

# Fiscal Note

**BILL #** HB 2800

**TITLE:** concurrent coursework; average daily membership

**SPONSOR:** Diaz

**STATUS:** As Introduced

**PREPARED BY:** Patrick Moran

## Description

The bill would increase the cap on Average Daily Membership (ADM) used for K-12 Basic State Aid calculations for students in concurrent enrollment programs from 1.0 to 1.25.

## Estimated Impact

We estimate the bill could increase General Fund costs by \$2.7 million to \$6.2 million annually for K-12 Basic State Aid and community college state aid. We consider these amounts to be speculative, as we lack detailed data on current participation in concurrent coursework. We also do not know how many schools would be induced to establish such programs as a result of the extra funding available under the bill.

The Department of Education (ADE) does not have an estimate of the impact of the bill.

## Analysis

A.R.S. § 15-901.07 defines "concurrent coursework" as courses at a community college or a university that satisfy high school graduation requirements. School districts and charter schools include concurrent coursework in their student counts and receive 1/8 of Average Daily membership for each 3-credit community college or university course, except that no student may receive more than 1.0 ADM. Districts and charter schools are required to pay the community college or university the tuition cost of the coursework.

The bill would permit school districts to receive up to 1.25 ADM for students with concurrent coursework. It would also require the student to receive at least a C grade in the course to be counted in ADM. We lack data on the number of high school students with 1 or more concurrent courses or on their grades in such courses. As a result, we attempt to estimate the potential for concurrent enrollment based on participation in other programs for college credit.

According to ADE, there were 36,587 students who took an Advanced Placement (AP) exam, International Baccalaureate (IB) exam, or Cambridge exam during the 2018-2019 school year, of whom 13,505 received a passing score. We anticipate that participation in concurrent enrollment would be lower than AP and other similar courses for 2 reasons:

- Schools may be less likely to offer concurrent enrollment programs given the requirement to pay full cost of community college or university tuition on behalf of the student. No such requirement exists for AP courses.
- Students may be less likely to enroll in such courses since they would have to attend community college or university courses at the site of the community college or university instead of their regular high school. AP courses occur at the site of the regular high school.

If the number of students who enroll in current coursework and receive at least a grade of C is 10% of the number of students receiving a passing score on an AP exam based on the above factors, the total student population eligible for the 0.25 ADM increase would be 1,351. The maximum Basic State Aid cost increase for such students would be approximately \$2.4 million (1,351 students X 0.25 ADM X \$7,200 average cost per ADM = \$2.4 million).

(Continued)



Another college credit program that may indicate participation levels in concurrent coursework is dual enrollment programs. Dual enrollment courses are community college courses that are taught at the high school during the school day by a high school instructor (A.R.S. § 15-1821.01). For FY 2021, the Arizona Auditor General reported that Arizona high school students generated Full-Time Student Equivalent (FTSE) of 7,751. By comparison, under A.R.S. § 15-1401 a full-time equivalent student (FTSE) is defined as a student with at least 15 credits per semester. Assuming that each participant takes a single 3-credit course, the maximum student head count associated with the 7,751 FTSE would be 38,755 ( $7,751 \text{ FTSE} / 0.2 \text{ FTSE per student} = 38,755$ ). We do not have data on what share of students receive at least a C grade in such courses.

As with AP courses, we expect participation in concurrent enrollment would be lower than dual enrollment, primarily because the concurrent enrollment course would require the student to attend a course at a location that is different from their regular high school. If concurrent enrollment is 10% of participation in dual enrollment, and if 80% of dual enrollment students receive a grade of C or higher, the implied participation in concurrent coursework would be 3,100 ( $38,755 \times 80\% \text{ with C grade} \times 10\% \text{ participation} = 3,100$ ). If all 3,100 participants received the full 0.25 ADM increase, the Basic state Aid cost increase would be \$5.6 million ( $3,100 \times 0.25 \text{ ADM} \times \$7,200 \text{ average BSA cost} = \$5.6 \text{ million}$ ).

The 1,351 to 3,100 participation level assumed above would also generate funding increases for rural community colleges via the operating state aid and STEM and workforce program aid. We estimate those expenses could range from \$262,000 to \$602,000 annually.

#### **Local Government Impact**

The bill may increase school district funding by \$2.4 million to \$5.6 million annually and community college state aid by \$262,000 to \$602,000 annually, as referenced above.

2/24/22