repeal. This part 9 is repealed, effective July 1, 2003

SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
STATE and LOCAL
FISCAL NOTE
State General Fund Expenditure Impact
Local Expenditure Impact
Cash Funds — Old Age Pension Fund Expenditure Impact

Drafting Number: LLS 98-093
Prime Sponsor(s): Sen. Coffman

Date: November 3, 1997
Bill Status: Interim Committee on Old Age Pension Program
Fiscal Analyst: Janis Baron (866-3523)

TITLE: CONCERNING THE CREATION OF A SELF-SUFFICIENCY AND EMPLOYMENT PROGRAM FOR CERTAIN PUBLIC ASSISTANCE RECIPIENTS.

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<table>
<thead>
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<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>0</td>
<td>2,248,321</td>
<td>3,935,757</td>
</tr>
<tr>
<td>Old Age Pension Fund</td>
<td>0</td>
<td>1,365,870</td>
<td>2,496,156</td>
</tr>
<tr>
<td>Cash Funds Exempt — County Funds</td>
<td>0</td>
<td>341,467</td>
<td>624,038</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>0</td>
<td>(27,899)</td>
<td>1,123,903</td>
</tr>
<tr>
<td>FTE Position Change</td>
<td>0.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>


The bill creates a self-sufficiency and employment program as a pilot in four workforce development regions (local one-stop career centers) to evaluate the cost-effectiveness of requiring Old Age Pension (OAP) Program and the Aid to the Needy Disabled (AND) Program applicants deemed employable to participate in efforts leading to employment. The pilot program includes the following provisions:

- requires the Departments of Human Services and Labor and Employment to develop a screening tool to be used by county departments to conduct preliminary employment assessments, requires the career centers to develop an individual employment plan for each applicant deemed employable, and requires participants to agree to follow through with their individual employment plan as a condition of receiving OAP or AND benefits;
- provides for “good cause” exemption from participation in the pilot program;
BILL D

- provides for voluntary participation in the pilot program;
- income incentives — allows participants to earn and retain extra income up to a certain percentage of the federal poverty level without losing OAP and AND benefits;
- health care benefits — allows certain program recipients receiving AND or OAP to participate in the Transitional-Plus Medicaid Buy-In Program; and
- repeals the pilot program July 1, 2003.

**Effective Dates.** Although the bill is effective upon signature of the Governor, it requires the Department of Human Services to select four workforce development regions on or before January 1, 1999. The pilot program will begin to accept participants January 1, 2000.

**State Expenditures — No Additional Funding in FY 1998-99**

**Department of Human Services (DHS).** The department will require a total of $3,341,139 in new moneys to implement the bill’s provisions in FY 1999-00. Costs will be incurred in several program areas in addition to savings realized in assistance payments.

**Employment Training and Placement Costs for OAP and AND Clients.** DHS will require $3,116,350 in FY 1999-00 to train recipients for employment. Based on data from the Department of Labor and Employment, it is anticipated that: (1) 25 clients per month will get jobs within six months of enrolling in the pilot program (Subgroup A); and (2) 100 clients per month will require additional assessment and training (Subgroup B). The cost to serve a client in the Subgroup A category is estimated at $2,777, and the cost to serve a client in the Subgroup B category is estimated at $4,583. This fiscal note assumes that the current federal Job Training Partnership Act (JTPA) and Senior Community Services Employment Program (SCSEP) cannot absorb the OAP and AND client groups. JTPA Title II moneys for older workers (age 55 and over) enroll 243 applicants and place 191 annually within a budget of $365,000. SCSEP Title V Older American Act moneys place 223 enrollees in 127 subsidized positions and moves 32 of these into unsubsidized jobs annually at a cost of $755,330. The table below identifies employment and training costs.

<table>
<thead>
<tr>
<th>EMPLOYMENT TRAINING &amp; PLACEMENT COSTS</th>
<th>Total Cost Per Client</th>
<th>Total Monthly Costs</th>
<th>Total FY 1999-00</th>
<th>Total FY 2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBGROUP-A (employed within 6 months)</td>
<td>$2,777</td>
<td>$69,425</td>
<td>$416,550</td>
<td>$833,100</td>
</tr>
<tr>
<td>SUBGROUP-B (more intensive needs)</td>
<td>$4,583</td>
<td>$458,300</td>
<td>$2,749,800</td>
<td>$5,497,600</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$527,725</strong></td>
<td><strong>$3,116,350</strong></td>
<td><strong>$6,332,700</strong></td>
<td><strong>$6,332,700</strong></td>
</tr>
<tr>
<td>OAP Fund</td>
<td></td>
<td></td>
<td>1,456,521</td>
<td>2,913,042</td>
</tr>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td>1,367,863</td>
<td>2,735,726</td>
</tr>
<tr>
<td>County Funds</td>
<td></td>
<td></td>
<td>341,966</td>
<td>683,932</td>
</tr>
</tbody>
</table>
Additional State/County Staff and Training. The state department will require 1.0 FTE management analyst III ($59,958) and 2.5 FTE technicians county staff ($79,447) to implement the bill’s provision in FY 1999-00. The state staff position will be responsible for drafting program guidelines, chairing the work teams between DHS, DOLE, and the counties in designing the screening instruments, training pilot county staff, data collection and analysis, rule changes, working with employers, and evaluating the benefit to expand the pilot program statewide. County staff will be required to gather employment history, complete social matrix, determine good cause, discontinue case, administer screening tool, community with the career centers, and do Medicaid-related determinations on all program applicants. Beginning in FY 1997-98, several programs administered by counties were block granted to them with no FTE authorization. Thus, funds are noted for increased county staff but FTE authorization is not included in this fiscal note. (DHS will require the equivalent of 2.5 FTE in FY 1999-00 and 5.0 FTE in FY 2000-01.) DHS will also require $2,500 in both FY 1999-00 and FY 2000-01 to conduct training workshops for county staff.

Client-Oriented Information Network (COIN). DHS will require $59,475 for programming changes to the COIN system in FY 1999-00. It is estimated that it will take 915 hours at a rate of $65/hour to perform the needed program changes (coding applicants, counting discontinuances, tracking disqualification periods, and reporting). The source of funding is the OAP Fund.

Program Savings. Savings in assistance payments will be realized in FY 1999-00 and beyond (the pilot program is repealed July 1, 2003). Total savings for FY 1999-00 are estimated at $26,641, and will be achieved because participants will: (1) lose benefits for failure to cooperate; or (2) fail to qualify for benefits based on earned income. [See Facts and Assumptions Section of this fiscal note.]

<table>
<thead>
<tr>
<th>PROGRAM SAVINGS</th>
<th>FY 1998-99</th>
<th>FY 1999-00</th>
<th>FY 2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAP-A</td>
<td>0</td>
<td>5,532</td>
<td>128,893</td>
</tr>
<tr>
<td>OAP-B</td>
<td>0</td>
<td>7,495</td>
<td>123,656</td>
</tr>
<tr>
<td>AND-SO</td>
<td>0</td>
<td>13,614</td>
<td>320,898</td>
</tr>
<tr>
<td>TOTAL PROGRAM SAVINGS</td>
<td>$0</td>
<td>$26,641</td>
<td>$573,447</td>
</tr>
<tr>
<td>OAP Fund</td>
<td></td>
<td>13,027</td>
<td>252,549</td>
</tr>
<tr>
<td>General Fund</td>
<td></td>
<td>10,891</td>
<td>256,718</td>
</tr>
<tr>
<td>County Funds</td>
<td></td>
<td>2,723</td>
<td>64,180</td>
</tr>
</tbody>
</table>

Division of Vocational Rehabilitation. The bill provides that, if appropriate, the career center shall refer persons to the division for any functional or medical assessments necessary to determine the person’s skills and employability. It is unknown how many clients would be referred to the division for assessment until the pilot locations have been determined and the screening tool has been developed by the one-stop career centers. The assessment cost averaged $220 per client and vocational rehabilitation services averaged $1,049 per client for FY 1996-97. Costs for FY 1999-00 cannot be estimated at this time.
Department of Health Care Policy and Financing (DHCPF). No new funding is required in FY 1998-99. The department will require a total of $586,621 in General Fund to implement the bill’s provisions in FY 1999-00. Savings and costs will be incurred accordingly:

Nonparticipation in the Employment Plan or Failure to Show Good Cause. OAP-A and OAP-B recipients will lose their eligibility for medical benefits if they fail to follow through with their employment plan or establish good cause. For FY 1999-00, it is estimated that 7 OAP-A recipients and 4 OAP-B recipients will lose their medical benefits, resulting in $39,109 in total savings (based on an average per capita cost of $2,511 for OAP-A recipients and $5,383 for OAP-B recipients). Savings are estimated at $114,230 for FY 2000-01.

Loss of Medical Benefits Due to Increased Income from Employment. It is estimated that 2 OAP-A recipients and 2 OAP-B recipients will lose their eligibility for medical benefits due to employment in FY 1999-00, with savings identified at $15,788. Savings are estimated at $305,049 in FY 2000-01.

Transitional-Plus Medicaid Buy-In Program for AND-SO Recipients. The bill provides that AND-SO recipients participating in the pilot program have the option of purchasing medical coverage through Transitional-Plus, regardless if they are employed or not. This fiscal note assumes that all AND-SO clients participating in the employment program will also participate in Transitional-Plus, and that clients will not pay any premiums but will be subject to minimal copays. For FY 1999-00 it is estimated that there will be 189 AND-SO recipients participating in Transitional-Plus at an average annual cost of $3,322, for a total cost of $627,858 General Fund. FY 2000-01 costs are estimated at $2,026,528. The fiscal note assumes that by FY 2000-01, DHCPF will receive a waiver for the program and costs will be approximately 50 percent General Fund and 50 percent federal funds ($996,646 GF and $1,029,882 FF). The fiscal note is predicated on the fact that Transitional-Plus will include a more limited benefit package than Medicaid and will not include long-term care or mental health benefits.

Transitional-Plus Medicaid Buy-In Program for Employed OAP-A, OAP-B, and AND-SO Recipients. The bill allows clients ineligible for medical assistance due to employment and without access to employer-sponsored health coverage the opportunity to participate in Transitional-Plus. It is estimated that all participants in the employment pilot will be working part-time and not offered health insurance through their employer. Thus, all clients who gain employment will participate in Transitional-Plus. For FY 1999-00, it is estimated that 2 OAP-A and 2 OAP-B recipients will participate in the program at a cost of $13,660 General Fund. FY 2000-01 costs are estimated at $604,287 and include 69 OAP-A, 23 OAP-B, and 91-AND-SO clients. The fiscal note assumes that by FY 2000-01, DHCPF will receive a waiver for the program and costs will be approximately 50 percent General Fund and 50 percent federal funds ($297,188 GF and $307,099 FF).

Department of Labor and Employment. Although the department will have involvement with the pilot program, it has indicated that all costs associated with its activities can be absorbed within existing resources.
Local Government Impact

There is no fiscal impact to the counties in FY 1998-99. The cost in FY 1999-00 is estimated at $341,467, which reflects the counties' 20 percent share.

Spending Authority

The bill does not require an appropriation for FY 1998-99, although both the Department of Human Services and the Department of Health Care Policy and Financing will require new moneys in FY 1999-00 as indicated below:

Department of Human Services — Total  $3,341,139
   General Fund  1,633,801
   OAP Fund  1,365,870
   Cash Funds Exempt - County Funds  341,467
   FTE  1.0

Department of Health Care Policy and Financing — Total  $586,621
   General Fund  614,520
   Federal Funds  (27,899)

Departments Contacted

Human Services
Health Care Policy and Financing
Labor and Employment
FACTS AND ASSUMPTIONS

Assumptions — Department of Human Services

1. The self-sufficiency employment demonstration pilot program will include urban and rural areas: (1) the City and County of Denver, (2) Mesa County, (3) Weld County, and (4) Pueblo County.

2. Assumes 19.3% of the OAP-B and 15.9% of the OAP-A populations are not prevented from working due to a disability. This percentage of each population's new applicants will be given a mandatory referral to Employment One by the county technician for an assessment.

3. Assumes 5% of OAP populations referred to Employment One will lack "good cause" exemption and will be denied assistance.

4. Assumes 9.5% of OAP-B and 2.1% of OAP-A will be "job ready" and placed in employment within 2 months, work 30 hours per week at $6.50/hour, and earn $838.50 gross income per month.

5. Assumes 9.8% of OAP-B and 13.8% of OAP-A will require additional training and be placed in employment within 6 months.

6. Assumes 44% of AND-SO recipients will be ineligible for SSI and referred to Employment One.

7. Assumes 5% of AND-SO caseload referred to Employment One will lack "good cause" exemption and will be denied assistance.

8. Assistance payments program savings — 2 persons per month in OAP-A, 2 persons per month in OAP-B, and 4 persons per month in AND-SO will lose benefits for failure to cooperate; 9 persons per month in OAP-A will get a job within 6 months and 9 persons per month will get a job after 6 months; 2 persons per month in OAP-B will get a job within 6 months and 2 persons per month will get a job after 6 months; and 14 persons per month in AND-SO will get a job within 6 months and 14 persons per month will get a job after 6 months.
## Assumptions — Health Care Policy and Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>OAP-A</th>
<th>OAP-B</th>
<th>AND-SO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approvals per month</td>
<td>222</td>
<td>57</td>
<td>158</td>
</tr>
<tr>
<td>Proportion with no claimed disability</td>
<td>15.9%</td>
<td>19.3%</td>
<td>0%</td>
</tr>
<tr>
<td>Number of persons with no disability or no SSI-related disability for AND-SO cases</td>
<td>35</td>
<td>11</td>
<td>70</td>
</tr>
<tr>
<td>People taken off program for failure to cooperate (5%)</td>
<td>33</td>
<td>10</td>
<td>66</td>
</tr>
<tr>
<td>People reporting for assessment</td>
<td>2.1%</td>
<td>9.5%</td>
<td>0%</td>
</tr>
<tr>
<td>Proportion of people job ready who get employed within 2 months</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Number of persons getting jobs in two months</td>
<td>32</td>
<td>9</td>
<td>66</td>
</tr>
<tr>
<td>People remaining with Employment One</td>
<td>13</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Number of volunteers (0.1% of ongoing caseload)</td>
<td>45</td>
<td>12</td>
<td>68</td>
</tr>
<tr>
<td>All persons with Employment One</td>
<td>9</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Number of persons getting jobs within 6 months (20%)</td>
<td>$2,511</td>
<td>$5,383</td>
<td>$0</td>
</tr>
<tr>
<td>Average per capita cost for those Medicaid eligible (FY 99-00)</td>
<td>$2,525</td>
<td>$4,520</td>
<td>$3,488</td>
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