

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF BUDGET BRIEFING  
DEPARTMENT OF EDUCATION**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
Craig Harper, JBC Staff  
December 17, 2015**

For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

**TABLE OF CONTENTS**

Department Overview .....	1
Department Budget: Recent Appropriations.....	3
Department Budget: Graphic Overview .....	4
General Factors Driving the Budget .....	6
Summary: FY 2015-16 Appropriation and FY 2016-17 Request.....	13
Issues:	
School Finance Act Funding Projections.....	16
Categorical Buyout – Refusal to Pay - Legislative Recommendation.....	30
Reinstating the Contingency Reserve Fund – Legislative Recommendation.....	35
Informational Issue: School Finance Formula Case Studies .....	37
B.E.S.T. Program Funding and Revenues .....	46
Informational Issue: Federal E.S.E.A. Reauthorization.....	54
Informational Issue: Educator Licensure Fee Increase.....	57
Informational Issue: <i>Dwyer v. Colorado</i> Supreme Court Decision.....	61
Appendices:	
A - Numbers Pages	
B – Recent Legislation Affecting Department Budget	
C - Update on Long Bill Footnotes and Requests for Information	
D – SMART Act Annual Performance Report	
E – School Finance Formula Case Study Calculations	
F – FY 2015-16 Approved B.E.S.T. Cash Grants	

## DEPARTMENT OF EDUCATION

### Department Overview

The Commissioner of Education, who is appointed by the State Board of Education, is the chief state school officer and executive officer of the Department of Education. The Commissioner and department staff, under the direction of the elected members of the State Board of Education, have the following responsibilities:

- Supporting the State Board in its duty to exercise general supervision over public schools and K-12 educational programs operated by state agencies, including appraising and accrediting public schools, school districts, and the State Charter School Institute (Institute);
- Developing and maintaining state academic standards, and administering the associated Colorado student assessment program;
- Annually accrediting school districts and the Institute and making education accountability data available to the public;
- Administering the public school finance act and distributing federal and state moneys appropriated or granted to the Department for public schools;
- Administering educator licensure and professional development programs;
- Administering education-related programs, including services for children with special needs, services for English language learners, the Colorado preschool program, public school transportation, adult basic education programs, and various state and federal grant programs;
- Supporting the State Board in reviewing requests from school districts for waivers of state laws and regulations and in serving as the appellate body for charter schools;
- Promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind and physically disabled; and
- Maintaining the Colorado virtual library and the state publications library.

The Department also includes three “type 1”<sup>1</sup> agencies:

---

<sup>1</sup> Pursuant to Section 24-1-105 (1), C.R.S., a type 1 agency exercises its prescribed powers and duties independently of the head of the department.

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

- A seven-member Board of Trustees that is responsible for managing the Colorado School for the Deaf and the Blind, located in Colorado Springs;
- A nine-member State Charter School Institute Board that is responsible for authorizing and monitoring the operations of “institute charter schools” located within certain school districts; and
- A nine-member Public School Capital Construction Assistance Board that is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization and allocation of state financial assistance for school construction projects.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

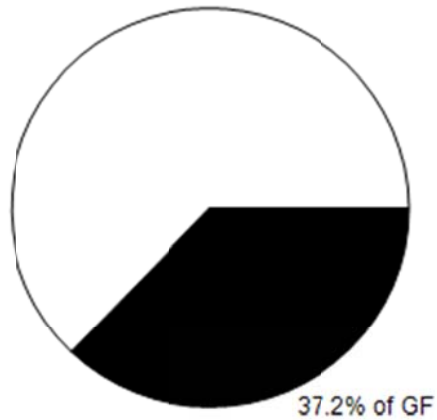
**Department Budget: Recent Appropriations**

<b>Funding Source</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17 *</b>
General Fund	\$3,153,841,621	\$3,357,973,487	\$3,567,985,216	\$3,793,010,882
Cash Funds	895,916,330	1,192,935,611	1,186,095,361	1,074,221,228
Reappropriated Funds	30,459,207	61,142,113	29,757,276	29,645,930
Federal Funds	<u>625,583,593</u>	<u>636,310,925</u>	<u>650,649,929</u>	<u>651,357,009</u>
<b>Total Funds</b>	<b>\$4,705,800,751</b>	<b>\$5,248,362,136</b>	<b>\$5,434,487,782</b>	<b>\$5,548,235,049</b>
Full Time Equiv. Staff	563.8	582.0	598.8	603.3

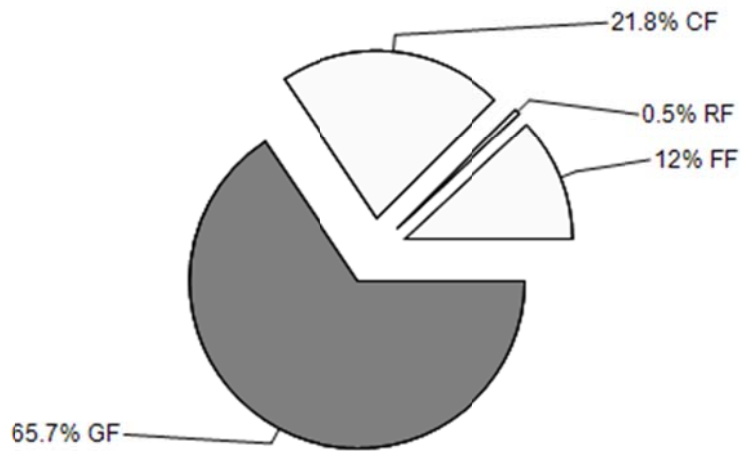
\*Requested appropriation.

## Department Budget: Graphic Overview

**Department's Share of Statewide  
General Fund**

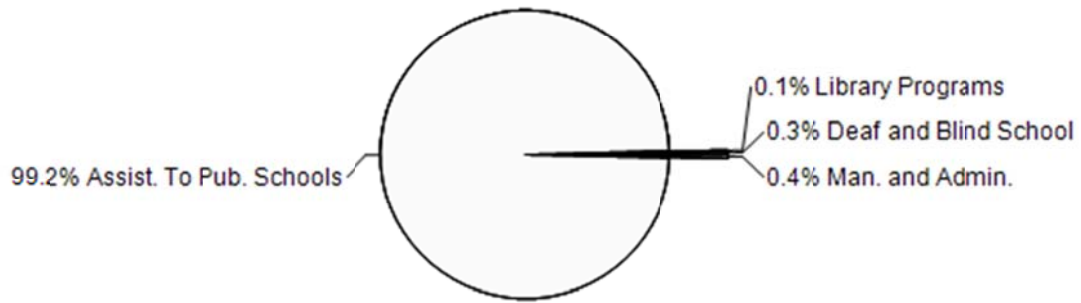


**Department Funding Sources**

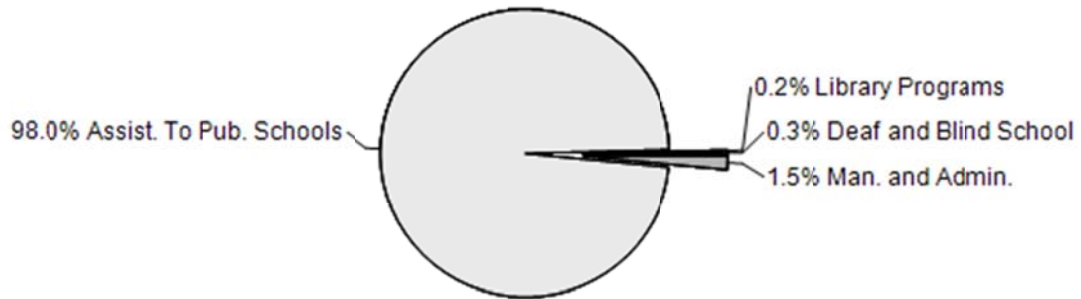


All charts are based on the FY 2015-16 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2015-16 appropriation.

## **General Factors Driving the Budget**

The Governor’s FY 2016-17 request for the Department of Education consists of 68.4 percent General Fund, 19.4 percent cash funds, 11.7 percent federal funds, and 0.5 percent reappropriated funds. Although local government revenues provide a significant source of funding for K-12 education in Colorado (the Governor’s request assumes \$2.2 billion in FY 2016-17), local funds are not reflected in the State’s annual appropriations to the Department of Education. The following sections discuss two major factors driving the Department’s budget: public school finance and categorical programs.

### **Public School Finance**

Section 2 of Article IX of the State Constitution requires the General Assembly to provide for the “establishment and maintenance of a thorough and uniform system of free public schools throughout the state”. To comply with this provision, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities statewide. The school finance formula allocates funds among school districts by calculating a per-pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same *statewide base per-pupil funding* amount for every school district (\$6,292 per pupil for FY 2015-16). The formula then adds to this statewide base per-pupil funding amount for each district based on *factors* that affect districts’ costs of providing educational services. Thus, per-pupil funding allocations vary for each district. For FY 2015-16, based on the current appropriation, per-pupil funding allocations are anticipated to range from \$6,830 to \$16,636, with a statewide average of \$7,294 per pupil. Each district’s per-pupil funding allocation is multiplied by its funded-pupil count to determine its *total program funding*, which includes state and local funds. For FY 2015-16, pursuant to the formula, a total of \$6.2 billion in state and local funds will be allocated among school districts.

### Constitutional Inflationary Requirement (Amendment 23)

Section 17 of Article IX of the Colorado Constitution requires the General Assembly to provide annual inflationary increases in the statewide base per-pupil funding amount. For FY 2001-02 through FY 2010-11, this amount was required to increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and subsequent fiscal years, this amount must increase annually by at least the rate of inflation. For example, for FY 2015-16, the General Assembly was required to increase the statewide base per-pupil funding amount by at least \$171 (from \$6,121 to \$6,292, or 2.8 percent), based on the actual 2.8 percent increase in the Denver-Boulder consumer price index in calendar year 2014. Given an estimated funded-pupil count of more than 855,000, the General Assembly was thus required to provide a minimum of \$5.4 billion in state and local funds for base per pupil funding in FY 2015-16, equal to 86.3 percent of the \$6.2 billion in total program funding.



*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

Factors Considered in Public School Finance Formula

The remaining 13.7 percent of state and local funds that will be allocated among school districts in FY 2015-16 is driven by other factors in the statutory school finance formula that add to the base per-pupil funding for each district by varying amounts to account for individual district characteristics. The formula includes three primary factors.

- *Cost of Living Factor* - Recognizes that the cost of living in a community affects the salaries required to attract and retain qualified personnel.
- *Size Factor* – Compensates districts lacking enrollment-based economies of scale.
- *At-risk Factor* – Provides additional funding for districts serving students who may be at risk of failing or dropping out of school. The formula utilizes a proxy to estimate the number of at-risk students: the number and concentration (percentage) of students who are either eligible for free lunch under the federal school lunch program or English language learners.

In addition, the school finance formula requires a *minimum level of per-pupil funding* (\$6,920 per pupil in FY 2015-16<sup>2</sup>), regardless of the impact of the above factors. For FY 2015-16, 13 districts are anticipated to receive funding based on this minimum level of per-pupil funding. The School Finance Act also provides a *fixed amount of funding per pupil* (established at \$6,667<sup>3</sup> for FY 2015-16) *for two types of students*:

- students receiving full-time, on-line instruction through a multi-district program; and
- students in their fifth year of high school who are participating in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program.

Finally, since FY 2010-11 the formula has included a *negative factor* designed to reduce districts' total program funding to a specified total amount. For FY 2015-16, this factor is estimated to be -12.1 percent, requiring an \$855.2 million reduction in the total program funding that would otherwise be provided under the School Finance Act. Thus, the Department is calculating total program funding for each district based on the formula and factors described above (statewide base per-pupil funding, cost of living, size, and at-risk factors) and then reducing each district's resulting total program funding by 12.1 percent<sup>4</sup>. Because Amendment 23 (discussed above) prohibits reductions in base per-pupil funding, the negative factor effectively reduces the funding attributed the other formula factors, as illustrated in the graphic on the next page.

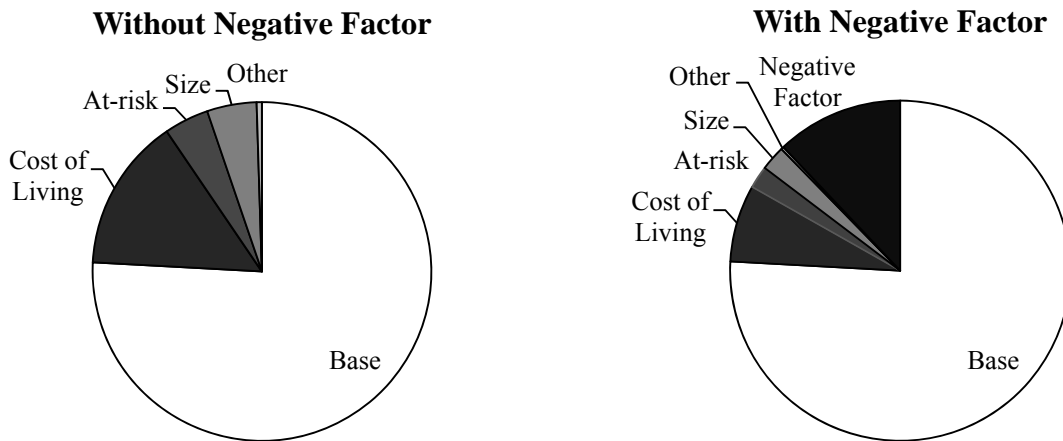
---

<sup>2</sup> This amount is calculated after the application of the negative factor (discussed in the next paragraph).

<sup>3</sup> This amount is calculated after the application of the negative factor (discussed in the next paragraph).

<sup>4</sup> Please note that for some districts, this reduction exceeds the state share of total program funding. In such cases, the reduction in total program funding is limited to the state share of funding.

**Total Program Funding by Component: FY 2015-16**



Determining the State and Local Shares of Funding

Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property and specific ownership taxes provide the first source of revenue for each district's total program funding. Property taxes are based on each district's tax rate (the mill levy) and the portion of property that is taxable (the assessment rate)<sup>5</sup>. Specific ownership taxes are paid when registering a motor vehicle. Because each school district collects and expends local property and specific ownership taxes, the revenues are not reflected in the state budget. Rather, estimated local revenues are used to calculate the necessary state share of funding for each district because the General Assembly appropriates state funding to fill the gap between local tax revenues and each district's total program funding. The state budget reflects only the state funding. The current FY 2015-16 appropriation assumes that \$2.1 billion in local tax revenues will be available to support public schools pursuant to the statutory school finance formula. Thus, the General Assembly appropriated \$4.1 billion in state funding for FY 2015-16 to provide a total of \$6.2 billion for school district operations.

Two constitutional provisions, combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues available for public school operations:

- In 1982, voters approved a property tax reform measure that included a provision (generally called the "Gallagher amendment"<sup>6</sup>) which initially reduced the residential assessment rate from 30.0 percent to 21.0 percent, and capped the residential share of property taxes.
- In 1992, voters approved the Taxpayer's Bill of Rights (TABOR<sup>7</sup>). Prior to TABOR, local governments could generally collect and spend the same amount of property tax revenue

<sup>5</sup> One "mill" equals one-tenth of one percent (0.001). For example, for a property with an actual value of \$100,000 and an assessed value of \$7,960 (based on the 7.96 percent assessment rate for residential property), each mill of tax raises \$7.96.

<sup>6</sup> See Article X, Section 3 (1) (b) of the State Constitution.

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

each year by periodically increasing or decreasing mill levies. With respect to school district property taxes, TABOR: (1) imposes a property tax revenue limit based on inflation and changes in student enrollment; (2) prohibits districts from increasing a mill levy without voter approval; and (3) requires voter approval for any increase in the assessment rate for a class of property.

As a result of the combined impact of the Gallagher amendment and TABOR, the residential assessment rate has declined from 30.00 percent to 7.96 percent (to keep the residential share of property tax revenues at about 47.0 percent); school district mill levies have declined from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to increase. Specifically, from CY 1988 to FY 2006-07, the state share of funding rose from 43 percent to 64 percent, while the local share fell from 57 percent to 36 percent.

Senate Bill 07-199 changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding. Due to the passage of S.B. 07-199 and increases in assessed valuation, the state share of funding (as a percentage of the total program) decreased in FY 2007-08 (to 62.2 percent). Subsequently, due to changes in assessed valuation, the state share has increased and is projected to provide 65.9 percent of total program funding in FY 2015-16.

In summary, several factors affect the amount of state funding appropriated for public school finance, including:

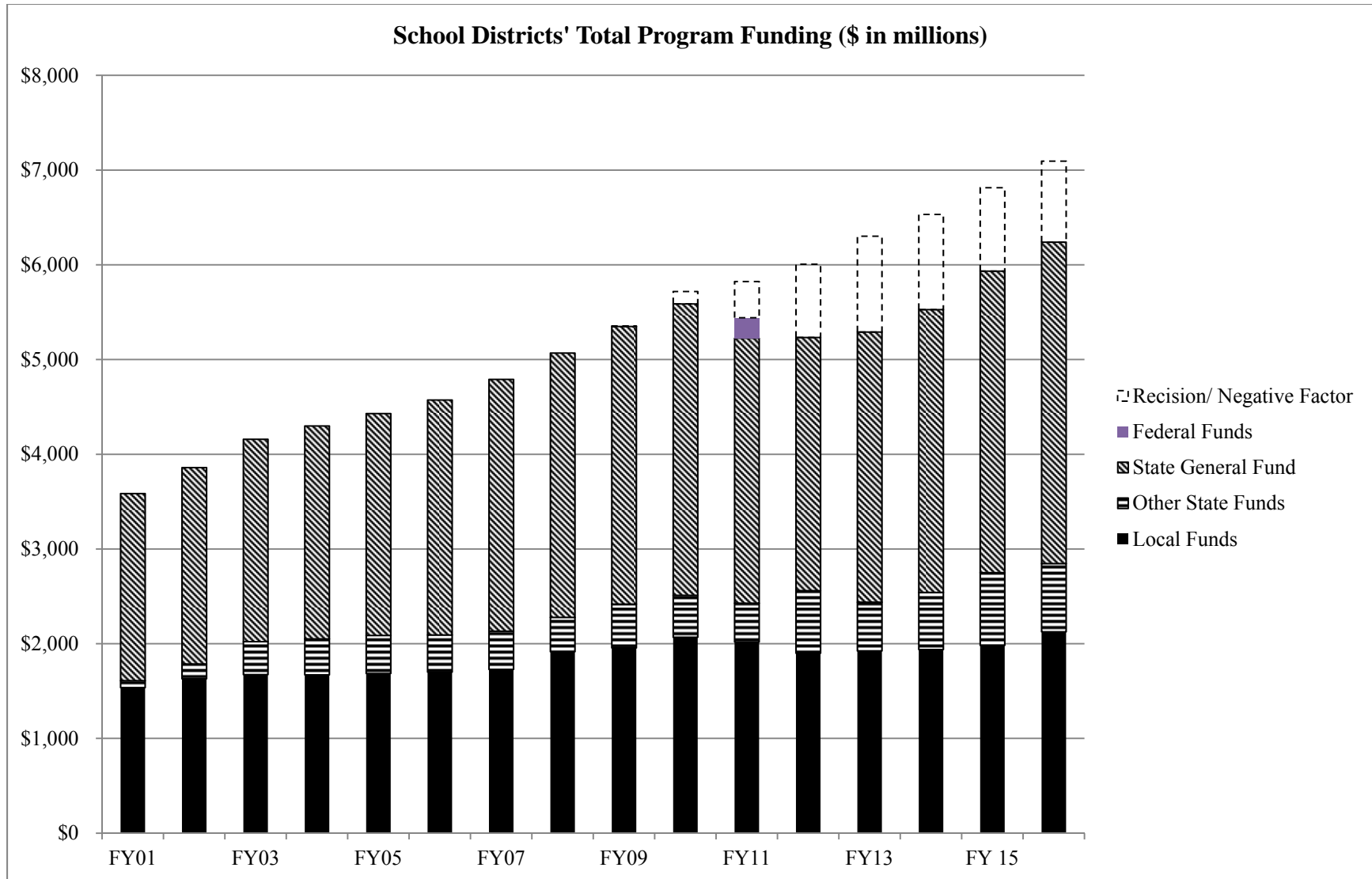
- The number of pupils enrolled in public schools, including: children attending state-supported preschool programs; students enrolled in full-time on-line programs; and students participating in the ASCENT program;
- The rate of inflation;
- Changes in the relative cost-of-living in various regions of the state;
- The number of at-risk students enrolled in public schools;
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues; and
- Changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state-aid for each district.

The graphic below illustrates school districts' total program funding, by fund source, from FY 2000-01 through FY 2015-16. The stacked bar segments outlined with a dotted line illustrate the mid-year recisions required in FY 2008-09 and FY 2009-10 due to insufficient state funds, as well as the impact of the negative factor in subsequent fiscal years. The graphic is followed by key data related to school finance funding for the last five fiscal years, as well as appropriations for FY 2015-16.

---

<sup>7</sup> See Article X, Section 20 of the State Constitution.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>School Districts' Total Program Funding: Key Data</b>						
<b>Description</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Approp.</b>	<b>FY 2015-16 Approp.</b>
<b>Funded Pupil Count</b>	<b>798,600</b>	<b>808,139</b>	<b>817,645</b>	<b>830,831</b>	<b>844,546</b>	<b>855,433</b>
<i>Annual Percent Change</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.6%</i>	<i>1.7%</i>	<i>1.3%</i>
<i>Change in Denver-Boulder Consumer Price Index for Previous Calendar Year</i>	<i>(0.6%)</i>	<i>1.9%</i>	<i>3.7%</i>	<i>1.9%</i>	<i>2.8%</i>	<i>2.8%</i>
Statewide <u>Base</u> Per Pupil Funding	<b>\$5,530</b>	<b>\$5,635</b>	<b>\$5,843</b>	<b>\$5,954</b>	<b>\$6,121</b>	<b>\$6,292</b>
<i>Annual Percent Change</i>	<i>0.4%</i>	<i>1.9%</i>	<i>3.7%</i>	<i>1.9%</i>	<i>2.8%</i>	<i>2.8%</i>
Statewide <u>Average</u> Per Pupil Funding	<b>\$6,814</b>	<b>\$6,474</b>	<b>\$6,480</b>	<b>\$6,652</b>	<b>\$7,026</b>	<b>\$7,294</b>
<i>Annual Percent Change</i>	<i>(3.7%)</i>	<i>(5.0%)</i>	<i>0.1%</i>	<i>2.7%</i>	<i>5.6%</i>	<i>3.8%</i>
<b>Total Program Funding<sup>1</sup></b>	<b>\$5,441,412,219</b>	<b>\$5,232,445,847</b>	<b>\$5,297,963,176</b>	<b>\$5,526,933,750</b>	<b>\$5,933,444,389</b>	<b>\$6,239,564,775</b>
<i>Annual Percent Change</i>	<i>(2.6%)</i>	<i>(3.8%)</i>	<i>1.3%</i>	<i>4.3%</i>	<i>7.4%</i>	<i>5.2%</i>
<u>Local Share</u> of Total Program Funding	\$2,018,856,003	\$1,900,524,532	\$1,918,248,885	\$1,938,833,490	\$1,982,831,906	\$2,126,243,629
<i>Annual Percent Change</i>	<i>(2.4%)</i>	<i>(5.9%)</i>	<i>0.9%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>7.2%</i>
<u>Federal Funds</u> allocated based on School Finance Act formula	\$216,358,164					
<b>State Share of Total Program Funding</b>	<b>\$3,206,198,052</b>	<b>\$3,331,921,314</b>	<b>\$3,379,714,291</b>	<b>\$3,588,100,260</b>	<b>\$3,950,612,483</b>	<b>\$4,113,321,146</b>
<i>Annual Percent Change</i>	<i>(8.9%)</i>	<i>3.9%</i>	<i>1.4%</i>	<i>6.2%</i>	<i>10.1%</i>	<i>4.1%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>58.9%</i>	<i>63.7%</i>	<i>63.8%</i>	<i>64.9%</i>	<i>66.6%</i>	<i>65.9%</i>

<sup>1</sup> These figures reflect total program funding after application of the negative factor.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

**Categorical Programs**

Categorical programs serve particular groups of students (*e.g.*, students with limited proficiency in English) or particular student needs (*e.g.*, transportation). Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program.

However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs (in aggregate) annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2014 the percentage change in the Denver-Boulder consumer price index was 2.8 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$7,792,139) for FY 2015-16.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$143.9 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally-required amount, resulting in appropriations that are now \$62.6 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$143.9 million increase since FY 2000-01 among categorical programs.

<b>Increases in State Funding for Categorical Programs Since FY 2000-01</b>				
<b>Long Bill Line Item</b>	<b>FY 2000-01 Appropriation</b>	<b>FY 2015-16 Appropriation</b>	<b>Total Increase in Annual Appropriation of State Funds Since FY 2000-01</b>	
Special education - children with disabilities	\$71,510,773	\$165,235,405	\$93,724,632	131.1%
English Language Proficiency Program	3,101,598	18,142,924	15,041,326	485.0%
Public school transportation	36,922,227	55,597,261	18,675,034	50.6%
Career and technical education programs	17,792,850	25,436,648	7,643,798	43.0%
Special education - gifted and talented children	5,500,000	12,095,065	6,595,065	119.9%
Expelled and at-risk student services grant program	5,788,807	7,493,560	1,704,753	29.4%
Small attendance center aid	948,140	1,076,550	128,410	13.5%
Comprehensive health education	600,000	1,005,396	405,396	67.6%
<b>Total</b>	<b>\$142,164,395</b>	<b>\$286,082,809</b>	<b>\$143,918,414</b>	<b>101.2%</b>

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

**Summary: FY 2015-16 Appropriation & FY 2016-17 Request**

<b>Department of Education</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2015-16 Appropriation</b>						
SB 15-234 (Long Bill)	\$5,395,441,471	\$3,542,723,792	\$1,172,310,474	\$29,757,276	\$650,649,929	598.0
SB 15-267 (School Finance)	30,000,000	25,000,000	5,000,000	0	0	0.0
Other Legislation	<u>9,046,311</u>	<u>261,424</u>	<u>8,784,887</u>	<u>0</u>	<u>0</u>	<u>0.8</u>
<b>TOTAL</b>	<b>\$5,434,487,782</b>	<b>\$3,567,985,216</b>	<b>\$1,186,095,361</b>	<b>\$29,757,276</b>	<b>\$650,649,929</b>	<b>598.8</b>
<b>FY 2016-17 Requested Appropriation</b>						
FY 2015-16 Appropriation	\$5,434,487,782	3,567,985,216	\$1,186,095,361	\$29,757,276	\$650,649,929	598.8
R1 Total program increase	115,138,656	223,848,027	(108,709,371)	0	0	0.0
R2 Categorical programs increase	5,149,491	0	5,149,491	0	0	0.0
R3 CPP tax checkoff	72,025	0	0	72,025	0	0.0
R4 CSDB teacher salary adjustment	229,685	229,685	0	0	0	0.0
NP1 Resources for administrative courts	13,081	0	0	13,081	0	0.0
NP2 Annual fleet vehicle request	1,833	1,833	0	0	0	0.0
NP3 FY 2016-17 Secure Colorado	19,694	19,694	0	0	0	0.0
Annualize HB 15-1367 (Retail Marijuana Taxes)	4,000,000	0	4,000,000	0	0	0.0
Centrally appropriated line item adjustments	1,550,646	501,479	514,186	(180,012)	714,993	0.0
Annualize prior year legislation	(10,234,398)	(15,573)	(10,218,825)	0	0	(0.2)
Annualize prior year budget actions	<u>(2,193,446)</u>	<u>440,521</u>	<u>(2,609,614)</u>	<u>(16,440)</u>	<u>(7,913)</u>	<u>4.7</u>
<b>TOTAL</b>	<b>\$5,548,235,049</b>	<b>\$3,793,010,882</b>	<b>\$1,074,221,228</b>	<b>\$29,645,930</b>	<b>\$651,357,009</b>	<b>603.3</b>
<b>Increase/(Decrease)</b>	\$113,747,267	\$225,025,666	(\$111,874,133)	(\$111,346)	\$707,080	4.5
Percentage Change	2.1%	6.3%	(9.4%)	(0.4%)	0.1%	0.8%

**Issue Descriptions**

**R1 Total program increase:** The request includes a net increase of \$115.1 million total funds for appropriations related to school finance (including an increase of \$223.8 million General Fund that is partially offset by a decrease of \$108.7 million cash funds). The total increase includes \$115.0 million total funds for the State Share of Districts' Total Program line item and an increase of \$148,164 cash funds from the State Education Fund for the Hold-harmless Full-day Kindergarten Funding line item. Based on the Governor's assumptions regarding local revenues anticipated to be available in FY 2016-17, the request would increase the negative factor by \$50.0 million (from \$855.2 million in FY 2015-16 to \$905.2 million in FY 2016-17).

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

The request does not specify a targeted negative factor in FY 2017-18 or subsequent years. See the first issue paper in this document for further discussion of school finance projections for FY 2016-17 and the Governor's request.

**R2 Categorical programs increase:** Categorical programs serve particular groups of students or particular student needs. Amendment 23 requires the General Assembly to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2016-17. The request, based on the OSPB-projected inflation rate for CY 2015 (1.8 percent), seeks an increase of \$5,149,491 in additional funding from the State Education Fund for categorical programs in FY 2016-17. The request specifies the allocation of the additional funds among the following five categorical programs: \$3,243,355 for special education for children with disabilities; \$408,033 for English language proficiency programs; \$993,698 for public school transportation; \$377,783 for vocational education; and \$126,622 for educational services for gifted and talented children. See Appendix C for a discussion of the Department's response to a request for information associated with categorical program funding.

**R3 CPP tax checkoff:** The request includes an increase of \$72,025 in reappropriated funds to provide training and professional development to Colorado Preschool Program (CPP) providers in an effort to enhance literacy and mathematics instruction in CPP classrooms. According to the Department, the funds were collected in tax year 2013 as a result of a voluntary tax checkoff authorized in S.B. 11-109 (Public Education Fund Tax Checkoff) and transferred to the Public Education Fund created in that bill.

**R4 CSDB salary adjustment:** The request includes an increase of \$229,685 in General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB's salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2015-16 (the CSDB salaries lag District 11 salaries by one year), the request includes: (1) a net increase of \$127,988 to reflect the placement of teachers on the revised District 11 salary schedule for FY 2015-16; and (2) an increase of \$101,697 to support a one-time 4.0 percent across-the-board pay increase in alignment with an increase provided by District 11 for FY 2015-16.

**NP1 Resources for administrative courts:** The request includes a net increase to cover the Department's share of costs for the Administrative Courts in the Department of Personnel. *This request was addressed in a separate staff briefing for the Department of Personnel on December 9, 2015.*

**NP2 Annual fleet vehicle request:** The request includes a net increase in vehicle lease payments for the Colorado School for the Deaf and the Blind (CSDB). *The statewide vehicle lease payment request was addressed in a separate staff briefing for the Department of Personnel on December 9, 2015.*

**NP3 FY 2016-17 Secure Colorado:** The request seeks an increase of \$19,694 in General Fund for FY 2016-17 to cover the Department's share of costs for the Office of Information Technology's implementation of advanced information security analytics capabilities.



**Annualize HB 15-1367 (Retail Marijuana Taxes):** The request includes an increase of \$4.0 million cash funds to annualize the impact of H.B. 15-1367, which appropriates a total of \$6.0 million to the Department of Education *in FY 2015-16*, including: (1) \$2.0 million from the Proposition AA Account of the General Fund appropriated to the School Bullying and Prevention Cash Fund (which is continuously appropriated to the Department of Education); and (2) \$2.0 million from the Proposition AA Account of the General Fund appropriated to the Student Re-engagement Grant Program Fund, which is then reappropriated to the Department for use in FY 2015-16. The appropriations for FY 2015-16 are contingent on voter approval of Proposition BB during the 2015 election, which took place after the submission of the FY 2016-17 budget request. The Department's request did not include the \$6.0 million in the current FY 2015-16 appropriation. Thus, while the \$4.0 million is reflected as an increase in the Department's request it is actually a continuation of the funding appropriated in H.B. 15-1367 for the current year that is contingent on passage of Proposition BB.

**Centrally appropriated line item adjustments:** The request includes an increase of \$1.6 million total funds (including \$501,479 General Fund) related to employee benefits and other centrally appropriated line items. This total includes the following major changes:

- an increase of \$1,664,359 total funds (including \$501,650 General Fund) for supplemental PERA payments;
- an increase of \$218,799 total funds (including \$172,021 General Fund) for various types of insurance (health, life, and dental; short-term disability; workers' compensation; and risk management/property funds); and
- a net decrease of \$332,512 total funds (including a reduction of \$172,192 General Fund) for other centrally appropriated items.

**Annualize prior year legislation:** The request includes a net decrease of \$10.2 million total funds (including a decrease of \$15,573 General Fund) to reflect the FY 2016-17 impact of legislation that was passed in 2015, including the following acts: S.B. 15-290; H.B. 15-1170; H.B. 15-1270; H.B. 15-1321; and H.B. 15-1323. Appendix B provides a short description of each of these acts. The decrease is primarily driven by the elimination of \$10.0 million cash funds from the State Education Fund that was appropriated as a one-time distribution to rural schools through H.B. 15-1321.

**Annualize prior year budget actions:** The request includes adjustments related to prior year budget actions. The decrease in FY 2016-17 is largely driven by the elimination of one-time funding provided to update the Building Excellent Schools Today (B.E.S.T.) Program priority assessment in FY 2015-16.

## **Issue: School Finance Act Funding Projections**

Current law requires the General Assembly to provide at least enough funding for school finance in FY 2016-17 to maintain the negative factor as a constant dollar amount from FY 2015-16 (no more than \$855.2 million based on the current FY 2015-16 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the negative factor at \$855.2 million in FY 2016-17 would require an additional \$127.3 million total state funds (including an increase of \$303.5 million General Fund which is partially offset by reductions from cash fund sources) above the FY 2015-16 appropriation. Barring changes to other appropriations, any reduction in the negative factor for FY 2015-16 would require additional General Fund.

### **SUMMARY:**

- Current law, as enacted in S.B. 15-267, requires the General Assembly to provide sufficient total program funding in FY 2016-17 to prevent the negative factor from growing above the dollar amount in FY 2015-16 (\$855.2 million).
- Based on the Legislative Council Staff September 2015 Revenue Forecast (LCS Forecast), maintaining a constant negative factor in FY 2016-17 would require an increase of \$127.3 million total funds for the state share of total program funding. Because of decreases in the resources available in the State Education Fund, that increase would require an estimated increase of \$303.5 million General Fund. Without changes to current law, staff anticipates that this scenario would determine the FY 2016-17 Long Bill appropriation for school finance, which the General Assembly may adjust through the annual school finance bill.
- Potential increases in local revenues available for school finance in FY 2015-16 and FY 2016-17 may allow for increases in total program funding while projected decreases in federal mineral lease revenues would increase pressure on the General Fund and the State Education Fund for school finance.
- The Governor's FY 2016-17 request includes a net increase of \$115.0 million in state funding for total program relative to the current appropriation (including an increase of \$223.8 million General Fund that is partially offset by a reduction in cash funds). Based on the Office of State Planning and Budgeting September 2015 Revenue Forecast, the Governor's proposal would set the negative factor at \$905.2 million in FY 2016-17, an increase of \$50.0 million above FY 2015-16. The proposal does not specify a targeted negative factor in subsequent years.

### **RECOMMENDATION:**

Based on the current statutory school finance formula, staff's school finance funding projections, and the Governor's proposed budget for FY 2016-17, staff recommends that the Joint Budget

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

Committee discuss public school funding with legislative leadership, the Education Committees, and the Governor's Office. Specifically:

1. How does the General Assembly intend to meet the key constitutional requirements concerning education (Amendment 23 and the thorough and uniform requirement)? What is an adequate total program amount? Does the General Assembly intend to increase or decrease the value of the negative factor in FY 2016-17 and beyond?
2. Should the General Assembly pursue changes to the statutory school finance formula, changes to Amendment 23, and/or changes to increase the revenues available to support school finance to ensure the State's ability to continue to provide for the maintenance of a thorough and uniform system of public schools? For example, should the General Assembly adjust the factors in the formula to address potential inequities? Should the General Assembly adjust the formula to reflect available revenues or maintain the existence of the negative factor?
3. How should the General Assembly respond to potential increases in local revenues available for school finance in FY 2015-16 and FY 2016-17? If local revenues increase significantly in the current year (FY 2015-16), should the General Assembly maintain the current state share appropriation in FY 2015-16 and effectively increase total program mid-year? Or should the General Assembly reduce the state share to reflect the increase in local revenues and provide additional budgetary flexibility in FY 2015-16 and FY 2016-17?

With respect to the FY 2016-17 appropriation, staff anticipates making the following specific recommendations during the FY 2016-17 figure setting process:

1. Set the Long Bill appropriation for school finance to maintain the negative factor as a constant dollar amount based on current law (\$855.2 million based on the current FY 2015-16 appropriation). Please note that if the General Assembly intends to allow the negative factor to grow as a dollar amount (as requested by the Governor) in the Long Bill appropriation, then staff recommends that the Committee adjust the current law requirements related to the negative factor in a separate bill (such as the mid-year school finance adjustments for FY 2015-16) prior to passage of the Long Bill.
2. Provide additional total program funding through the school finance bill, as revenues allow, in a manner that is sustainable in subsequent years.
3. Plan to maintain a minimum balance in the SEF of at least \$100 million at the end of FY 2016-17 and subsequent years, which is consistent with the ending balances targeted before the recent economic downturn and the transfers of General Fund surplus to the SEF.

## **DISCUSSION:**

### **Background – Changes in Funding Projection Assumptions**

Annual projections of education funding have generally included funding for two program areas: (1) public school finance; and (2) categorical programs. Following the passage of Amendment 23<sup>8</sup>, the annual projections of funding for these two areas were fairly straightforward. To reflect current law, staff based the projections on the existing statutory public school finance formula<sup>9</sup>, plus compliance with the requirements of Amendment 23 to provide annual increases in the "base per pupil funding" component of the statutory formula and in state funding for categorical programs. Staff then calculated the General Fund share of required state funding based on:

- Anticipated local funding from local property and specific ownership tax revenues;
- Anticipated funding from the State Public School Fund;
- Ensuring compliance with the General Fund maintenance of effort requirement in Amendment 23; and
- The amount of General Fund necessary to maintain the “solvency” of the State Education Fund (SEF) based on avoiding the need for a significant increase or “jump” in General Fund appropriations in future years.

Since 2010, the annual projections have changed in three ways.

- First, the projections incorporate the negative factor (which the General Assembly extended indefinitely during the 2011 Session) on an ongoing basis. Thus, the “current law” amount is no longer generated solely through the statutory school finance formula.
- Second, S.B. 15-267 set a “current law” amount for use in the annual Long Bill appropriation by requiring the General Assembly to prevent growth in the negative factor (as a dollar amount) from FY 2015-16 to FY 2016-17. Thus, under current law (which determines the Long Bill appropriation), the negative factor may not exceed \$855.2 million in FY 2016-17.
- Finally, the concept of SEF “solvency” changed because of declines in the SEF fund balance. Specifically, the projections now assume a minimum SEF balance (\$100 million in recent years) to account for income tax revenue forecast error.

### **2015 Projection Assumptions**

As discussed above, S.B. 15-267 enacted a statutory change to set a baseline (or current law) school finance funding amount *for the FY 2016-17 Long Bill appropriation*, requiring the negative factor to remain at or below \$855.2 million. Thus, staff’s current law scenario for FY 2016-17 maintains a flat negative factor. Please note that while the current law scenario assumes a flat negative factor throughout the forecast period, the statute is silent with respect to FY 2017-18 and subsequent years and would allow the negative factor to grow in those years.

---

<sup>8</sup> See Article IX, Section 17 of the State Constitution.

<sup>9</sup> See Article 54 of Title 22, C.R.S.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

Consistent with previous analyses, staff's 2015 funding projections assume the following:

- The General Assembly will not change existing appropriations for FY 2015-16 mid-year. Please note that the Governor's request assumes that the General Assembly *will* change the current year appropriations at mid-year to account for anticipated increases in the local revenues available for school finance.
- Based on S.B. 15-267, the *current law* projection assumes that the negative factor will remain at \$855.2 million in FY 2016-17 and throughout the forecast period.
- The General Assembly will increase state funding for categorical programs by the rate of inflation annually, as required by Amendment 23. Consistent with recent legislative actions, staff assumes the General Assembly will use SEF moneys to comply with this provision.
- The General Assembly will continue to appropriate SEF moneys to support a variety of programs and functions other than school finance and categorical programs (totaling \$169.7 million in FY 2015-16). The projections do not currently include additional increases that may be required to fully implement recent education reform legislation, including S.B. 08-212 (Preschool to Postsecondary Alignment), S.B. 09-163 (Education Accountability System), or S.B. 10-191 (Educator Effectiveness).
- The General Assembly will maintain a minimum year-end fund balance of \$100 million in the SEF to account for potential revenue forecast error.

Finally, staff will update these projections again based on the Legislative Council Staff and Office of State Planning and Budgeting December 2015 revenue forecasts (including adjustments for inflation, SEF revenues, pupil enrollment, and property tax revenues), as well as actual pupil count information for the current school year that will be available in January 2016.

**2015 Projections (FY 2016-17 through FY 2019-20)**

The General Assembly faces two basic decisions regarding school finance in FY 2016-17:

- First, how much should the State spend on total program in FY 2016-17 and subsequent years?
- Second, given potential increases in local revenues available for school finance and anticipated decreases in federal mineral lease revenues, how should the General Assembly manage uncertainty regarding the revenues available for school finance in FY 2015-16 and FY 2016-17?

***Question 1: How much should the State spend on total program in FY 2016-17?***

The General Assembly faces a menu of options regarding expenditures for total program, ranging from reducing appropriations below FY 2015-16 levels (within constitutional constraints and requiring statutory change) to eliminating the negative factor and “fully funding” the

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

formula (if possible within available revenues). Based on current law as enacted in S.B. 15-267, staff expects to recommend that the *Long Bill* appropriation reflect the requirement to maintain the negative factor at a constant level of \$855.2 million, noting that increases to the negative factor (as requested by the Governor) would require a statutory change. The following projections are for discussion purposes as the General Assembly plans for the overall budget and the annual School Finance Bill.

Similar to recent years, this year's projections include five incremental scenarios to illustrate potential answers to the question of how much to spend on total program. Please note that the following projections assume local revenues as projected in the *December 2014 Legislative Council Staff Revenue Forecast* and therefore do not include any updated information based on preliminary local share revenues for the current year. As a result, the projections do not include additional local revenues anticipated in the Governor's FY 2016-17 budget request.

This year's scenarios include:

- *Baseline*: Maintain total program funding (including state and local shares) at FY 2015-16 levels throughout the forecast period. Anticipated increases in local revenues allow the state share to decline each year although the General Fund appropriation still must increase in FY 2016-17 to offset a reduction in SEF moneys. Please note that this scenario raises constitutional concerns in the out-years as it would leave little or no funding available for school finance formula "factors" (the amount above statewide base per pupil funding).
- *Caseload*: Maintain constant statewide average per pupil funding at FY 2015-16 levels (\$7,294 per pupil) for the duration of the forecast period. Again, anticipated increases in local revenues would allow the state share to decline in most years.
- *Inflation*: Increase statewide average per pupil funding by the rate of inflation (as projected in the September 2015 Legislative Council Staff Revenue Forecast) each year. By increasing the statewide average by the rate of inflation, this scenario accounts for inflation and enrollment growth but does still allow growth in the negative factor.
- *Current Law*: Maintain the negative factor at a constant dollar amount (\$855,176,146) for the duration of the forecast period. Based on current revenue forecasts, any spending above the amounts in this scenario would reduce the negative factor.
- *Policy Option*: "Fully fund" the statutory school finance formula and eliminate the negative factor beginning in FY 2016-17.

Table 1 below shows the *total state funding* necessary to support each scenario under the Legislative Council Staff September 2015 Revenue Forecast. To simplify the presentation and facilitate discussion, staff is not including projections based on the Office of State Planning and Budgeting (OSPB) Revenue Forecast. Please note, however, that the OSPB forecast anticipates an inflation rate of 1.8 percent (vs. the 1.2 percent anticipated by Legislative Council Staff). That inflation rate would increase costs for the "inflation," "current law," and "policy" scenarios.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>TABLE 1: Total State Share of Total Program Funding</b>					
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<i>Projected Pupil Count</i>	855,391	865,437	875,701	883,892	889,994
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
<b>State Share of Funding - Legislative Council Staff September 2015 Forecast</b>					
<i>Forecast Inflation Rate</i>	2.8%	1.2%	2.6%	2.6%	2.6%
Baseline - Maintain Total Program	\$4,113,321,146	\$4,070,929,205	\$3,910,450,173	\$3,849,893,193	\$3,673,057,496
Annual Increase in State Share	n/a	(42,391,941)	(160,479,032)	(60,556,980)	(176,835,697)
Statewide Average Per Pupil	7,294	7,210	7,125	7,059	7,011
Negative Factor	(855,176,146)	(1,024,832,538)	(1,301,905,659)	(1,570,353,786)	(1,828,730,433)
Caseload - Maintain Average PPR	\$4,113,321,146	\$4,144,208,797	\$4,058,606,132	\$4,057,793,944	\$3,925,470,407
Annual Increase in State Share	n/a	30,887,651	(85,602,665)	(812,188)	(132,323,537)
Statewide Average Per Pupil	7,294	7,294	7,294	7,294	7,294
Negative Factor	(855,176,146)	(951,552,946)	(1,153,749,700)	(1,362,453,035)	(1,576,317,522)
Inflation - Increase Average PPR by Inflation	\$4,113,321,146	\$4,219,962,930	\$4,303,332,488	\$4,478,865,745	\$4,529,264,082
Annual Increase in State Share	n/a	106,641,784	83,369,558	175,533,257	50,398,337
Statewide Average Per Pupil	7,294	7,382	7,574	7,771	7,973
Negative Factor	(855,176,146)	(875,798,813)	(909,023,344)	(941,381,234)	(972,523,847)
Current Law - Maintain Negative Factor as a Dollar Amount	\$4,113,321,146	\$4,240,585,597	\$4,357,179,686	\$4,565,070,833	\$4,646,611,783
Annual Increase in State Share	n/a	127,264,451	116,594,089	207,891,147	81,540,950
Statewide Average Per Pupil	7,294	7,406	7,635	7,868	8,105
Negative Factor	(855,176,146)	(855,176,146)	(855,176,146)	(855,176,146)	(855,176,146)
Policy: Eliminate Negative Factor in FY 2015-16	\$4,113,321,146	\$5,095,761,743	\$5,212,355,832	\$5,420,246,979	\$5,501,787,929
Annual Increase in State Share	n/a	982,440,597	116,594,089	207,891,147	81,540,950
Statewide Average Per Pupil	7,294	8,394	8,612	8,836	9,066
Negative Factor	(855,176,146)	0	0	0	0

Thus, based on the most recent Legislative Council Staff revenue forecast, maintaining a constant negative factor through FY 2019-20 requires an average increase of \$133.3 million total funds per year. As discussed below, the required increase in *General Fund* is larger in the near term because of the depletion of one-time funding in the State Education Fund.

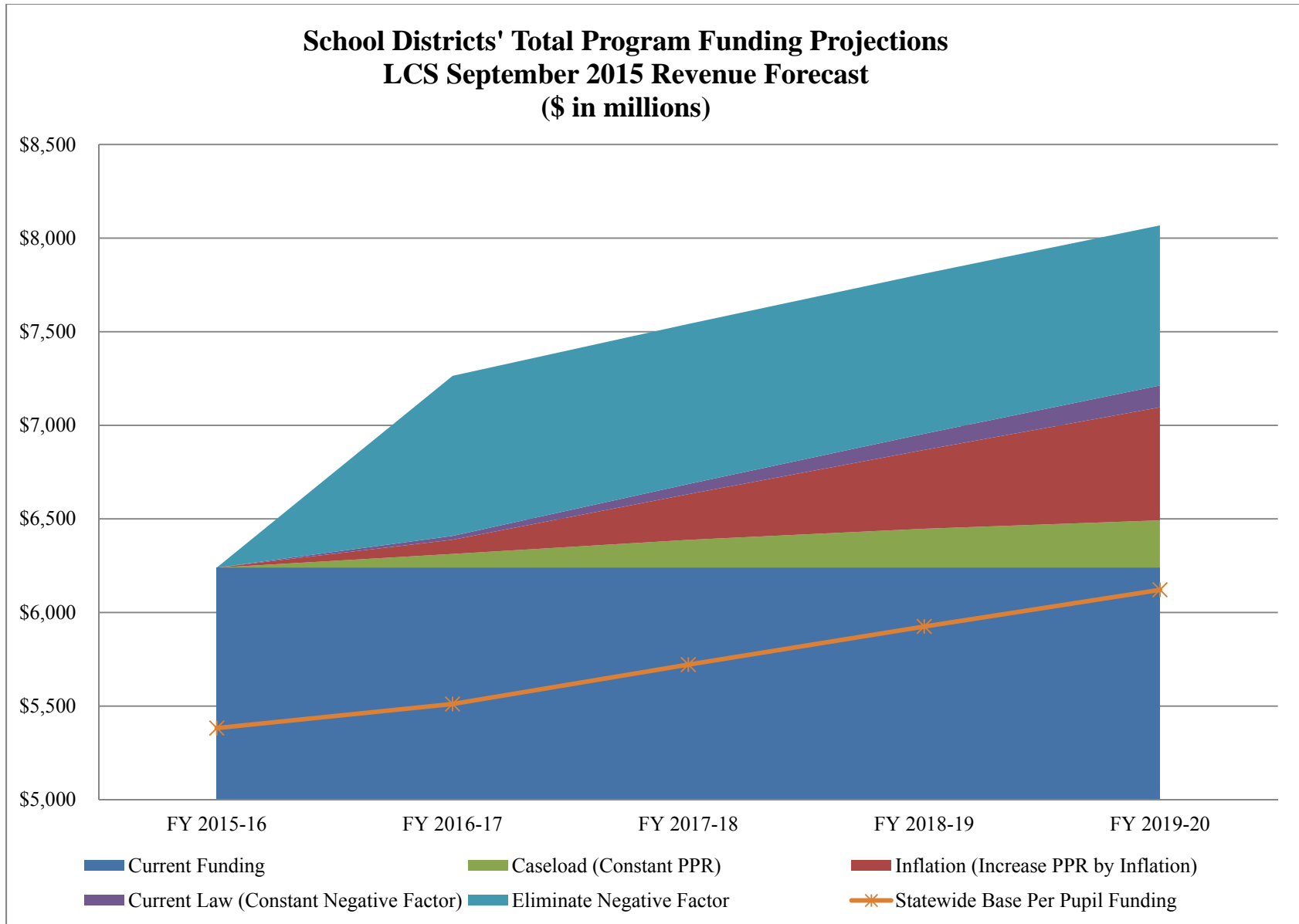
As a different view, the graphic on the following page shows staff's projections of total program funding (including both state and local funds) based on these incremental scenarios. Each layer of the area chart represents additional funding required under each scenario. The graphic also includes a line to identify the costs of simply providing base per pupil funding, keeping pace

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

with projected enrollment increases and providing the constitutionally required inflationary increases in base per pupil funding. The area above that line reflects the amount of funding available for the school finance formula “factors” under each scenario. As shown in the chart, if total program funding remained constant at FY 2015-16 levels, the appropriation would leave minimal funding for the factors by FY 2019-20 and there would be no factor funding in the following year.





**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

*General Fund Impact*

For the past several years, one-time funding in the SEF (as a result of significant year-end transfers from the General Fund to the SEF) has allowed for increased appropriations from the SEF to support school finance and reduced pressure on the General Fund. For example, the SEF ended FY 2013-14 with a balance of \$1.05 billion as a result of year-end transfers in prior years. However, appropriations for FY 2014-15 and FY 2015-16 have depleted that balance. Based on current appropriations and the September 2015 LCS Revenue Forecast, staff currently projects a year-end balance of approximately \$280 million at the end of FY 2015-16. As discussed above, staff's 2015 projections assume an ending balance of \$100 million in FY 2016-17 and subsequent years.

The depletion of one-time funding and required decreases in appropriations from the SEF will increase pressure on the General Fund in FY 2016-17 and beyond. Table 2 details the incremental changes in General Fund appropriations under each scenario using the LCS forecast. Please note that the tables show the annual growth required under each scenario, rather than the incremental growth between each scenario within a given year.

<b>TABLE 2: Projection of General Fund Need for Public School Finance (LCS Forecast with \$100 Million Minimum SEF Balance - \$ in millions)</b>				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Base Appropriation	\$3,392.8	\$4,551.6	\$4,826.9	\$5,009.0
Baseline - Maintain Total Program	133.9	(1.8)	(86.3)	(178.3)
Caseload - Maintain Average PPR	207.2	73.1	(26.5)	(133.8)
Inflation - Increase Average PPR by Inflation	282.9	242.1	149.8	48.9
Current Law - Maintain Negative Factor as a Dollar Amount	303.5	275.3	182.2	80.1
Eliminate Negative Factor in FY 2016-17	1,158.7	275.3	182.2	80.0
Adjusted GF Appropriation to "Fully Fund" Formula (Eliminating Negative Factor)	\$4,551.6	\$4,826.9	\$5,009.0	\$5,089.1
Total Annual GF Change	\$1,158.7	\$275.3	\$182.2	\$80.0
Total Annual Percent Change	34.2%	6.0%	3.8%	1.6%

Table 3 (below) includes detail on all of the applicable fund sources for school finance, putting the state share and General Fund projections above in broader context. The table includes total program funding and the average per pupil funding level associated with each scenario, as well as the associated state and local funding components, based on a \$100 million minimum SEF balance.

<b>TABLE 3: Fund Source Detail Corresponding to General Fund Projections (LCS Forecast - \$100 Million Minimum SEF Fund Balance)</b>					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<i>Projected Pupil Count</i>	855,391	865,437	875,701	883,892	889,994
<b>Baseline - Maintain Constant Total Program Funding</b>					
General Fund	\$3,392,837,348	\$3,526,722,392	\$3,524,947,407	\$3,438,677,554	\$3,260,353,648
State Education Fund					

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>TABLE 3: Fund Source Detail Corresponding to General Fund Projections (LCS Forecast - \$100 Million Minimum SEF Fund Balance)</b>					
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
	630,328,949	453,972,598	291,978,722	317,691,596	319,179,805
State Public School Fund	<u>90,154,849</u>	<u>90,234,214</u>	<u>93,524,043</u>	<u>93,524,043</u>	<u>93,524,043</u>
Subtotal: State Share of Funding	\$4,113,321,146	\$4,070,929,204	\$3,910,450,172	\$3,849,893,193	\$3,673,057,496
<i>Annual Percent Change</i>	21.7%	-1.0%	-3.9%	-1.5%	-4.6%
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
<b>Total Program Funding</b>	<b>\$6,239,564,775</b>	<b>\$6,239,564,774</b>	<b>\$6,239,564,774</b>	<b>\$6,239,564,775</b>	<b>\$6,239,564,775</b>
<i>Annual Percent Change</i>	17.8%	0.0%	0.0%	0.0%	0.0%
Average Funding Per Pupil	\$7,294	\$7,210	\$7,125	\$7,059	\$7,011
<i>Annual Percent Change</i>	12.6%	-1.2%	-1.2%	-0.9%	-0.7%
<b>Caseload - Maintain Constant Statewide Average Per Pupil Funding</b>					
General Fund	\$3,392,837,348	\$3,600,001,984	\$3,673,103,365	\$3,646,578,305	\$3,512,766,504
State Education Fund	630,328,949	453,972,599	291,978,723	317,691,596	319,179,860
State Public School Fund	<u>90,154,849</u>	<u>90,234,214</u>	<u>93,524,043</u>	<u>93,524,043</u>	<u>93,524,043</u>
Subtotal: State Share of Funding	\$4,113,321,146	\$4,144,208,797	\$4,058,606,131	\$4,057,793,944	\$3,925,470,407
<i>Annual Percent Change</i>	21.7%	0.8%	-2.1%	0.0%	-3.3%
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
<b>Total Program Funding</b>	<b>\$6,239,564,775</b>	<b>\$6,312,844,367</b>	<b>\$6,387,720,733</b>	<b>\$6,447,465,526</b>	<b>\$6,491,977,686</b>
<i>Annual Percent Change</i>	17.8%	1.2%	1.2%	0.9%	0.7%
Average Funding Per Pupil	\$7,294	\$7,294	\$7,294	\$7,294	\$7,294
<i>Annual Percent Change</i>	12.6%	0.0%	0.0%	0.0%	0.0%
<b>Inflation - Increase Statewide Average PPR by Inflation</b>					
General Fund	\$3,392,837,348	\$3,675,756,117	\$3,917,829,723	\$4,067,650,105	\$4,116,560,557
State Education Fund	630,328,949	453,972,599	291,978,723	317,691,596	319,179,482
State Public School Fund	<u>90,154,849</u>	<u>90,234,214</u>	<u>93,524,043</u>	<u>93,524,043</u>	<u>93,524,043</u>
Subtotal: State Share of Funding	\$4,113,321,146	\$4,219,962,930	\$4,303,332,489	\$4,478,865,744	\$4,529,264,082
<i>Annual Percent Change</i>	21.7%	2.6%	2.0%	4.1%	1.1%
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
<b>Total Program Funding</b>	<b>\$6,239,564,775</b>	<b>\$6,388,598,500</b>	<b>\$6,632,447,091</b>	<b>\$6,868,537,326</b>	<b>\$7,095,771,361</b>
<i>Annual Percent Change</i>	17.8%	2.4%	3.8%	3.6%	3.3%
Average Funding Per Pupil	\$7,294	\$7,382	\$7,574	\$7,771	\$7,973
<i>Annual Percent Change</i>	12.6%	1.2%	2.6%	2.6%	2.6%
<b>Current Law - Maintain Negative Factor as a Constant Dollar Amount</b>					

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>TABLE 3: Fund Source Detail Corresponding to General Fund Projections (LCS Forecast - \$100 Million Minimum SEF Fund Balance)</b>					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund	\$3,392,837,348	\$3,696,378,785	\$3,971,676,920	\$4,153,855,194	\$4,233,907,927
State Education Fund	630,328,949	453,972,599	291,978,722	317,691,596	319,179,813
State Public School Fund	<u>90,154,849</u>	<u>90,234,214</u>	<u>93,524,043</u>	<u>93,524,043</u>	<u>93,524,043</u>
Subtotal: State Share of Funding	\$4,113,321,146	\$4,240,585,598	\$4,357,179,685	\$4,565,070,833	\$4,646,611,783
<i>Annual Percent Change</i>	21.7%	3.1%	2.7%	4.8%	1.8%
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
Total Program Funding	\$6,239,564,775	\$6,409,221,168	\$6,686,294,287	\$6,954,742,415	\$7,213,119,062
<i>Annual Percent Change</i>	17.8%	2.7%	4.3%	4.0%	3.7%
Average Funding Per Pupil	\$7,294	\$7,406	\$7,635	\$7,868	\$8,105
<i>Annual Percent Change</i>	12.6%	1.5%	3.1%	3.1%	3.0%
<b>Fully Fund Statutory Formula and Eliminate Negative Factor Beginning in FY 2014-15</b>					
General Fund	\$3,392,837,348	\$4,551,554,931	\$4,826,853,017	\$5,009,033,854	\$5,089,081,933
State Education Fund	630,328,949	453,972,599	291,978,772	317,689,082	319,181,953
State Public School Fund	<u>90,154,849</u>	<u>90,234,214</u>	<u>93,524,043</u>	<u>93,524,043</u>	<u>93,524,043</u>
Subtotal: State Share of Funding	\$4,113,321,146	\$5,095,761,744	\$5,212,355,832	\$5,420,246,979	\$5,501,787,929
<i>Annual Percent Change</i>	21.7%	23.9%	2.3%	4.0%	1.5%
Local Share of Funding	\$2,126,243,629	\$2,168,635,570	\$2,329,114,602	\$2,389,671,582	\$2,566,507,279
<i>Annual Percent Change</i>	7.4%	2.0%	7.4%	2.6%	7.4%
Total Program Funding	\$6,239,564,775	\$7,264,397,314	\$7,541,470,434	\$7,809,918,561	\$8,068,295,208
<i>Annual Percent Change</i>	17.8%	16.4%	3.8%	3.6%	3.3%
Average Funding Per Pupil	\$7,294	\$8,394	\$8,612	\$8,836	\$9,066
<i>Annual Percent Change</i>	12.6%	15.1%	2.6%	2.6%	2.6%

**Question 2: Given potential increases in local revenues available for school finance and decreases in federal mineral lease revenues, how should the General Assembly manage uncertainty regarding the revenues available for school finance in FY 2015-16 and FY 2016-17?**

Two sources of uncertainty specific to school finance revenues may complicate the General Assembly’s decisions regarding school finance appropriations for FY 2016-17:

- First, preliminary data indicate that local revenues available to support school finance may be increasing beyond what was anticipated in the current FY 2015-16 appropriation.
- Second, federal mineral lease revenues (a portion of which are deposited into the State Public School Fund and support school finance) have been lower than anticipated in FY 2014-15 and FY 2015-16, most likely requiring adjustments through the FY 2015-16

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

supplemental process and increasing pressure on the State Education Fund and the General Fund.

*Local Revenues*

The FY 2015-16 appropriation for school finance assumed that local revenues would contribute \$2.1 billion (\$2,126,243,629) to total program funding statewide. The appropriation was based on the December 2014 Legislative Council Staff Revenue Forecast of local property tax revenues. The actual assessed value data, which drive the local share for school finance, will be released with the December 2015 Legislative Council Staff Revenue Forecast.

Preliminary information appears to indicate that local revenues for FY 2015-16 will be higher than anticipated in the original FY 2015-16 appropriation. For example, the Governor's FY 2016-17 budget request assumes that local revenues in FY 2015-16 will be \$67.5 million higher than anticipated in the original appropriation (the Governor's Office has indicated that this is a conservative estimate of the potential increase in local revenues). The Governor's FY 2016-17 request assumes that the General Assembly will reduce the state share of total program funding in FY 2015-16 by that amount as a mid-year adjustment, including the following specific reductions:

- \$47.5 million cash funds from the SEF to retain those funds in the SEF for appropriation in FY 2016-17; and
- \$20.0 million cash funds from the State Public School Fund to account for a shortfall in federal mineral lease revenues in FY 2015-16 (discussed in the following section).

If local revenues increase in FY 2015-16 as anticipated in the Governor's request, then the General Assembly has three basic options:

- *General Fund Savings*: Use the increase in local revenues to reduce the *General Fund* appropriation for the state share of total program funding to make General Fund available for other needs in FY 2015-16.
- *State Education Fund Savings (Governor's Proposal)*: Use the increase in local revenues to reduce the *SEF* appropriation for the state share of total program funding to retain additional funds in the SEF for appropriation in FY 2016-17 (and reduce potential growth in the negative factor). As discussed in the following section, the Governor's proposal also anticipates using a portion of the savings associated with the increase in local revenues to account for a reduction in federal mineral lease funds transferred to the State Public School Fund.
- *Increase Total Program Funding in FY 2015-16*: Maintaining the state share of total program funding with an increased local share would obviously increase total program funding for FY 2015-16. Please note that S.B. 15-267 includes non-binding legislative declaration language stating if local revenues increased in FY 2015-16, it is the intent of the General Assembly to "maintain and not reduce state appropriations for school finance funding after consideration of other forecast changes, including changes in the number of pupils and at-risk pupils enrolled, the inflation rate, and the expected state education fund revenues."

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

*Federal Mineral Lease Revenues*

The current FY 2015-16 appropriation, which was based on the December 2014 Legislative Council Staff Revenue Forecast, anticipates a transfer of \$79.1 million in federal mineral lease (FML) revenues to the State Public School Fund in FY 2015-16.<sup>10</sup> The March 2015 Legislative Council Staff Revenue Forecast remained unchanged with respect to FML revenues. However, subsequent forecasts have predicted significant reductions in FML revenues for FY 2015-16:

- Actual revenues in FY 2014-15 were lower than anticipated and as a result the Department overspent the revenues available in the State Public School Fund by \$0.8 million. (Staff anticipates addressing this issue during the FY 2015-16 supplemental process.)
- The LCS September 2015 Forecast anticipates a total of \$130.1 million in non-bonus FML revenue in FY 2015-16 and a consequent transfer of \$62.8 million to the State Public School Fund, a reduction of \$16.2 million (20.1 percent) below the transfer predicted in the LCS March 2015 forecast. (Staff anticipates addressing this issue during the FY 2015-16 supplemental process. As discussed above, the Governor’s FY 2016-17 budget request anticipates using a portion of the increase in local school finance revenues projected for FY 2015-16 to offset the necessary reduction in appropriations from the State Public School Fund.)

Thus, based on the most recent LCS Revenue Forecast, the current FY 2015-16 appropriation exceeds the revenues anticipated to be available in the State Public School Fund by approximately \$16.2 million and will require adjustment through the supplemental process. Staff raises the following points for the Committee’s consideration in planning for FY 2016-17:

- Reductions in the FML revenues available for school finance will inherently increase pressure on the General Fund and the State Education Fund to support any given level of state expenditures for school finance.
- The fluctuations in FML revenues highlight the importance of retaining a sufficient balance (reserve) in the SEF to accommodate potential forecast errors. Changes in local revenues, income tax (affecting the SEF directly), or FML revenues relative to the assumptions in the original appropriation may require mid-year adjustments to avoid reductions in total program funding, and the balance of the SEF may serve as a buffer against such fluctuations.

**Governor’s FY 2016-17 Request**

Relative to the current FY 2015-16 appropriation, the Governor’s budget request proposes a \$115.0 million increase in state funding for school districts’ total program in FY 2016-17, including an increase of \$223.8 million General Fund that is partially offset by a reduction of \$108.9 million cash funds. When combined with an anticipated increase of \$47.7 million in local revenues, the Governor’s proposal provides an increase of \$162.6 million for total program funding. The following table summarizes the Governor’s FY 2016-17 request relative to both

---

<sup>10</sup> Pursuant to Sec. 34-63-102 (5.4) (a), C.R.S., 48.3 percent of non-bonus FML revenues are transferred to the State Public School Fund.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

the current FY 2015-16 appropriation and the revised estimates for FY 2015-16 assumed in the Governor's request.

<b>Governor's FY 2016-17 Total Program Funding Request - With Revised Estimates for FY 2015-16</b>						
	<b>FY 2015-16</b>			<b>FY 2016-17</b>		
	<b>Current Appropriation</b>	<b>Governor Estimated Change*</b>	<b>Governor's Estimate</b>	<b>Governor Request</b>	<b>Change from Current FY 2015-16</b>	<b>Change from FY 2015-16 Estimate</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C) = (A) + (B)</b>	<b>(D)</b>	<b>(E) = (D) - (A)</b>	<b>(F) = (D) - (C)</b>
Local Share	\$2,126,243,629	\$67,456,371	\$2,193,700,000	\$2,173,900,000	\$47,656,371	(\$19,800,000)
<b>State Share</b>	<b><u>\$4,113,321,146</u></b>	<b><u>(\$67,456,371)</u></b>	<b><u>\$4,045,864,775</u></b>	<b><u>\$4,228,311,638</u></b>	<b><u>\$114,990,492</u></b>	<b><u>\$182,446,863</u></b>
General Fund	3,392,837,348	0	3,392,837,348	3,616,685,375	223,848,027	223,848,027
State Education Fund	630,328,949	(47,456,371)	582,872,578	533,626,263	(96,702,686)	(49,246,315)
State Public School Fund	90,154,849	(20,000,000)	70,154,849	78,000,000	(12,154,849)	7,845,151
<b>Total Program Funding</b>	<b><u>\$6,239,564,775</u></b>	<b><u>\$0</u></b>	<b><u>\$6,239,564,775</u></b>	<b><u>\$6,402,211,638</u></b>	<b><u>\$162,646,863</u></b>	<b><u>\$162,646,863</u></b>
<b>Negative Factor**</b>	<b><u>(\$855,176,146)</u></b>	<b><u>\$0</u></b>	<b><u>(\$855,176,146)</u></b>	<b><u>(\$905,176,146)</u></b>	<b><u>(\$50,000,000)</u></b>	<b><u>(\$50,000,000)</u></b>

\*Reflects preliminary estimates of local revenue changes and will be revised with the Governor's January supplemental requests.

\*\*For FY 2016-17, assumes a 1.8 percent inflation rate as projected in the OSPB September 2015 Revenue Forecast.

Please note that a variety of assumptions affecting the FY 2016-17 school finance budget will change with the December 2015 revenue forecasts and when the final inflation rate for CY 2015 is available in early 2016. For example, as shown above, based on the Office of State Planning and Budgeting (OSPB) September 2015 Revenue Forecast inflation rate of 1.8 percent, the Governor's proposal would increase the dollar value of the negative factor by \$50.0 million in FY 2016-17. Holding all other assumptions (pupil counts, state spending, local revenues, etc.) constant and assuming the LCS September 2015 Forecast inflation rate of 1.2 percent for CY 2015, the negative factor would increase by \$12.3 million from FY 2015-16 to FY 2016-17 rather than the \$50.0 million assumed in the Governor's request.

## **Issue: Refusal to Pay Categorical Buyout – Legislative Recommendation**

In FY 2014-15, statute required six school districts to pay categorical buyout funds to the Department of Education based on the districts' ability to support district total program funding without state aid. As of December 2015, three of the six school districts have refused to repay the categorical amounts required by statute for FY 2014-15, totaling \$292,210 still unpaid. Statute does not give clear direction to the Department regarding a response to refusal to pay for categorical buyout, and staff recommends sponsoring legislation directing the Department to withhold other state funds from such districts.

### **SUMMARY:**

- The School Finance Act includes two provisions requiring school districts in specific situations to “buy out” state categorical funding.
- In FY 2014-15, statute required categorical buyout payments from a total of six school districts, totaling \$1.2 million in required buyout funds. However, as of December 2015, three districts have refused to repay the amounts required by statute, totaling \$292,210 still owed to the Department for FY 2014-15.
- Statute does not provide clear direction to the Department regarding a response to districts' refusal to pay required categorical buyout amounts.

### **RECOMMENDATION:**

Staff recommends that the Committee either sponsor or work with the relevant committees of reference to sponsor legislation in the 2016 Session directing the Department to withhold other state funds from school districts refusing to repay categorical buyout amounts required by statute until the Department has withheld sufficient funds to account for overdue categorical buyout payments plus appropriate interest.

### **DISCUSSION:**

#### **Background – Categorical Buyout**

Total program funding and categorical funding provide the largest funding streams for school districts. As discussed in the General Factors Driving the Budget section of this document, total program funding is calculated and distributed according to the School Finance Act and is made up of local and state revenues. In contrast, programs designed to serve particular student groups (e.g., students with disabilities or with limited proficiency in English) or particular student needs (e.g., transportation) are referred to as “categorical” programs and are funded with state funds distributed according specific mechanisms for each program. Districts support any remaining necessary categorical program expenses (e.g., when state funding is not sufficient to support the



*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

required services) with other funds, including total program funding as well as dedicated federal funds.

Some school districts, those with high assessed values (and resulting property taxes) relative to their student counts, are able to fully fund *total program* with local revenues (including property taxes and specific ownership taxes) and do not receive state aid for total program. Under current law, such school districts “buy out” state funding for categorical programs using local property tax revenues.

In practice, the Department distributes categorical funding throughout the school year to school districts according to the distribution mechanisms for each program, including to school districts that will buy back the categorical funding. Affected school districts must then pay back the state funds to buy out state categorical funding, effectively paying back the state funds and using local revenues to implement the categorical programs.

Two separate sections of statute require school districts in specific circumstances to buy back state categorical funding.

- *Categorical Buyout Mill Levy* (Section 22-54-107, C.R.S.): Beginning with the 1988 School Finance Act, school districts that fully fund total program without state aid must set an additional mill levy to generate property tax revenue to buy out state categorical funding. Under statute (Sec. 22-54-107 (1), C.R.S.), the sum of the two mill levies cannot exceed the lesser of: (1) the district’s levy for the preceding year; (2) the district’s property tax limit imposed by the Taxpayers Bill of Rights (TABOR) for districts that have not obtained voter approval to retain and spend property tax revenues in excess of the TABOR limit; or (3) 27 mills.
- *Total Program Categorical Buyout* (Section 22-54-104 (5) (g) (IV), C.R.S.): House Bill 10-1369 (School Finance) added a second categorical buyout provision to the school finance formula in conjunction with the implementation of the negative factor beginning in FY 2010-11. Under this provision, school districts able to fully fund total program with local revenues replace state categorical funding with local *total program* revenues, effectively reducing total program funding available to those school districts. Thus, rather than using a separate (categorical buyout) mill levy, affected districts repay the state categorical funds and replace those funds with local total program revenues.

The combination of categorical buyout provisions in current law creates three potential buyout scenarios:

- If a school district levies a separate categorical buyout mill that buys out the total categorical funding, then the district is not required to use any total program funding for categorical buyout. Districts in this scenario do not experience a negative factor reduction.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

- If a district’s categorical buyout mill levy does not fully buy out categorical funding, then the difference between the categorical buyout mill and total categorical funding may be applied to the negative factor and replaced with total program funding.
- If a categorical buyout district does not levy a categorical buyout mill (because doing so would exceed the statutory cap on the district’s mill levy), then the total amount of a categorical funding is available to be applied to the negative factor (this scenario did not apply to any school districts for FY 2014-15). Districts in this scenario would experience a negative factor reduction in the amount of the categorical buyout.

**FY 2014-15 Categorical Buyout**

In FY 2014-15, six school districts (Clear Creek, Weld – Platte Valley, Weld – Prairie, Cripple Creek, Genoa-Hugo, and Weld – Pawnee) were required to buy out categorical funding under current law. However, as of December 2015, three of those districts (Cripple Creek, Genoa-Hugo, and Weld – Pawnee) have refused to repay the required amounts for FY 2014-15 (the prior fiscal year). The following table shows the six districts required to buy out categorical funding in FY 2014-15, the amount required from each district under each statutory provision, the amount paid as of December 2015, and the amount still owed.

<b>FY 2014-15 Categorical Buyout Amounts by District</b>					
<b>School District</b>	<b>Mill Levy Categorical Buyout</b>	<b>Total Program Categorical Buyout</b>	<b>Total Categorical Buyout Due</b>	<b>Amount Paid as of December 2015</b>	<b>Amount Still Owed</b>
Clear Creek	\$206,394	\$116,623	\$323,017	\$323,017	\$0
Weld - Platte Valley	403,187	652	403,839	403,839	0
Weld - Prairie	106,558	95	106,654	106,654	0
Cripple Creek	102,794	13,407	116,201	0	116,201
Genoa-Hugo	89,882	0	89,882	0	89,882
Weld - Pawnee	<u>86,127</u>	<u>0</u>	<u>86,127</u>	<u>0</u>	<u>86,127</u>
<b>Total</b>	<b>\$994,942</b>	<b>\$130,777</b>	<b>\$1,125,720</b>	<b>\$833,510</b>	<b>\$292,210</b>

Based on discussions with the Department, staff’s understanding is that the districts are specifically concerned about (and opposed to) the “Total Program Categorical Buyout” provisions added in FY 2010-11. While that may be the case, staff notes that the payments required by that statute are relatively small compared to the total buyout amounts and that two of the three districts that have refused to pay for FY 2014-15 do not owe *any* funding under that section of statute.

Staff is highly concerned about the three districts’ refusal to repay the categorical buyout funds for FY 2014-15.

- First, categorical buyout is an effort to maintain equity among school districts, particularly in the context of the negative factor. School districts required to buy out categorical funding (especially those with categorical buyout mill levies) are not experiencing the negative factor to the same degree as most school districts in the state.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

Refusing to repay categorical buyout increases inequity between high assessed value and low assessed value school districts.

- Second, the categorical buyout provisions are part of the existing School Finance Act and school finance formula. Staff believes that refusal to comply undermines the integrity of the school finance system.
- Third, staff understands that the affected districts have concerns about the current law and may wish to see the law changed. However, staff sees the desire to change the law as a separate question from the repayment of funds required under current law.
- Fourth, staff notes that school districts tend to move in and out of categorical buyout status based on fluctuations in assessed value, particularly associated with oil and gas or other mineral development. As shown in the following table, based on current estimates for FY 2015-16, Cripple Creek no longer has mill levy categorical buyout and is only buying out a portion of the FY 2015-16 categorical funding (meaning that the district is effectively absorbing the full negative factor reduction in FY 2015-16). On the other hand, the Department expects four new districts to have to pay some level of buyout in FY 2015-16. Staff notes that in prior years some school districts experiencing mid-year declines in local revenues that had been expected to fully fund with local revenues have sought additional state aid above what was required by the school finance formula to cover shortfalls in local revenues (referred to at the time as “bail outs”). In particular, in FY 2013-14 the General Assembly provided mid-year assistance to several such school districts, including Weld – Pawnee, through H.B. 14-1250 (also discussed in the next issue paper). The refusal to comply with categorical buyout requirements seems particularly striking in the context of school districts that have recently sought mid-year “bail out” moneys from the state in response to declines in local revenues.

<b>FY 2015-16 Estimated Categorical Buyout Amounts</b>					
<b>School District</b>	<b>Mill Levy Categorical Buyout</b>	<b>Total Program Categorical Buyout</b>	<b>Total Categorical Buyout Due</b>	<b>Total Categorical Funding</b>	<b>Categorical Funding Remaining After Buyout*</b>
Clear Creek	\$116,972	\$214,365	\$331,337	\$331,337	\$0
Weld - Platte Valley	430,070	0	430,070	430,070	0
Weld - Prairie	102,429	0	102,429	102,429	0
Cripple Creek	0	31,883	31,883	117,508	85,625
Genoa-Hugo	86,490	0	86,490	86,490	0
Weld - Pawnee	0	11,212	11,212	93,723	82,511
Wiggins	159,270	12	159,283	159,283	0
Keenesburg	104,578	624,179	728,756	728,756	0
Fort Lupton	0	589,498	589,498	589,498	0
Briggsdale	0	87,904	87,904	87,904	0
<b>Total</b>	<b>\$999,809</b>	<b>\$1,559,054</b>	<b>\$2,558,863</b>	<b>\$2,726,999</b>	<b>\$168,136</b>

\*Any district that has categorical funding remaining *after accounting for categorical buyout* is experiencing the full negative factor reduction.

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

*Legislative Recommendation*

Statute appears to assume that districts owing categorical buyout funds will pay and does not provide direction to the Department regarding how to respond to a refusal to pay. Given the lack of direction in current law, staff recommends that the Committee sponsor legislation (either as a separate bill or as part of a school finance-related bill) during the 2016 Session to provide direction to the Department. Specifically, staff recommends that the legislation direct the Department to withhold other sources of state funds from districts refusing to repay categorical buyout amounts until the Department has withheld sufficient funding to compensate for the unpaid amounts, plus interest. Staff recommends that the bill clarify that any such funds withheld be distributed to other school districts through the same mechanism as other categorical buyout funds.

## **Issue: Reinstating the Contingency Reserve Fund – Legislative Recommendation**

In 2014, the General Assembly enacted H.B. 14-1250, a Joint Budget Committee bill, to provide one-time funding through the Contingency Reserve Fund to school districts impacted by the September 2013 flooding and to a select group of school districts that experienced unanticipated declines in local revenues available for school finance at mid-year in FY 2013-14. In a drafting error, the bill inadvertently repealed the entire Contingency Reserve Fund section of statute as of July 1, 2015. Reinstating the Contingency Reserve Fund will require new legislation in the 2016 Session.

### **RECOMMENDATION:**

Staff recommends that the Committee sponsor legislation early in the 2016 Session to reinstate the Contingency Reserve Fund (without the one-time provisions enacted in H.B. 14-1250) in statute.

### **DISCUSSION:**

#### **Background**

Section 22-54-117 (1) (a), C.R.S., created the Contingency Reserve Fund to provide supplemental assistance to school districts under certain circumstances. Supported by annual appropriations by the General Assembly, Sec. 22-54-117 (1), C.R.S., authorized the State Board to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I): financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II): financial emergencies caused by nonpayment of property taxes;
- (a) (III): revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV): unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V): unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI): unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII): unusual financial burden caused by a significant enrollment decline pursuant to a reorganization; and
- (b): in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

#### **H.B. 14-1250**

In 2014, the General Assembly enacted H.B. 14-1250 (School District Payments for Floods and Total Program), added as Sec. 22-54-117 (7), C.R.S., to authorize one-time assistance for school districts impacted by the September 2013 floods and for school districts experiencing significant

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

reductions in total program funding mid-year in FY 2013-14 as a result of declines in the local revenues available for school finance.

Because the bill was intended to provide one-time assistance, the bill included language to repeal as of July 1, 2015, and should have repealed only subsection (7). Unfortunately, the bill repealed all of Sec. 22-54-117, C.R.S., thereby eliminating the Contingency Reserve Fund as of July 1, 2015. Reinstating the Contingency Reserve Fund for the remainder of FY 2015-16 and subsequent years will require legislation in the 2016 Session.

## **Informational Issue: School Finance Funding Case Studies**

The school finance formula directs the distribution of total program funding to Colorado school districts based on factors designed to recognize the characteristics of each school district, such as the local cost of living, the district’s enrollment, and the number of at-risk students. However, the combination of the negative factor, variations in local property wealth and resulting local revenues, and local mill levy overrides can result in funding levels that may or may not closely resemble the funding anticipated in the school finance formula. Such variations raise points to consider in discussions of the adequacy and equity of education funding in Colorado.

### **SUMMARY:**

- The school finance formula begins with a statewide base per pupil funding amount and then adjusts the base using several factors to recognize the characteristics of each school district. The formula yields a per pupil funding amount for each school district, which is then multiplied by the school district’s funded pupil count to produce the district’s “total program funding.” The negative factor then reduces total program funding to reach the level of state funding available for school finance.
- As shown by a review of illustrative school districts from FY 2014-15, the combination of the negative factor, variations in local property wealth (and resulting local school finance revenues), and the availability of mill levy override moneys can produce some surprising funding amounts for each district that do not closely resemble the funding anticipated in the school finance formula.

### **DISCUSSION:**

#### **Background – The School Finance Formula**

The school finance formula, established in the School Finance Act of 1994, directs the distribution of total program funding to Colorado school districts using factors designed to recognize the individual characteristics of each school district.<sup>11</sup> Specifically, the formula considers district size (enrollment), the local cost of living, and the number and percentage of pupils considered by the School Finance Act to be at risk of failing or dropping out of school. The formula includes four major components: (1) preliminary per pupil funding (addressing district size, cost of living, and personnel costs); (2) at-risk funding; (3) online/ASCENT funding which provides a flat per pupil amount for students attending multi-district online schools and for students participating in the ASCENT program; and (4) the negative factor, first implemented in FY 2010-11.

---

<sup>11</sup> This issue paper and the companion appendix draw from two separate documents: (1) the April 2015 Legislative Council Staff publication “School Finance in Colorado” available at: <https://www.colorado.gov/pacific/cga-legislativecouncil/school-finance> and (2) the July 2015 Department of Education publication “Understanding School Finance and Categorical Funding” available at: <https://www.cde.state.co.us/cdefinance/fy2015-16brochure>

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

*Preliminary Per Pupil Funding*

Statewide base per pupil funding is the starting point for the school finance formula. The General Assembly specifies statewide base per pupil funding in law each year. Article IX of Section 17 of the Colorado Constitution (Amendment 23) requires the General Assembly to increase statewide base per pupil funding by at least the rate of inflation each year. For example, for FY 2015-16, the General Assembly was required to increase the statewide base per-pupil funding amount by at least \$171 (from \$6,121 to \$6,292, or 2.8 percent), based on the actual 2.8 percent increase in the Denver-Boulder consumer price index in calendar year 2014. Given an estimated funded-pupil count of more than 855,000, the General Assembly was thus required to provide a minimum of \$5.4 billion in state and local funds for base per pupil funding in FY 2015-16, equal to 86.3 percent of the \$6.2 billion in total program funding.

The formula then adjusts the statewide base per pupil amount to calculate a preliminary per pupil funding amount for each district based on the individual district's characteristics. Specifically, the preliminary per pupil funding amount accounts for: (1) district enrollment (size) to account for school districts' lack of economies of scale; and (2) the cost of living in a school district based on the need to recruit, hire, and retain qualified personnel.

- *Enrollment:* Districts' pupil counts are based on the annual October 1 count date. Because the October 1 count date is three months into the state fiscal year and the final count information is not available to the Department and the General Assembly until December, the initial school finance appropriation for each year is based on forecast pupil count information and then modified at mid-year through the supplemental process to reflect actual pupil counts. For FY 2014-15 the statewide funded pupil count was 844,528 funded pupils. That year, school districts' *actual* pupil counts ranged from 11.5 in Agate to 84,044 in Denver. Please note that while multiple school districts had actual pupil counts below 50.0 student in FY 2014-15, current law (section 22-54-103 (7) (e) (VI), C.R.S. as enacted in S.B. 13-260 (School Finance)) funds any district with less than 50.0 student FTE as though it has 50.0 FTE. As a result, Agate and the other districts with fewer than 50.0 pupils have 50.0 *funded* pupils. And finally, for school districts that have declining enrollment, the funded pupil count is the greater of the current enrollment or enrollment averaged over a period of up to five years.
- *Size Factor:* The size factor provides additional funding per pupil to smaller districts to account for a lack of enrollment-based economies of scale. Section 22-54-104 (5) (b) (I.5), C.R.S., directs the calculation of each district's size factor. For FY 2014-15, size factors ranged from 1.0297 for school districts with 4,023 or more pupils to 2.3958 for the smallest districts (those funded based on the 50.0 pupil floor). The size factor is a major driver of per pupil funding for smaller districts. Because the most affected districts are small, however, the impact on overall total program funding is more limited (the size factor represented roughly 4.3 percent of total program funding in FY 2014-15, prior to the application of the negative factor).
- *Cost of Living:* The cost of living factors are not specified in statute but Section 22-54-104 (5) (c), C.R.S. specifies the method for calculating the factors. Every two years,



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

Legislative Council Staff contracts for a study that measures the cost of an identical set of items (such as housing, goods, services, and transportation) in each school district throughout the State. The 2013 study dictates the cost of living factors for FY 2014-15 and FY 2015-16. Legislative Council Staff has contracted for the 2015 study which will affect FY 2016-17 and FY 2017-18. For FY 2014-15 and FY 2015-16, the cost of living factor ranged from 1.011 (a 1.1 percent adjustment) to 1.650 (a 65.0 percent adjustment). The cost of living factor accounted for an estimated 14.6 percent of total program funding in FY 2014-15, prior to the application of the negative factor.

- *Personnel Costs Factor*: The formula recognizes that larger (enrollment) school districts generally spend a greater share of their budget on personnel while other fixed costs generally make up a greater share for smaller school districts. Because the cost of living factor is directly related to personnel, the formula only applies the cost of living factor to estimated personnel costs. Section 22-54-104 (5) (d), C.R.S., specifies the method for calculating the personnel costs factor for each district. For FY 2014-15 and FY 2015-16, personnel costs factors ranged from 79.92 percent to a maximum of 90.50 percent. Each district’s “*non-personnel costs factor*” (the share of base funding that is *not* modified by the cost of living factor) is the difference between 100.0 percent and the personnel costs factor and ranges from 9.50 percent to 20.08 percent in FY 2014-15 and FY 2015-16.

Using these factors, the formula calculates preliminary per pupil funding using the following formula:

Preliminary Per Pupil Funding = $\frac{[(\text{Statewide Base} \times \text{Personnel Costs Factor} \times \text{Cost of Living Factor}) + (\text{Statewide Base} \times \text{Non-personnel Costs Factor})] \times \text{District Size Factor}}{\text{District Size Factor}}$
--

*At-Risk Funding*

The formula builds on the preliminary per pupil funding (calculated above) to add funding for school districts that serve students considered to be at risk of dropping out of school. The School Finance Act defines at-risk students to include two groups: (1) students *eligible for* free lunch based on family income (not necessarily those participating in the free lunch program); and (2) certain English language learners. An individual student may only be counted as at-risk once. As with the funded pupil count, the original appropriation is based on forecasts of the at-risk population in each school district, which is then “trued up” through the annual October 1 count.<sup>12</sup>

School districts receive funding based on both the number of at-risk students in the district (the count) and the proportion of at-risk students in the district.

- *At-Risk Count (Base)*: As a base, each school district receives at-risk funding equal to 12.0 percent of the preliminary per pupil funding calculated above for each at-risk

---

<sup>12</sup> The at-risk count for each district is the greater of either the actual at-risk count (based on free lunch eligibility) or the projected K-12 proportion of at-risk students based on the actual count of grades K-8 because free lunch eligibility data is less likely to be complete for high schools.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

student. Thus, school districts receive an at-risk factor of 12.0 percent of preliminary per pupil funding for every at-risk student below the statewide at-risk proportion.

- *At-Risk Proportion (Concentration)*: School districts with a greater proportion of at-risk students than the state average (37.1 percent in FY 2014-15) receive a “premium” for each student above the statewide at-risk proportion. Specifically for each percentage point above the statewide average, the formula allocates an additional 0.3 percent of the preliminary per pupil funding amount for districts with less than 50,000 pupils and 0.36 percent for districts with enrollment greater than 50,000.

$\text{At-Risk Funding} = \text{At-Risk Pupils} \times 12.0 \text{ percent} \times \text{Preliminary Per Pupil Funding} + \text{At-Risk Premium}$
---

It is worth noting that because at-risk funding is based on the preliminary per pupil funding school districts with higher preliminary per pupil funding receive a larger amount per at-risk pupil.

*Online and ASCENT Funding*

As discussed above, the School Finance Act funds multi-district online and ASCENT students at a flat rate per pupil each year. In FY 2014-15, the formula provided \$7,381 per pupil for these groups prior to the application of the negative factor (which is discussed in greater detail below).

*Total Program Funding – Before the Negative Factor*

Preliminary per pupil funding, at-risk funding, and online/ASCENT funding provide the basis for each district’s total program funding prior to the application of the negative factor. Prior to the implementation of the negative factor in FY 2010-11, the following formula produced the end result of total program calculations under the school finance formula.

$\text{Total Program Funding} = (\text{Preliminary Per Pupil Funding} \times \text{Funded Pupil Count}) + (\text{At-Risk Funding}) + (\text{Online and ASCENT Funding})$
--

*The Negative Factor*

First implemented as the “state budget stabilization factor” in FY 2010-11 and later renamed the “negative factor,” the negative factor reduces each school district’s total program funding by a fixed percentage. In FY 2014-15 (the focus of this issue paper), the negative factor reduced each district’s total program funding by 13.0 percent (a total of \$880.2 million statewide). However, as will be illustrated below, the negative factor can only reduce *state* funding. As a result, for school districts receiving less state funding, the reduction is limited to the state share.

**FY 2014-15 School Finance Examples**

While the Committee’s budget discussions necessarily focus on statewide total program funding as the largest single use of General Fund in the state budget, a focus on statewide funding can obscure variations in the funding available to individual school districts. The combination of the negative factor, variations in property wealth and the resulting availability of local revenues, and

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

the use of local mill levy overrides can create funding scenarios that may not align with expectations based on the school finance formula alone.

As an illustration, this issue paper focuses on school finance funding for five illustrative school districts from FY 2014-15, the most recent year for which all of the relevant data are available. While this issue paper discusses the districts’ characteristics and resulting funding levels, Appendix E walks through the actual school finance formula calculations for the case study districts. To illustrate the workings of the school finance formula and the related issue of local mill levy overrides, staff selected the following five districts: Clear Creek, Denver, Hinsdale, Mesa County Valley, and Weld-Pawnee.

- *Clear Creek* provides a relatively small mountain district with high enough assessed value to entirely fund total program solely with local revenues. Cost of living, and to a lesser extent the size factor, are drivers of the districts’ total program funding.
- *Denver* is the largest enrollment school district in the State and also has a relatively high proportion of at-risk students. Cost of living and at-risk funding are drivers of the districts’ budget.
- *Hinsdale* (Lake City area) is a small enrollment mountain district without sufficient local revenues to fund total program without a state share. Because of its small enrollment, the size factor is the major driver of total program funding.
- *Mesa County Valley*, on the Western Slope, is a minimum/floor funded district.
- *Weld-Pawnee*, in Weld County, is a small eastern plains district with relatively high but volatile local revenues that in some years can fund total program entirely with local revenues.

The following table summarizes the major (school finance related) characteristics of each example school district

<b>FY 2014-15 School Finance Factors</b>				
<b>School District</b>	<b>Pupil Count (Enrollment)</b>	<b>Size Factor</b>	<b>Cost of Living Factor</b>	<b>At-risk Percentage*</b>
Clear Creek	866.9	1.1545	1.214	22.8%
Denver	84,044.2	1.0297	1.243	64.4%
Hinsdale	87.9	2.2533	1.215	23.6%
Mesa County Valley	21,677.2	1.0297	1.144	37.7%
Weld-Pawnee	80.4	2.2815	1.141	34.9%

\*For comparison purposes, 37.1 percent of pupils statewide were considered at-risk in FY 2014-15.

***Total Program Funding and the Negative Factor***

The school finance formula produces a per pupil funding amount for each district based on the various factors described above. Multiplying that per pupil amount by the funded pupil count generates each district’s total program funding. In general, the smallest districts (in terms of

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

enrollment) tend to receive the largest per pupil amounts as a result of the size factor. However, the enrollment of large districts results in higher total funding.

After calculating total program per pupil funding (and the resulting total program funding), the School Finance Act applies the negative factor as a percentage reduction to reach the available level of *state* funding. As discussed above, the negative factor can *only* reduce state funding. In FY 2014-15, the negative factor as appropriated was 13.0 percent. However, districts with less than 13.0 percent of funding coming from the state share did not experience the full reduction. As shown in the following table, Clear Creek (which was entirely locally funded under the formula) did not see any reduction, and Weld-Pawnee saw a minimal reduction in FY 2014-15. Conversely, the other three case study districts absorbed 13.0 percent reductions.

<b>Total Program Funding Before and After the Negative Factor</b>							
School District	Funded Pupil Count (A)	Total Program Formula Per Pupil Funding (B)	Total Program Funding Before Negative Factor (C) = (A)*(B)	Negative Factor Reduction (D)	Final Total Program Funding (E) = (C)+(D)	Final Per Pupil Funding (F) = (E)/(A)	Negative Factor as Percentage of Total Program (F) = (D)/(C)
Clear Creek	866.9	\$8,541	\$7,404,272	\$0	\$7,404,272	\$8,541	0.0%
Denver	84,044.2	8,451	710,242,434	(92,097,835)	618,144,600	7,355	-13.0%
Hinsdale	87.9	16,609	1,459,911	(189,308)	1,270,603	14,455	-13.0%
Mesa County Valley	21,677.2	7,660	166,055,549	(21,532,586)	144,522,963	6,667	-13.0%
Weld-Pawnee	80.4	16,125	1,296,446	(179)	1,296,267	16,123	0.0%

For the purposes of this discussion, it is worth noting that two similar districts in terms of enrollment, cost of living, and at-risk funding (Hinsdale and Weld-Pawnee) experienced quite different funding scenarios in FY 2014-15. Prior to the application of the negative factor, Hinsdale’s per pupil funding was \$484 *higher* than Weld-Pawnee. However, after application of the negative factor, Hinsdale’s per pupil funding had dropped \$1,668 *below* Weld-Pawnee.

**Mill Levy Overrides**

Current law (Sec. 22-54-108, C.R.S.) allows local school districts, with the approval of voters, to use mill levy overrides to provide additional funding for education, up to a maximum of \$200,000 per year or 25.0 percent of district total program funding, whichever is greater.<sup>13</sup> The school finance formula does not consider local mill levy overrides in any way. However, the mill levy overrides addressed here provide funding for the same basic purposes as total program funding and provide a significant amount of funding statewide (116 districts collected \$826.5 million in FY 2014-15). As a result, while overrides are not part of the school finance formula, they do provide significant funding to many school districts and may be another useful factor to consider in an analysis of school district funding.

<sup>13</sup> Pursuant to H.B. 15-1321 (Flexibility and Funding for Rural School Districts), “small rural” districts may collect up to 30.0 percent of total program funding, or \$200,000, whichever is greater.

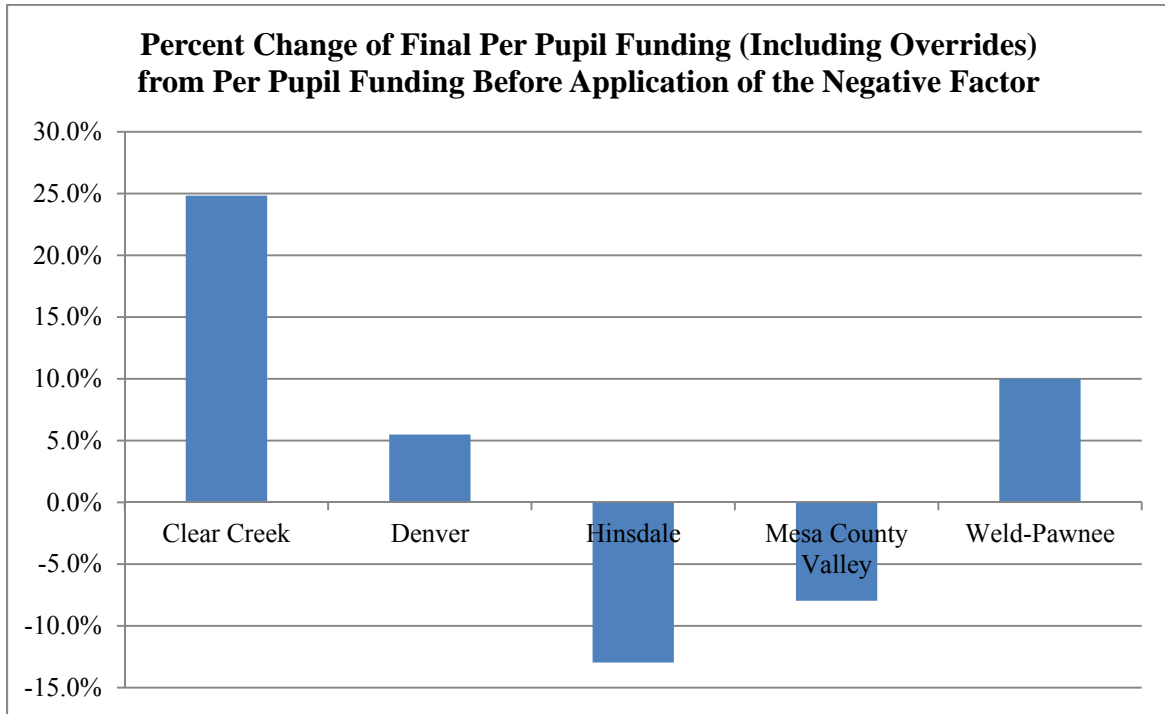
**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

As shown in the following table four of the districts analyzed in this issue paper collected override revenues in FY 2014-15. Of the five example districts, Hinsdale was the only district that did not do so (a total of 62 out of 178 districts statewide did not collect override revenues that year).

<b>FY 2014-15 Mill Levy Overrides</b>			
<b>School District</b>	<b>Total Program After Negative Factor (A)</b>	<b>FY 2014-15 Override Revenue (B)</b>	<b>Override Revenue as Percent of Total Program (C) = (B) / (A)</b>
Clear Creek	\$7,404,272	\$1,839,264	24.8%
Denver	618,144,600	131,109,742	21.2%
Hinsdale	1,270,603	0	0.0%
Mesa County Valley	144,522,963	8,294,016	5.7%
Weld-Pawnee	1,296,267	129,879	10.0%

Staff notes that directly incorporating override revenues into the school finance formula (e.g., reducing the state share of funding to account for override revenues) would raise significant concerns, as the local voters approved the overrides specifically to supplement existing funding. However, for discussion purposes, including override moneys in the consideration of funding further complicates the impact of the negative factor. For example, as shown in the following table and chart, if override revenues are considered for discussion purposes as part of school finance funding, then three of the five example districts (Clear Creek, Denver, and Weld-Pawnee) were funded above the amount called for by the school finance formula *prior to the negative factor*, with Clear Creek 24.8 percent above the amount called for by the school finance formula. Including override revenues in the analysis reduces the negative factor from 13.0 percent to 8.0 percent in Mesa County Valley. With no override revenues available, Hinsdale remained at 13.0 percent below the school finance formula amount before the application of the negative factor.

<b>FY 2014-15 Per Pupil Funding with Override Revenues</b>					
<b>School District</b>	<b>Total Program Per Pupil Funding Before Negative Factor</b>	<b>Per Pupil Funding After Negative Factor</b>	<b>Override Revenue Per Pupil</b>	<b>Per Pupil Funding Including Override Revenue</b>	<b>Percent Change from Per Pupil Funding Before Negative Factor</b>
Clear Creek	\$8,541	\$8,541	\$2,122	\$10,663	24.8%
Denver	8,451	7,355	1,560	8,915	5.5%
Hinsdale	16,609	14,455	0	14,455	-13.0%
Mesa County Valley	7,660	6,667	383	7,050	-8.0%
Weld-Pawnee	16,125	16,123	1,615	17,738	10.0%



On a statewide basis, staff’s analysis indicates that including override revenues would have set 58 school districts at or above total program funding amounts before the application of the negative factor in FY 2014-15. The remaining 120 districts absorbed varying reductions as a result of the negative factor, even with 58 of the 120 collecting some override moneys in FY 2014-15.

**Conclusion and Points to Consider**

The confluence of the school finance formula, the negative factor, disparities in local property wealth and the ability to fund schools locally, and the varying availability of mill levy override revenues complicate any discussion of school finance funding, adequacy, and equity in Colorado. Staff offers three illustrative points for the Committee’s consideration:

- First, based solely on the availability of local revenues, otherwise similar school districts according to the factors considered in the school finance formula (e.g., Hinsdale and Weld-Pawnee) have experienced significantly different outcomes in terms of funding under the formula. Staff also notes that those two example districts have experienced different challenges, as Hinsdale has absorbed the entire negative factor each year while Weld-Pawnee (like similar districts with tax bases largely tied to oil and gas) has seen considerable fluctuations in funding from year to year based on oil and gas prices and development.
- Second, differences in the availability of override revenues further complicate discussions of the impact of the negative factor. With the inclusion of override revenues, 58 school districts (including three in the sample addressed in this issue paper)

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

were funded at or above pre-negative factor levels in FY 2014-15, some of which were well above that level. An additional 58 school districts offset at least a portion of the negative factor reduction with override revenues. Finally, 62 districts did not collect override moneys and absorbed the full 13.0 percent negative reduction in FY 2014-15.

- Finally, any discussion of override revenues is complicated by the varying reasons that districts may have for *not* collecting override revenues. In some school districts with relatively high assessed value, the district and/or the voters may simply not have the desire to collect (or provide) override revenues. In lower assessed value districts, however, collecting significant revenues may simply not be possible.

## **Issue: B.E.S.T. Program Funding and Revenues**

The Building Excellent Schools Today (B.E.S.T.) program is the State’s primary public school capital construction assistance program. Supported primarily with State Land Board school trust revenues and marijuana excise tax revenues, the program includes two mechanisms to distribute funding for capital construction projects: (1) certificates of participation (COPs), capped at \$40.0 million in state funding for COP payments per year under current law (the program has reached the cap); and (2) cash grants provided to schools and school districts annually (and now also appropriated in the Long Bill). Looking toward the 2016 Session and the FY 2016-17 budget, the General Assembly faces several policy questions related to the B.E.S.T. program.

### **SUMMARY:**

- The B.E.S.T. program, created in H.B. 08-1335, is the State’s primary public school capital construction assistance program. Structured as a competitive grant program, B.E.S.T. provides assistance through both certificates of participation (COPs) and cash grants.
- Including the cash grant projects approved for FY 2015-16, the program has provided or approved a total of \$1.2 billion (including \$847 million in state funds and \$398 million in local matching funds) for public school capital construction projects from FY 2008-09 through FY 2015-16. This amount represents approximately 9 percent of the \$13.9 billion in need identified in a priority assessment completed for the program in 2010.
- The program receives funding from several sources but state trust lands have provided the vast majority of state funding. Marijuana excise tax revenues are projected to provide an increasing source of funding for the program (up to a maximum of \$40.0 million per year under current law).
- The program has reached the \$40.0 million statutory cap on the state share of annual COP payments. Under current law, the program will be unable to issue additional COPs until the current leases begin to expire in 2029. Some stakeholders are advocating for an increase in the program’s statutory cap on COP payments in order to allow the program to issue additional COPs.
- The changes facing the program, including changing revenue sources and a potential increase in the cap on COP payments, generate several policy questions for the Committee’s consideration in FY 2016-17 and beyond.

### **RECOMMENDATION:**

Staff recommends discussing the status of the B.E.S.T. program with the Department (and potentially members of the B.E.S.T. Board) at the upcoming hearing. Going forward, staff further recommends that any discussion of increasing the COP cap consider several sources of uncertainty, including: (1) the volatility (and projected decline) of State Land Board revenues;



(2) uncertainty regarding marijuana excise tax revenues available to the program; (3) whether it is appropriate and advisable to issue COPs against marijuana revenues; (4) the potential tradeoff between increasing the COP cap and decreasing school trust revenues credited to the Permanent Fund; and (5) the impact of committing more annual revenues to COP payments on the program's ability to provide annual cash grants based on new or pressing capital construction needs.

As the Committee considers the FY 2016-17 budget for the B.E.S.T. program in light of the \$40.0 million in one-time funding transferred to the Public School Capital Construction Assistance Fund by H.B. 15-1367 and Proposition BB, staff expects to recommend that the Committee wait to significantly increase the program's budget through the use of one-time funding until the program has been able to update the existing priority assessment as directed in the 2013 program performance audit.

## **DISCUSSION:**

### **Background**

House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the BEST program. The BEST program was designed to increase the amount of state financial assistance and accelerate project completion.

### *Fund Sources*

Rather than relying on annual General Fund appropriations, the BEST program is supported primarily by royalty and rental income earned on state trust lands and (starting in FY 2013-14) marijuana excise tax revenues. The program receives additional funding from lottery proceeds and interest earned on the Public School Capital Construction Assistance (PSCCA) Fund. Current law annually credits the following state moneys to the PSCCA Fund:

- 50.0 percent of gross revenues from state school trust lands, with a guarantee of \$40.0 million per year (even if that is more than 50.0 percent of revenues);
- beginning in FY 2013-14, the first \$40.0 million per year in recreational marijuana *excise* tax funds<sup>14</sup>;
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such agreements;
- lottery proceeds that would otherwise be transferred to the General Fund; and
- interest and investment income earned on the PSCCA Fund.

Local matching funds for certificate of participation (COP) payments are also credited to the fund because the program makes the *total* COP payment (including state and local funds) from the PSCCA fund.

---

<sup>14</sup> Contingent up on voter approval of Proposition BB in 2015, H.B. 15-1367 also requires a one-time transfer of \$40.0 million from the Proposition AA Refund Account of the General Fund to the Public School Capital Construction Assistance Fund in FY 2015-16.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

Although the program receives funds from several sources, state trust land revenues have been the dominant source, accounting for 90.0 percent of the programs actual revenues in FY 2013-14 and 76.7 percent in FY 2014-15 (the percentage decreased in FY 2014-15 because of an increase in marijuana revenues). The table below displays actual B.E.S.T. program revenues from state sources for FY 2013-13 through FY 2014-15 and estimates for FY 2015-16 through FY 2017-18.

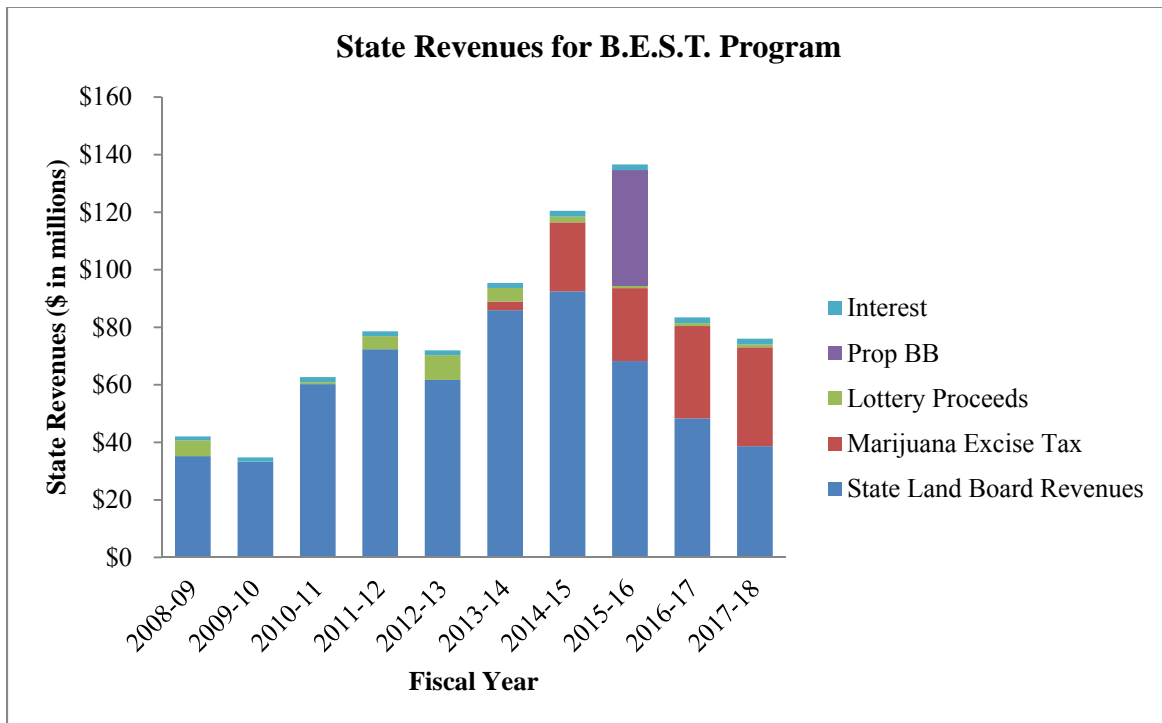
<b>State Revenues for the BEST Program</b>					
<b>Revenue Source</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16 Est.</b>	<b>FY 2016-17 Est.</b>	<b>FY 2017-18 Est.</b>
State Land Board Revenues /a	\$85,914,869	\$92,505,485	\$68,243,471	\$48,353,916	\$38,688,162
Marijuana Excise Tax /b	3,012,860	23,949,565	25,350,857	32,071,883	34,331,866
One-time Prop. BB Funds	0	0	40,000,000	0	0
Lottery Proceeds /c	<u>4,735,342</u>	<u>1,997,456</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total State Revenues</b>	<b>\$93,663,071</b>	<b>\$118,452,506</b>	<b>\$134,594,328</b>	<b>\$81,425,799</b>	<b>\$74,020,028</b>
Interest Revenues /c	<u>1,714,872</u>	<u>2,032,658</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<b>Total Revenues</b>	<b>\$95,377,943</b>	<b>\$120,485,164</b>	<b>\$136,594,328</b>	<b>\$83,425,799</b>	<b>\$76,020,028</b>

a/ State Land Board revenue estimates for FY 2015-16 through FY 2017-18 provided by the State Land Board.

b/ Marijuana excise tax estimates for FY 2015-16 through FY 2017-18 are based on the September 2015 Legislative Council Staff Revenue Forecast.

c/ Estimated lottery proceeds and interest revenues for FY 2015-16 through FY 2017-18 provided by B.E.S.T. program staff.

The following chart shows the program’s sources of (state) revenue from inception in FY 2008-09 through the current estimates for FY 2017-18.



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

*Types of Assistance*

Designed as a competitive grant program with an annual application and award cycle, the program offers two forms of financial assistance for capital construction projects: (1) COPs and (2) cash grants.

- Certificates of Participation: The program has generally used COPs to support larger projects, such as the construction of new or replacement schools or major renovations. The average cost of COP projects approved in FY 2013-14 (the last year with multiple COP awards) is \$15.8 million, consisting of \$10.7 million state funds and \$4.1 million local funds. In FY 2014-15, the program awarded one COP project to replace a middle school in Fort Morgan at a total cost of \$36.0 million (including \$24.9 million state funds and \$11.1 million local matching funds). Annual lease payments for COPs are subject to legislative appropriation and appear in the Long Bill each year. Statute (see Section 22-43.7-110 (2) (b) (I), C.R.S.) limits the state share of annual COP payments to no more than \$40.0 million but the annual *appropriation* for BEST COP payments includes state funds, local matching funds, and estimated federal subsidies. Thus, the FY 2015-16 appropriation of \$65.0 million includes an estimated \$38.6 million in state funds and \$16.4 million in local matching funds, along with approximately \$8.6 million in federal subsidies.
  
- Cash Grants: Historically, the program generally used cash grants to support smaller projects such as equipment replacements, roof repairs and replacements, and relatively minor renovations. However, the program has also used cash grants for larger projects in recent years. For example, for FY 2015-16, the program has approved 26 cash grant projects. The average (mean) project has a total cost of \$3.4 million, including \$1.8 million in state grant funds and \$1.6 million in local funds. However, the total cost of FY 2015-16 projects ranges from \$77,643 (including \$41,927 state and \$35,716 local) for a paging system at a charter school in Greeley to \$27.6 million (\$9.1 million state and \$18.5 million local) for an elementary school renovation and addition in Roaring Fork. The *state share* of project costs ranges from a low of \$26,358 for an electrical project Montrose County to \$14.7 million for a junior/senior high school renovation in El Paso - Edison. See Appendix F for a complete list of B.E.S.T. cash grant projects approved for FY 2015-16.

The following table shows the distribution of awarded projects by total project cost and summary data for the state and local contributions as well as the number awarded as COPs and cash grants for each year for FY 2010-11 through FY 2015-16.

<b>Summary Data for B.E.S.T. Program - FY 2008-09 through FY 2015-16</b>						
<b>Total Cost Range</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Under \$500,000	21	8	6	13	11	7
\$500,000 - \$1,000,000	7	7	9	4	9	6
\$1,000,000 - \$5,000,000	9	9	6	5	4	9
Over \$5,000,000	<u>8</u>	<u>10</u>	<u>16</u>	<u>6</u>	<u>1</u>	<u>4</u>
Total Projects	45	34	37	28	25	26

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Summary Data for B.E.S.T. Program - FY 2008-09 through FY 2015-16</b>						
<b>Total Cost Range</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Total State Funds	\$169,950,522	\$142,745,980	\$198,745,372	\$71,922,685	\$41,389,897	\$47,585,773
Total Matching Funds	<u>71,501,027</u>	<u>42,560,485</u>	<u>103,866,661</u>	<u>35,333,391</u>	<u>26,516,938</u>	<u>42,675,428</u>
Total Project Cost	\$241,451,550	\$185,306,465	\$302,612,033	\$107,256,076	\$67,906,835	\$90,261,200
Total Cash Grant Cost	\$19,832,827	\$26,514,482	\$85,569,366	\$12,573,066	\$31,877,694	\$90,261,200
Total COP Project Cost	\$221,618,723	\$158,791,983	\$217,042,667	\$94,683,010	\$36,029,140	\$0

*Total Assistance Provided*

Including the projects approved in FY 2015-16, the program has supported a total of \$1.2 billion in school construction projects from FY 2008-09 through FY 2015-16, including \$847 million in state funds and \$398 million in local matching funds. Of that total, \$931.1 million has been in the form of COP projects.

As required by H.B. 08-1335, the program completed a Statewide Financial Assistance Priority Assessment. Published in 2010, the assessment found a need for \$13.9 billion in public school capital construction statewide for the period from 2010 through 2013 and an additional \$3.9 billion for the period from 2014 through 2018. Thus, to put the program’s level of assistance in perspective, the total project funding of \$1.2 billion represents approximately 9 percent of the \$13.9 billion in estimated statewide need from 2010 through 2013.

*FY 2015-16 Decision Item and Updated Prioritization*

For FY 2015-16, the General Assembly approved a decision item (FY 2015-16 R7 – B.E.S.T. Priority Assessment) to add \$3.2 million cash funds and 6.0 FTE to reconfigure the program’s priority assessment database (describing the status and needs of every public K-12 school facility in the State) and to hire an in-house assessment team to continually update the database. As approved, the increase includes: (1) \$2.7 million in one-time funding to contract to update the priority assessment system and train the new assessment staff; and (2) \$509,311 and 6.0 FTE in ongoing funding (annualizing to \$589,808 and 6.0 FTE in FY 2016-17) to support the new staff.

The FY 2015-16 request responded to a 2013 performance audit by the State Auditor’s Office that identified a number of concerns with the program and the existing priority assessment system, including:

- Although the State invested more than \$12 million in the original priority assessment, the assessment did not provide a prioritized list of projects and did not clearly identify health and safety projects.
- The program had not ensured that the assessment was maintained and current.
- The audit also recommended proactively targeting outreach and technical assistance to specific school districts with high priority projects (and limited financial capacity) *that have not applied for assistance*. The program has historically simply selected from districts that did apply. The audit, however, recommended shifting the program’s procedures to work with districts that have the greatest need (which again requires updated information regarding facility status).

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

The program has moved forward with the new resources in FY 2015-16, including selecting a contractor to implement the new assessment database, with a goal of establishing the new database, migrating existing data, and completing the assessor software tool and dashboards by June 1, 2016. Once the system is operational, the program will be able to begin the reassessment. The program hired 1.0 new FTE to support the contracting process and expects to have the remaining 5.0 hired by the end of December 2015. Once the new system/program is established, the Department intends to continually update the assessment database on a 2.5 year cycle to cover the entire state.

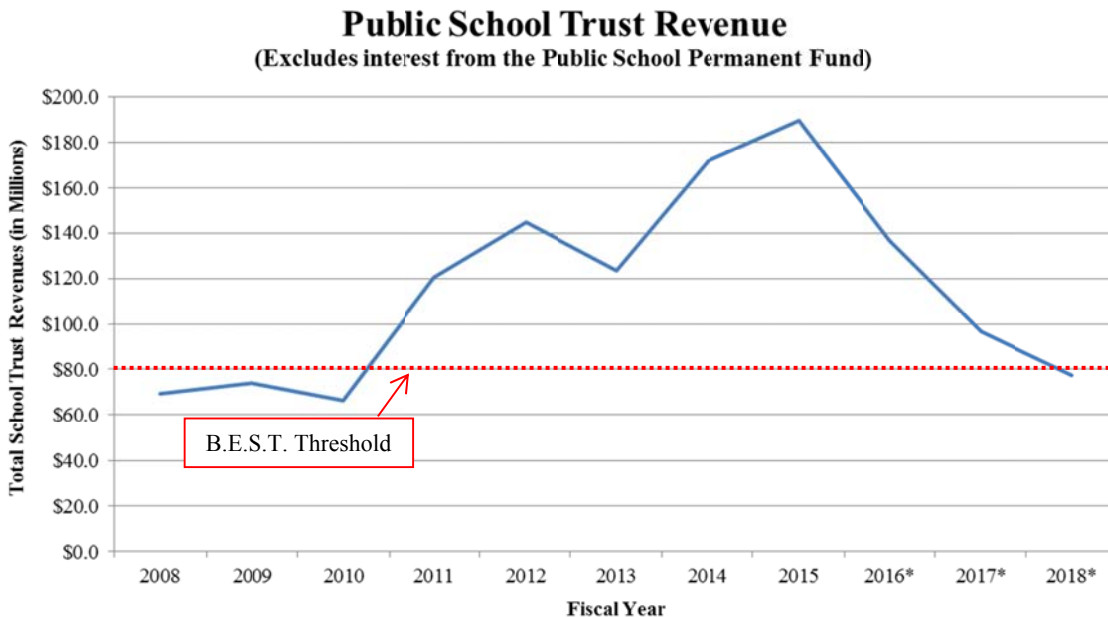
**Policy Questions for FY 2016-17 and Beyond**

Staff understands that some stakeholders are advocating for an increase in the statutory cap on the B.E.S.T. program's COP payments. Please note that the Department has not submitted a budget request related to the COP cap and staff is not recommending a change in the cap. However, a potential increase in the cap, particularly in light of other changes facing the program, raises several policy questions for the Committee's (and the General Assembly's) consideration in planning for FY 2016-17 and beyond. The following sections briefly discuss several questions that staff recommends the Committee and General Assembly consider with respect to the program's FY 2016-17 budget and any potential increase in the COP payment cap.

***Question 1: How should the General Assembly balance a potential increase in the COP cap with uncertainty regarding the program's revenues, particularly given potential tradeoffs with revenues deposited to the Public School (Permanent) Fund? Given the state of marijuana revenues, is relying on marijuana revenues for COP payments advisable?***

As discussed above, the two major sources of revenue for the program going forward are: (1) State Land Board Revenues; and (2) marijuana excise taxes. The General Assembly faces uncertainty regarding both revenue sources going forward. Given that awarding additional COPs would create a long term obligation for the State and potential tradeoffs against the revenues deposited to the Permanent Fund, staff recommends that the Committee and General Assembly consider the risks and tradeoffs associated with a potential increase in the cap.

***State Land Board Revenues and the Permanent Fund:*** As discussed above, under current law the program receives the greater of: (1) 50.0 percent of State Land Board School Trust revenues or (2) \$40.0 million per year (based on the current \$40.0 million COP cap). The remainder of School Trust revenues (after funding the operations of the State Land Board) is deposited into the Permanent Fund, which then generates interest to support educational programs including school finance (\$21.0 million appropriated in FY 2015-16). As discussed above (and in greater detail during the FY 2016-17 JBC Staff budget briefing on the Department of Natural Resources presented December 3, 2015), the State Land Board currently projects a 59.2 percent decrease in School Trust Revenues from FY 2014-15 through FY 2017-18 (see the following chart, reproduced from the Department of Natural Resources briefing).



Setting aside other sources of revenue, the School Trust must generate at least \$80.0 million in total revenues (shown as the B.E.S.T. Threshold in the chart) in order for a 50.0 percent share to cover the current \$40.0 million COP cap. The State Land Board currently expects to drop below that threshold in FY 2017-18, based on conservative assumptions regarding oil prices that drive a large share of the School Trust revenue. If the General Assembly raises the COP payment cap and intends to continue to rely on State Land Board revenues to cover the COP payments, then current projections indicate that doing so would require more than 50.0 percent of School Trust revenues, decreasing the amount transferred to the Permanent Fund each year. Please note that the State Land Board’s forecasts only cover through FY 2017-18 and the ability to cover COP payments over the longer term is unknown.

*Marijuana Excise Taxes:* Current law (Sec. 39-28.8-305 (1) (a), C.R.S.) transfers the first \$40.0 million per year in marijuana excise taxes to the Public School Capital Construction Assistance Fund to support the B.E.S.T. program. Any remaining excise tax revenues are transferred to the Permanent Fund although revenues have yet to exceed \$40.0 million per year. The September 2015 Legislative Council Staff Revenue Forecast anticipates an increase from \$23.9 million in FY 2014-15 to \$34.3 million in FY 2017-18.

Staff notes two significant sources of uncertainty regarding the excise tax revenues. First, as a new revenue source, the revenues are inherently uncertain. Second, over the longer term, the State’s ability to continue to collect tax revenues associated with recreational marijuana also appears to be uncertain. As a result, relying on marijuana excise taxes to support ongoing COP payment obligations carries an inherent level of risk that should be considered with any potential changes to the B.E.S.T. program. If the General Assembly relies upon marijuana revenues for COP payments, then any loss of marijuana revenues required for COP payments would likely require an increase in School Trust revenues and a decrease in deposits to the Permanent Fund.

***Question 2: How should ongoing efforts to update the program’s priority assessment affect the consideration of a potential increase in the COP cap and the use of one-time funding provided by H.B. 15-1367 and Proposition BB?***

As discussed above, in FY 2015-16 the General Assembly provided \$3.2 million to allow the program to update the priority assessment database and maintain the database on an ongoing basis going forward as recommended in the program’s 2013 performance audit. The program estimates that it will take 2.5 years (starting in June 2016) to completely update the database, with an ongoing 2.5 year cycle to maintain the database. While this work is ongoing, the General Assembly will have to make two decisions:

- Should the General Assembly raise the cap on COP payments before the update is complete or wait to do so until the new information is available?
- House Bill 15-1367 and Proposition BB transferred an additional \$40.0 million in one-time funding to the Public School Capital Construction Assistance Fund. How should the General Assembly treat the one-time funding given the current efforts to improve the database?

The 2013 audit raised significant questions regarding the program’s ability to prioritize funding using the existing database. Given those questions and the ongoing work to improve the database and decision making process, the General Assembly may wish to consider waiting to provide additional COP flexibility and/or use the one-time funding until better information is available through the program’s database. Staff currently expects to recommend that the Committee delay significant increases in the program’s funding using the one-time funding until better information is available.

***Question 3: Given the various sources of uncertainty discussed above, how should the General Assembly prioritize potential increases in COP payments vs. the ongoing flexibility provided by cash grant funding?***

Given constant revenues, increasing COP payments would inherently reduce the funding available for cash grants, reducing the program’s ability to respond to new information and new needs. The potential cost benefits and economies of scale offered by COP funding may make increases preferable. However, staff recommends that the Committee and General Assembly consider the tradeoff with cash grant funding as part of any discussion of raising the COP limit.

## **Issue: Federal E.S.E.A. Reauthorization**

Congress has passed legislation to reauthorize the federal Elementary and Secondary Education Act. The Every Student Succeeds Act, which will largely take effect for the 2016-17 school year, replaces No Child Left Behind and makes a variety of changes including returning significant autonomy and authority over education policy (particularly with respect to standards and accountability) to the states. The new legislation also makes changes to federal funding available for education. The budgetary impact of the legislation, in terms of both state costs and federal funding, is uncertain.

### **RECOMMENDATION:**

Staff recommends that the Committee discuss the anticipated budgetary impact of the Every Student Succeeds Act with the Department at the upcoming hearing. Some changes under the bill (e.g., changes to the accountability system) will provide additional flexibility to the states but changes to the State’s current systems may drive additional costs. In addition, staff is uncertain about the likely impact of the bill on federal funding received by the Department.

### **DISCUSSION:**

#### **Background**

The Elementary and Secondary Education Act of 1965 (ESEA) is the foundation of federal education policy. The ESEA defines the federal role in education policy and has historically sought to improve educational equity for low-income and disadvantaged students.<sup>15</sup> Congress last reauthorized the ESEA with the No Child Left Behind Act of 2001, which expired in 2007.

No Child Left Behind increased the federal role in education, establishing national requirements for annual assessments in mathematics, English language arts, and science, creating new accountability requirements (such as adequate yearly progress or AYP, and implementing penalties for schools that failed to achieve the targets). Although No Child Left Behind expired in 2007 and had raised a variety of concerns among stakeholders, Congress had not successfully reauthorized the ESEA until the December 2015 enactment of the Every Student Succeeds Act.

#### **The Every Student Succeeds Act<sup>16</sup>**

The Every Student Succeeds Act (ESSA), passed on a bipartisan basis (the conference agreement passed the U.S. House of Representatives 359 – 64 and the Senate 85 – 12) and signed by the President on December 10, 2015, replaces No Child Left Behind. The ESSA reauthorizes the ESEA for four years, through federal fiscal year 2019-2020. Overall, the ESSA scales back the federal role in educational policy and returns significant authority to the states and local school districts in the areas of standards, assessments, accountability, and teacher evaluation.

---

<sup>15</sup> This issue paper draws from a December 1, 2015, Congressional Quarterly publication: “House Action Reports: K-12 Education Agreement”.

<sup>16</sup> Please note that this discussion of the Every Student Succeeds Act is based on preliminary information because of the Act’s recent enactment (signed by the President December 10, 2015).



*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

- *Standards:* Under No Child Left Behind, the U.S. Department of Education established policies that encouraged (or required) states to adopt specific academic standards to be eligible for grant funds (such as Race to the Top) or waivers of federal requirements. The ESSA still requires states to adopt academic standards that apply to all students in at least mathematics, English language arts, and science. The standards must be aligned with entrance requirements for credit bearing courses in higher education and career and technical development (i.e., college and career ready). States will not, however, have to submit standards to the federal department for review. The ESSA prohibits the U.S. Department of Education from exercising any authority over state standards, setting national academic standards or imposing conditions on states and school districts to be eligible for grant funding or waivers.
  
- *Assessments:* For the first time, No Child Left Behind required annual statewide assessment in mathematics, English language arts, and science, and set specific requirements for grades to be assessed (mathematics and English language arts annually in grades 3 through 8 and once in high school; science once in grades 3 through 5, once in grades 6 through 9, and once in grades 10 through 12).<sup>17</sup> The ESSA maintains these grade level requirements and specifies that the assessments must align to the state standards. According to Congressional Quarterly, the bill continues to require administration of the same assessments to all elementary students statewide. However, the bill would allow for administration of locally selected but nationally recognized assessments in high school. The bill sets specific annual (public) reporting requirements. The bill continues to require annual reporting of assessment results disaggregated by specific student groups and adds additional student groups (homeless students, students in foster care, and students with parents on active duty in the military). As a result, the bill may require additional public reporting relative to the State’s current reporting system for assessment results and school and district performance. The bill allows parents to opt students out of assessments but also requires the state to continue to measure the progress of 95 percent of students as part of the accountability system (discussed below). The bill also includes a pilot program allowing states to develop innovative assessment systems.
  
- *Accountability:* The bill increases flexibility in state accountability systems. The bill eliminates the AYP standards in No Child Left Behind and requires each state to establish an accountability system for the 2017-18 school year. Although states will have to submit accountability systems to the U.S. Department of Education for approval, the U.S. Department is prohibited from adding or deleting requirements to the state plans. The ESSA requires states to develop plans to help the bottom 5 percent of schools receiving federal Title I funding (targeting low income students) and any high school where at least one-third of the students fail to graduate. The ESSA also requires plans and actions for schools with consistently lagging subgroups. Unlike No Child Left Behind, the bill does not specify specific penalties for struggling schools and leaves these decisions to the states.

---

<sup>17</sup> Please note that Colorado had already established the Colorado Student Assessment System (CSAP) prior to the enactment of No Child Left Behind.

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

- *Educator Preparation:* No Child Left Behind created highly qualified teacher requirements at the federal level. The ESSA eliminates the Highly Qualified Teacher requirements established in No Child Left Behind and prohibits the federal government from prescribing standards for the evaluation of teachers. It does appear to create additional public reporting requirements regarding the percentage of inexperienced teachers and principals, including teachers with emergency credentials, and teachers that are teaching subjects other than those for which they are certified. The State must disaggregate this data by high- and low-poverty schools.
- *Educator Evaluation:* No Child Left Behind did not include any requirements associated with educator evaluation. However, the U.S. Department of Education did implement requirements for educator evaluation systems as part of the No Child Left Behind waiver process. The ESSA allows states to implement such systems but prohibits the U.S. Department of Education from prescribing any teacher or principal evaluation system.

*Budgetary Impact*

The impact of the bill on the (state) Department of Education’s budget is uncertain. The bill does provide additional flexibility to the State to consider modifying systems for standards, assessments, accountability, and teacher evaluation. However, such modifications may drive additional costs for the Department depending on the changes made by the General Assembly and the Department. To the extent that the General Assembly and/or the Department elected to scale back programs based on the new flexibility, such changes could generate savings.

Likewise, the impact of the bill on federal funds for Colorado is uncertain. First, as an authorization bill, it does not appropriate the funds to be distributed to the states (staff notes that this was a persistent concern with No Child Left Behind when appropriations lagged behind authorized funding amounts). Based on the limited information available, staff is not aware of dramatic changes in authorized funding under the bill (relative to funding provided under No Child Left Behind).

Second, according to media reports, the program eliminates and/or consolidates a variety of federal programs although many of the eliminated programs may never have been funded in the first place. While the major streams of funding (e.g., Title I funding for low income students) appear to be relatively consistent, staff does not know how the eliminations/consolidations will impact funding provided to Colorado from smaller programs.

## **Informational Issue: Educator Licensure Fee Increase**

In November 2015, the State Board of Education approved a fee increase for educator licenses to continue to address the Educator Licensure Office's workload. Effective March 2016, Colorado residents' license fees will increase from \$80 per license to \$90 (12.5 percent) while non-resident fees will increase from \$80 to \$110 (37.5 percent). The Department expects the fee increase to generate an additional \$470,382 cash funds revenue in FY 2015-16 and \$788,960 in FY 2016-17, which will increase the State's TABOR revenues by those amounts for each year.

### **SUMMARY:**

- The Educator Licensure Unit is responsible for evaluating educator licensure applications and issuing licenses, conducting enforcement investigations of educators and license applicants, and reviewing and making recommendations to the State Board of Education regarding the authorization of educator preparation programs.
- The Unit is entirely supported with educator licensure applications fees, which are deposited into the Educator Licensure Cash Fund. Statute gives the State Board of Education authority to adjust licensure fees as necessary to cover the costs of the Unit. Current law also continuously appropriates the Educator Licensure Cash Fund to the Department through FY 2017-18.
- In November 2015, the State Board of Education approved an educator licensure fee increase to allow the Unit to continue to meet the existing workload without increasing wait times for license approval and to support 3.0 additional FTE and other program enhancements. According to the Department, the fee increases will allow the Unit to maintain current wait times for license approval, address ongoing enforcement workload, and support system enhancements without another fee increase for at least 5 years.
- The data presented to the State Board in November anticipates \$470,382 in additional cash fund revenues in FY 2015-16 and \$788,960 in FY 2016-17, increasing annual TABOR revenues by those amounts for each year.

### **DISCUSSION:**

#### **Background**

The Licensure Unit (Unit, shown as the Office of Professional Services in the Long Bill) is responsible for reviewing educator licensure applications and issuing licenses for qualified applicants, conducting enforcement investigations of licensed educators and applicants, and reviewing educator preparation programs to advise the State Board of Education (State Board) regarding the authorization of such programs. The program is responsible for administration of the Colorado Educator Licensure Act and is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations, which are deposited into the Educator Licensure Cash Fund.

Current law gives fee setting authority to the State Board and control of expenditures from the Fund to the Department. Section 22-60.5-112, C.R.S., authorizes the State Board of Education to adjust fees charged for licensing purposes annually, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, Section 22-60.5-112 (1) (b) (I), C.R.S. (enacted in response to concerns about long processing times for license applications), continuously appropriates funds in the Educator Licensure Cash Fund to the Department for FY 2011-12 through FY 2017-18. Thus, the Educator Licensure Cash Fund will not be subject to legislative appropriation again until FY 2018-19.<sup>18</sup>

### **Unit Workload and Application Wait Times**

As discussed above, the General Assembly continuously appropriated the Educator Licensure Cash Fund to the Department beginning in FY 2011-12 in response to concerns about long processing times for license applications. At that time, processing licenses was taking up to six months, creating problems for both schools and prospective teachers. Using the continuous appropriation to increase staffing and update the Unit's licensing systems, the Department has reduced average processing times to four to six weeks, on target with the Department's goals.

In 2014, the Unit:

- Reviewed 37,505 license applications and issued 33,627 licenses, credentials, and authorizations, with a two to four week timeline for application review;
- Answered and responded to 34,408 phone calls and 41,360 e mail inquiries, in addition to 1,289 walk-ins;
- Initiated 2,795 new enforcement cases and closed 2,573 cases.
- Oversaw 49 teacher preparation programs, including 21 traditional (baccalaureate and post-baccalaureate) and 28 alternative (post-baccalaureate only) programs;
- Presented 17 educator preparation content area and program reviews to the State Board, which authorized 10 new programs and reauthorized 7 existing programs;

### **Fee Increase Approved by State Board of Education – November 2015**

In November 2015, the State Board of Education voted to increase educator licensure application fees by \$10 per license for residents (from \$80 per license to \$90) and \$30 for non-residents (from \$80 per license to \$110). The proposal approved by the board also includes a new \$80 fee charged to school districts seeking background checks for employees separate from licensure applications (such as for employees not requiring educator licenses). Prior to this fee proposal, the Department had conducted those reviews with no charge. The approved fees will take effect March 1, 2016.<sup>19</sup> The following table shows the current and approved fee structures.

---

<sup>18</sup> Senate Bill 15-111, a JBC Bill, extended the continuous appropriation, which had been set to expire at the end of FY 2014-15, through FY 2017-18.

<sup>19</sup> Please note that the Department first presented the fee increase proposal to the State Board in September 2015 and proposed that the fee increase take effect January 1, 2016. However, the State Board delayed the vote on the proposal until November 2015, requiring a delay in the fee increase until March 2016.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Educator Licensure Fee Increases Taking Effect March 1, 2016</b>							
	<b>In-State License Fee</b>	<b>Out-of- State License Fee</b>	<b>Additional Endorsements</b>	<b>Other Licenses and 1-yr Substitute</b>	<b>Background Check Only</b>	<b>CBI Fingerprint Fee (not paid to CDE)*</b>	
Current Fee	\$80	\$80	\$80	\$40	\$0	\$39.50	
New Fee	\$90	\$110	\$80	\$60	\$80	\$39.50	
Change	\$10	\$30	\$0	\$20	\$80	\$0	
% Change	12.5%	37.5%	0.0%	50.0%	n/a	0.0%	

\* This fee is determined and assessed by the Colorado Bureau of Investigation and is subject to change. The Department of Education has no input regarding this fee.

The following tables show the Department’s projected revenues and expenditures for the Educator Licensure Cash Fund with and without the fee increase approved by the State Board of Education in November 2015. Please note that the Department would have been unable to support the expenditures shown in the first table without the increased fee revenue; however, the Department sought to show the anticipated budget shortfall if the program attempted to maintain current staffing and services within existing fee revenues. Please also note that the following tables are based on information presented to the State Board in November 2015 and the projections are clearly subject to change. However, staff has elected to reflect the information as presented to the State Board in November.

<b>Educator Licensure Cash Fund Projection - Without Fee Increase</b>							
	<b>FY 2014- 15 Actual</b>	<b>FY 2015- 16 Est.</b>	<b>FY 2016- 17 Est.</b>	<b>FY 2017-18 Est.</b>	<b>FY 2018-19 Est.</b>	<b>FY 2019-20 Est.</b>	
Beginning Cash Fund Balance	\$494,043	\$116,646	(\$341,374)	(\$802,874)	(\$1,294,916)	(\$1,834,437)	
Revenue	2,726,355	2,726,355	2,726,355	2,726,355	2,726,355	2,726,355	
Expenditures/a	3,103,752	3,184,375	3,187,855	3,218,397	3,265,876	3,312,704	
Net Income	(377,397)	(458,020)	(461,500)	(492,042)	(539,521)	(586,349)	
Ending Cash Fund Balance	\$116,646	(\$341,374)	(\$802,874)	(\$1,294,916)	(\$1,834,437)	(\$2,420,786)	

<b>Educator Licensure Cash Fund Projection - With Fee Increase</b>							
	<b>FY 2014- 15 Actual</b>	<b>FY 2015- 16 Est.</b>	<b>FY 2016- 17 Est.</b>	<b>FY 2017- 18 Est.</b>	<b>FY 2018- 19 Est.</b>	<b>FY 2019- 20 Est.</b>	
Beginning Cash Fund Balance	\$494,043	\$116,646	\$129,008	\$227,705	\$430,733	\$140,843	
Revenue	2,726,355	3,196,737	3,515,315	3,633,400	3,633,400	3,633,400	
Expenditures (Baseline)/a	3,103,752	3,184,375	3,200,618	3,214,372	3,307,290	3,296,644	
Enhancements Approved by Board							
2.0 FTE for Educator Prep. Support	0	0	150,000	150,000	150,000	150,000	
1.0 FTE for Enforcement	0	0	66,000	66,000	66,000	66,000	
New Licensing System	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>400,000</u>	<u>200,000</u>	
Total Expenditures	3,103,752	3,184,375	3,416,618	3,430,372	3,923,290	3,712,644	
Net Income	(377,397)	12,362	98,697	203,028	(289,890)	(79,244)	
Ending Cash Fund Balance	\$116,646	\$129,008	\$227,705	\$430,733	\$140,843	\$61,599	
Change in Revenue from Fee Increase (Estimated New TABOR Revenue)/b	\$0	\$470,382	\$788,960	\$907,045	\$907,045	\$907,045	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

**Educator Licensure Cash Fund Projection - With Fee Increase**

FY 2014- 15 Actual	FY 2015- 16 Est.	FY 2016- 17 Est.	FY 2017- 18 Est.	FY 2018- 19 Est.	FY 2019- 20 Est.
-----------------------	---------------------	---------------------	---------------------	---------------------	---------------------

a/ Expenditures in FY 2015-16 and beyond include \$200,000 per year for an eLicensing system contract already signed by the Department.

b/ The above data are based on the Department's presentation to the State Board from November 2015 and are subject to change.

**TABOR Impact**

Beyond the impact of fee increases on license applicants, the approved fee structure will increase the State's TABOR revenues each year, increasing pressure on the General Fund. As shown in the second table, the Department's presentation to the State Board anticipated that the approved fee increase would generate \$470,382 additional cash funds in FY 2015-16 and \$788,960 in FY 2016-17 (with an additional increase in FY 2017-18 and subsequent years), increasing TABOR revenues by those amounts each year. The revenue projections are uncertain and revised data from the Department estimates higher revenue each year *without the fee increase*, reducing the anticipated TABOR impact of the fee increase itself by \$150,061 per year. Conversely, the revised estimates also account for the approved increase in one-year substitute license fees, *increasing* the projected TABOR impact by \$12,700 for a full year of fee increases. Although the specific data will change, the General Assembly should be aware of the TABOR impact of the fee increase.

## **Informational Issue: *Dwyer v. Colorado* Supreme Court Decision**

In June 2014, a group of parents of public school students, the Colorado Rural Schools Caucus, the East Central Board of Cooperative Educational Services (BOCES), the Colorado PTA, and five individual school districts filed a complaint in Denver District Court asserting that the negative factor violates Amendment 23 and is therefore unconstitutional. In September 2015, the Colorado Supreme Court issued a decision in favor of the State, ruling that the negative factor does not violate the plain language of Amendment 23 and is constitutional.

### **SUMMARY:**

- Amendment 23 to the State Constitution (Article IX, Section 17), approved by the voters in 2000, requires the General Assembly to annually increase *statewide base per pupil funding* by at least the rate of inflation plus 1.0 percent from FY 2001-02 through FY 2010-11 and by at least the rate of inflation in FY 2011-12 and subsequent years. Since the passage of Amendment 23, the General Assembly has increased statewide base per pupil funding each year through the annual school finance bill.
- The plaintiffs in *Dwyer v. State of Colorado* argued that Amendment 23 requires *total funding levels* for education to grow each year regardless of other funding or revenue needs. The plaintiffs argued that the negative factor, which reduces total program funding by reducing the state share of funding, violates Amendment 23 and is therefore unconstitutional.
- The State, represented by the Department of Law, argued that Amendment 23 refers specifically to *statewide base per pupil funding*, that the General Assembly has annually increased that component of the school finance formula in accordance with Amendment 23, and that the negative factor has not reduced statewide base per pupil funding and therefore does not violate Amendment 23.
- In September 2015, the Colorado Supreme Court issued a (4-3) ruling in favor of the State, finding the negative factor to be constitutional based on the State's arguments.

### **DISCUSSION:**

#### **Background**

##### *Amendment 23 and School Finance*

The voters passed Amendment 23 (Section 17 of Article IX of the Colorado Constitution) in 2000. Amendment 23 creates the State Education Fund and specifies several requirements related to education funding. Directly related to school finance, Section 17 (1) of Article IX states:

“In state fiscal year 2001-2002 through state fiscal year 2010-2011, the statewide base per pupil funding, as defined by the Public School Finance Act of 1994,

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

article 54 of title 22, Colorado Revised Statutes on the effective date of this section, for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at least by the rate of inflation plus an additional one percentage point. In state fiscal year 2011-12, and each fiscal year thereafter, the statewide base per pupil funding for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at a rate set by the general assembly that is at least equal to the rate of inflation.” [Section 17 (1) of Article IX of the Colorado Constitution]

To comply with this provision, the General Assembly adjusts the statewide base per pupil funding level each year through the annual school finance bill. For example, S.B. 15-267 (School Finance) specifies that the statewide base per pupil funding amount for FY 2015-16 is \$6,292.39, an increase of \$171.39 (2.8 percent) from the FY 2014-15 level based on the 2.8 percent inflation rate in calendar year 2014.

As discussed in the General Factors Driving the Budget section of this document, statewide base per pupil funding makes up \$5.4 billion (86.3 percent) of the \$6.2 billion in total program funding in FY 2015-16. The School Finance Act formula then adjusts per pupil funding for each district based on factors that affect the cost of delivering educational services. The formula includes three primary factors.

- *Cost of Living Factor* - Recognizes that the cost of living in a community affects the salaries required to attract and retain qualified personnel.
- *Size Factor* – Compensates districts lacking enrollment-based economies of scale.
- *At-risk Factor* – Provides additional funding for districts serving students who may be at risk of failing or dropping out of school. The formula utilizes a proxy to estimate the number of at-risk students: the number and concentration (percentage) of students who are either eligible for free lunch under the federal school lunch program or English language learners.

Each of these factors builds on the statewide base per pupil funding to produce a per pupil funding amount for each school district. Total program funding for that school district is the product of multiplying that per pupil funding amount by the school district’s enrollment.<sup>20</sup> Thus, prior to the implementation of the negative factor (discussed below), increasing statewide base per pupil funding would impact the entire school finance formula and increase total program funding.

*The Negative Factor*

In response to revenue shortfalls during the recent economic downturn, the General Assembly created the negative factor (originally called the budget stabilization factor) in FY 2010-11 to

---

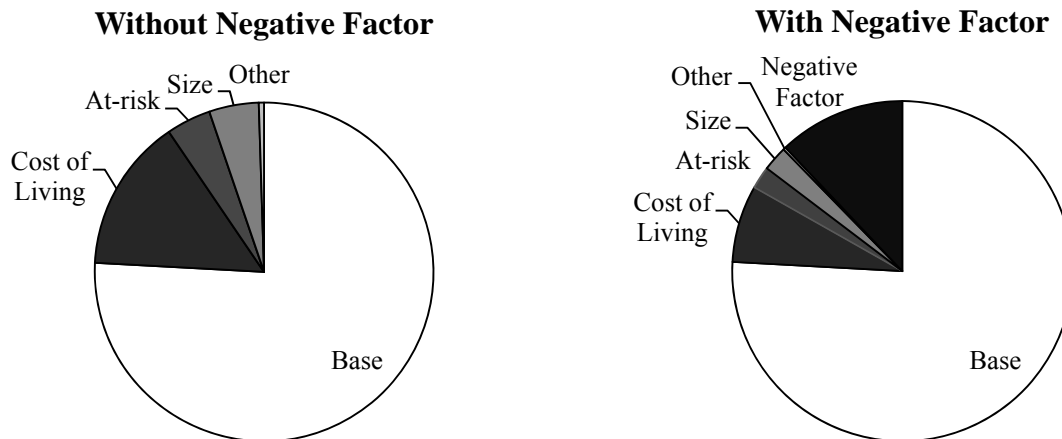
<sup>20</sup> As is also discussed in the General Factors Driving the Budget section, this calculation does not apply to multi-district on-line students or students enrolled in the ASCENT Program; both of these groups are funded at a flat per pupil rate statewide (\$6,667 in FY 2015-16, calculated after the application of the negative factor).



reduce total program funding to a specified amount based on available revenues. For FY 2015-16, this factor is estimated to be -12.1 percent, requiring an \$855.2 million reduction in the total program funding that would otherwise be provided under the School Finance Act. Thus, the Department is calculating total program funding for each district based on the formula and factors described above (statewide base per-pupil funding modified by cost of living, size, and at-risk factors) and then reducing each district's resulting total program funding by 12.1 percent. Please note that for some districts, this reduction exceeds the state share of total program funding. In such cases, the reduction in total program funding is limited to the state share of funding.

Finally, as is also discussed in the General Factors Driving the Budget section of this document, because Amendment 23 prohibits reductions in base per-pupil funding, the negative factor effectively reduces the funding attributed to the other formula factors discussed above (the following pie charts are reproduced from the General Factors Driving the Budget section).

**Total Program Funding by Component: FY 2015-16**



**Dwyer v. State of Colorado**

***Plaintiff Arguments***

In June 2014, a group of parents of public school students<sup>21</sup>, the Colorado Rural Schools Caucus, the East Central Board of Cooperative Educational Services (BOCES), the Colorado PTA, and five individual school districts<sup>22</sup> filed a complaint in Denver District Court asserting that the negative factor violates Amendment 23 and is therefore unconstitutional. The Plaintiffs made two basic arguments:

- *Text and Voter Intent:* The Plaintiffs argued that the intent of Amendment 23 was to increase total per pupil funding on an annual basis, not just to increase statewide base per pupil funding. According to the Plaintiffs, increasing statewide base per pupil

---

<sup>21</sup> Individual plaintiffs reside in the following school districts: Kit Carson, Hanover, and Lewis Palmer.

<sup>22</sup> Plaintiff school districts are: Boulder Valley, Colorado Springs District No. 11, Mancos, Holyoke, and Plateau Valley District No. 50.

funding was the mechanism to guarantee increases in total per pupil funding on an annual basis. As evidence of intent, the Plaintiffs pointed to the Ballot Title (which referred to increased funding for preschool through twelfth-grade public education) and the Blue Book analysis of Amendment 23 (which stated that the amendment “increases per pupil funding for public schools”).

- *Negative Factor Impact on the Base:* The Plaintiffs also argued that the negative factor inherently reduces statewide base per pupil funding and renders the statewide base per pupil funding amount “essentially meaningless” as a component of the school finance formula [Complaint, ¶38]. In fact, the Plaintiffs argued that the negative factor has completely changed the calculation of school districts’ per pupil and total program funding and that “weighted enrollment” now determines funding levels rather than the statewide base [Complaint, ¶¶ 39-40]. (Please note that both the Department and Legislative Council Staff disagreed with the assertion that the negative factor has eliminated statewide base per pupil funding from the formula. Both parties calculate per pupil funding for each district using statewide base per pupil funding, with modifications based on the formula factors, and then reduce the total funding amount using the negative factor.)

#### *Relief Sought*

Plaintiffs asked the Court to: (a) declare the negative factor and the funding cap on total program unconstitutional as violations of Amendment 23; (b) enjoin Defendants from implementing the negative factor and require that education funding be increased consistently with [Plaintiffs interpretation of] Amendment 23; (c) retain continuing jurisdiction over this matter until such time as the Court has determined that that Defendants have fully and properly fulfilled its orders; (d) award Plaintiffs their costs of this action, including reasonable attorney fees; and (e) grant such other relief as the Court may deem just and proper [Complaint, pages 11-12].

#### *Defense Arguments*

In addition to technical arguments about court jurisdiction and standing, the State, represented by the Department of Law, argued that: (1) the plain language of Amendment 23 requires the General Assembly to increase statewide base per pupil funding annually; and (2) that the General Assembly has done so. Thus, the State argued that the plain language of amendment 23 does not extend to districts’ total program amounts yielded by the school finance formula.

#### *Supreme Court Decision*

Following briefing on the case, the Colorado Supreme Court heard oral arguments on June 3, 2015. The Court issued a decision in favor of the State on September 21, 2015. In a 4-3 decision (written by Chief Justice Rice, with justices Coats, Eid, and Boatright joining in the majority), the Court ruled that the plain language of Amendment 23 specifically requires the General Assembly to increase statewide base per pupil funding but does not require an increase in total funding. Similar to the State’s arguments in the case, the Majority Opinion states:

“We now conclude that Plaintiffs’ complaint misconstrues the relationship between the negative factor and Amendment 23. By its plain language, Amendment 23 only requires increases to statewide base per pupil funding, not to

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

total per pupil funding. We therefore hold that the negative factor does not violate Amendment 23.” [Supreme Court Majority Opinion, ¶1]

*Constitutional Test*

The Court’s ruling interprets the plain language of amendment 23 (requiring annual increases to *statewide base* per pupil funding) and rejects the Plaintiffs’ proposed definitions of statewide base per pupil funding. Staff notes that the majority opinion appears to create a simple test for compliance with amendment 23: the ruling asks whether the negative factor reduces per pupil funding below the required statewide base per pupil amount [see Majority Opinion, ¶¶ 13-15 and 27]. Based on that test, any school finance appropriation that avoided reducing per pupil funding below the statewide base per pupil amount would be constitutional under Amendment 23. Because the negative factor has not done so, the Court finds the negative factor to be constitutional under Amendment 23.

Staff notes that because this case was specific to Amendment 23, it did not speak to any other constitutional requirements (e.g., the “thorough and uniform” requirement in Section 2 of Article IX of the State Constitution).

*Dissenting Opinion*

Justice Marquez wrote a dissenting opinion and was joined by justices Hood and Gabriel. The dissenting opinion argues that the Plaintiffs pleaded sufficient legal facts to survive the State’s motion to dismiss and that the Court should not dismiss the case. Similar to Plaintiffs’ arguments, the dissenting opinion goes on to state that the plain language test applied in the Majority Opinion is not sufficient and that the voters’ intent in enacting Amendment 23 was to raise total per pupil funding with the increase to statewide base per pupil funding as the mechanism. Finding that the Plaintiffs presented a viable claim that the negative factor violates Amendment 23, the Dissenting Opinion would not dismiss the case and would permit the Plaintiffs to prove their claims at trial.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**DEPARTMENT OF EDUCATION**  
**Elliott Asp, Interim Commissioner**

**(1) MANAGEMENT AND ADMINISTRATION**

This section provides funding and staff for: the State Board of Education; the administration of a variety of education-related programs and for the general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund. The major sources of reappropriated funds are indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds are from a variety of sources.

**(A) Administration and Centrally-Appropriated Line Items**

State Board of Education	<u>290,566</u>	<u>296,962</u>	<u>307,789</u>	<u>311,194</u>
FTE	2.0	1.8	2.0	2.0
General Fund	290,566	296,962	307,789	311,194
 General Department and Program Administration	 <u>3,630,448</u>	 <u>3,919,761</u>	 <u>4,199,880</u>	 <u>4,252,945</u>
FTE	33.4	34.4	34.6	34.6
General Fund	1,589,218	1,715,092	1,763,782	1,792,171
Cash Funds	167,868	140,033	175,090	177,081
Reappropriated Funds	1,873,362	2,064,636	2,261,008	2,283,693
 Office of Professional Services	 <u>2,475,697</u>	 <u>2,624,258</u>	 <u>2,723,133</u>	 <u>2,757,793</u>
FTE	23.3	24.8	25.0	25.0
Cash Funds	2,475,697	2,624,258	2,723,133	2,757,793

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Division of On-line Learning	<u>317,360</u>	<u>389,585</u>	<u>352,273</u>	<u>359,549</u>	
FTE	2.5	3.3	3.3	3.3	
General Fund	0	46,027	0	0	
Cash Funds	317,360	343,558	352,273	359,549	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Health, Life, and Dental	<u>3,946,296</u>	<u>3,559,982</u>	<u>4,740,929</u>	<u>4,834,978</u>	
General Fund	1,658,677	1,429,754	1,700,148	1,802,970	
Cash Funds	231,526	193,063	565,607	653,174	
Reappropriated Funds	469,931	284,788	508,433	429,949	
Federal Funds	1,586,162	1,652,377	1,966,741	1,948,885	
Short-term Disability	<u>63,088</u>	<u>74,195</u>	<u>88,638</u>	<u>77,458</u>	
General Fund	22,532	24,969	27,057	23,524	
Cash Funds	2,152	3,851	11,949	12,463	
Reappropriated Funds	7,763	6,412	9,944	6,235	
Federal Funds	30,641	38,963	39,688	35,236	
S.B. 04-257 Amortization Equalization Disbursement	<u>1,339,263</u>	<u>1,521,739</u>	<u>1,897,700</u>	<u>2,711,655</u>	
General Fund	465,616	514,962	581,811	827,026	
Cash Funds	88,715	78,899	255,387	435,495	
Reappropriated Funds	145,774	130,841	212,557	217,893	
Federal Funds	639,158	797,037	847,945	1,231,241	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>1,044,791</u>	<u>1,426,627</u>	<u>1,833,003</u>	<u>2,683,407</u>	
General Fund	418,860	482,812	561,976	818,411	
Cash Funds	48,913	73,967	246,680	430,958	
Reappropriated Funds	0	122,626	205,310	215,623	
Federal Funds	577,018	747,222	819,037	1,218,415	
Salary Survey	<u>735,578</u>	<u>1,054,844</u>	<u>468,386</u>	<u>6,591</u>	
General Fund	220,235	368,711	140,890	6,591	
Cash Funds	70,526	48,653	63,546	0	
Reappropriated Funds	0	92,103	52,885	0	
Federal Funds	444,817	545,377	211,065	0	
Merit Pay	<u>394,216</u>	<u>353,938</u>	<u>428,311</u>	<u>0</u>	
General Fund	87,546	119,477	129,831	0	
Cash Funds	40,248	18,611	59,326	0	
Reappropriated Funds	0	31,124	49,810	0	
Federal Funds	266,422	184,726	189,344	0	
Workers' Compensation	<u>630,906</u>	<u>383,251</u>	<u>435,201</u>	<u>537,553</u>	
General Fund	241,762	242,122	166,333	205,487	
Cash Funds	60,466	63,335	38,082	69,381	
Reappropriated Funds	70,912	77,794	53,443	45,716	
Federal Funds	257,766	0	177,343	216,969	
Legal Services	<u>398,293</u>	<u>594,818</u>	<u>576,806</u>	<u>583,726</u>	
General Fund	187,967	262,271	264,318	267,489	
Cash Funds	193,871	324,119	293,486	297,235	
Reappropriated Funds	16,455	8,428	19,002	19,002	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Administrative Law Judge Services	<u>78,573</u>	<u>154,350</u>	<u>177,671</u>	<u>220,863</u>	*
Cash Funds	65,011	128,406	147,004	171,918	
Reappropriated Funds	13,562	25,944	30,667	48,945	
Payment to Risk Management and Property Funds	<u>92,314</u>	<u>75,598</u>	<u>79,031</u>	<u>112,609</u>	
General Fund	92,314	75,598	79,031	112,609	
Leased Space	<u>0</u>	<u>0</u>	<u>1,018,956</u>	<u>1,018,956</u>	
General Fund	0	0	86,643	86,643	
Cash Funds	0	0	217,184	217,184	
Reappropriated Funds	0	0	24,135	24,135	
Federal Funds	0	0	690,994	690,994	
Capitol Complex Leased Space	<u>673,113</u>	<u>523,254</u>	<u>749,258</u>	<u>706,357</u>	
General Fund	117,167	81,599	165,536	155,339	
Cash Funds	69,937	64,691	89,545	81,216	
Reappropriated Funds	113,485	102,924	125,859	112,656	
Federal Funds	372,524	274,040	368,318	357,146	
Reprinting and Distributing Laws Concerning Education	<u>32,520</u>	<u>30,082</u>	<u>35,480</u>	<u>35,480</u>	
Cash Funds	32,520	30,082	35,480	35,480	
<b>SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items</b>	16,143,022	16,983,244	20,112,445	21,211,114	5.5%
<i>FTE</i>	<u>61.2</u>	<u>64.3</u>	<u>64.9</u>	<u>64.9</u>	(0.0%)
General Fund	5,392,460	5,660,356	5,975,145	6,409,454	7.3%
Cash Funds	3,864,810	4,135,526	5,273,772	5,698,927	8.1%
Reappropriated Funds	2,711,244	2,947,620	3,553,053	3,403,847	(4.2%)
Federal Funds	4,174,508	4,239,742	5,310,475	5,698,886	7.3%

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
<b>(B) Information Technology</b>					
Information Technology Services	<u>3,116,328</u>	<u>3,325,026</u>	<u>4,010,932</u>	<u>4,051,818</u>	
FTE	17.9	20.4	28.2	28.2	
General Fund	2,492,009	3,200,497	3,384,893	3,425,355	
Cash Funds	0	0	0	0	
Reappropriated Funds	624,319	124,529	626,039	626,463	
Federal Funds	0	0	0	0	
 CORE Operations	 <u>197,914</u>	 <u>256,674</u>	 <u>207,706</u>	 <u>288,258</u>	
General Fund	61,100	94,769	78,863	109,451	
Cash Funds	89,496	31,248	26,004	36,090	
Reappropriated Funds	47,318	82,760	29,012	142,717	
Federal Funds	0	47,897	73,827	0	
 Information Technology Asset Maintenance	 <u>303,439</u>	 <u>2,284,180</u>	 <u>862,146</u>	 <u>862,146</u>	
General Fund	303,439	2,284,180	862,146	862,146	
 Disaster Recovery	 <u>15,498</u>	 <u>15,466</u>	 <u>19,722</u>	 <u>19,722</u>	
General Fund	15,498	15,466	19,722	19,722	
 Payments to OIT	 <u>0</u>	 <u>630,337</u>	 <u>734,984</u>	 <u>340,883</u>	 *
General Fund	0	630,337	359,423	176,762	
Reappropriated Funds	0	0	375,561	164,121	
 Purchase of Services from Computer Center	 <u>175,252</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	
General Fund	175,252	0	0	0	
 Multiuse Network Payments	 <u>266,324</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	
General Fund	266,324	0	0	0	



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Information Technology Security	4,658	0	0	0	
General Fund	4,658	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (B) Information Technology</b>	4,079,413	6,511,683	5,835,490	5,562,827	(4.7%)
FTE	17.9	20.4	28.2	28.2	(0.0%)
General Fund	3,318,280	6,225,249	4,705,047	4,593,436	(2.4%)
Cash Funds	89,496	31,248	26,004	36,090	38.8%
Reappropriated Funds	671,637	207,289	1,030,612	933,301	(9.4%)
Federal Funds	0	47,897	73,827	0	(100.0%)

**(C) Assessments and Data Analyses**

Colorado Student Assessment Program	28,950,144	27,719,932	34,837,639	34,879,845
FTE	17.1	13.7	11.8	11.8
General Fund	0	0	0	0
Cash Funds	23,347,003	21,975,949	26,882,161	26,893,066
Reappropriated Funds	0	0	0	0
Federal Funds	5,603,141	5,743,983	7,955,478	7,986,779
 Federal Grant for State Assessments and Related Activities	 2,247,224	 2,247,224	 2,247,224	 2,247,224
FTE	5.7	5.7	5.7	5.7
Federal Funds	2,247,224	2,247,224	2,247,224	2,247,224

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Longitudinal Analyses of Student Assessment Results	<u>4,003,875</u>	<u>552,944</u>	<u>694,399</u>	<u>691,277</u>	
FTE	4.3	2.7	3.7	3.6	
General Fund	261,657	367,419	396,399	393,277	
Cash Funds	0	185,525	298,000	298,000	
Federal Funds	3,742,218	0	0	0	
Basic Skills Placement or Assessment Tests	<u>17,461</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	
Cash Funds	17,461	0	50,000	50,000	
Preschool to Postsecondary Education Alignment	<u>504,591</u>	<u>673,018</u>	<u>593,741</u>	<u>594,753</u>	
FTE	3.8	4.4	3.6	3.5	
General Fund	0	93,913	7,232	0	
Cash Funds	504,591	579,105	586,509	594,753	
Educator Effectiveness Unit Administration	<u>455,600</u>	<u>547,543</u>	<u>1,423,128</u>	<u>1,865,610</u>	
FTE	3.7	4.7	8.9	12.5	
General Fund	376,072	432,718	1,297,166	1,736,357	
Cash Funds	79,528	114,825	125,962	129,253	
Educator Effectiveness Implementation	<u>7,493,661</u>	<u>8,253,294</u>	<u>2,091,696</u>	<u>2,107,714</u>	
FTE	12.1	16.5	8.5	8.5	
Cash Funds	200,000	3,650,011	0	0	
Federal Funds	7,293,661	4,603,283	2,091,696	2,107,714	
Accountability and Improvement Planning	<u>1,246,722</u>	<u>1,676,936</u>	<u>1,768,313</u>	<u>1,732,237</u>	
FTE	10.3	3.7	11.4	11.4	
General Fund	696,390	1,110,552	1,217,981	1,181,905	
Federal Funds	550,332	566,384	550,332	550,332	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (C) Assessments and Data Analyses</b>	44,919,278	41,670,891	43,706,140	44,168,660	1.1%
<i>FTE</i>	<u>57.0</u>	<u>51.4</u>	<u>53.6</u>	<u>57.0</u>	<u>6.3%</u>
General Fund	1,334,119	2,004,602	2,918,778	3,311,539	13.5%
Cash Funds	24,148,583	26,505,415	27,942,632	27,965,072	0.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	19,436,576	13,160,874	12,844,730	12,892,049	0.4%

**(D) State Charter School Institute**

State Charter School Institute Administration, Oversight,  
and Management

	<u>2,431,866</u>	<u>2,619,649</u>	<u>2,831,760</u>	<u>2,831,760</u>
FTE	9.6	11.5	11.7	11.7
Reappropriated Funds	2,431,866	2,619,649	2,831,760	2,831,760

Institute Charter School Assistance Fund

	<u>681,689</u>	<u>967,409</u>	<u>460,000</u>	<u>460,000</u>
Cash Funds	681,689	967,409	460,000	460,000

Other Transfers to Institute Charter Schools

	<u>3,632,867</u>	<u>6,457,773</u>	<u>3,622,979</u>	<u>3,622,979</u>
Reappropriated Funds	3,632,867	6,457,773	3,622,979	3,622,979

Transfer of Federal Moneys to Institute Charter Schools

	<u>8,001,838</u>	<u>7,583,203</u>	<u>6,330,000</u>	<u>6,330,000</u>
FTE	5.1	4.3	4.5	4.5
Reappropriated Funds	8,001,838	6,327,460	6,330,000	6,330,000
Federal Funds	0	1,255,743	0	0

Department Implementation of Section 22-30.5-501 et  
seq., C.R.S.

	<u>198,895</u>	<u>214,782</u>	<u>224,791</u>	<u>227,505</u>
FTE	1.3	1.4	1.6	1.6
Reappropriated Funds	198,895	214,782	224,791	227,505

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (D) State Charter School Institute</b>	14,947,155	17,842,816	13,469,530	13,472,244	0.0%
<i>FTE</i>	<u>16.0</u>	<u>17.2</u>	<u>17.8</u>	<u>17.8</u>	<u>0.0%</u>
Cash Funds	681,689	967,409	460,000	460,000	0.0%
Reappropriated Funds	14,265,466	15,619,664	13,009,530	13,012,244	0.0%
Federal Funds	0	1,255,743	0	0	0.0%
<b>(E) Indirect Cost Assessment</b>					
Indirect Cost Assessment	<u>0</u>	<u>528,192</u>	<u>617,191</u>	<u>617,191</u>	
General Fund	0	0	0	0	
Cash Funds	0	301,950	355,325	355,325	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	226,242	261,866	261,866	
<b>SUBTOTAL - (E) Indirect Cost Assessment</b>	0	528,192	617,191	617,191	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	301,950	355,325	355,325	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	226,242	261,866	261,866	0.0%
<b>TOTAL - (1) Management and Administration</b>	80,088,868	83,536,826	83,740,796	85,032,036	1.5%
<i>FTE</i>	<u>152.1</u>	<u>153.3</u>	<u>164.5</u>	<u>167.9</u>	<u>2.1%</u>
General Fund	10,044,859	13,890,207	13,598,970	14,314,429	5.3%
Cash Funds	28,784,578	31,941,548	34,057,733	34,515,414	1.3%
Reappropriated Funds	17,648,347	18,774,573	17,593,195	17,349,392	(1.4%)
Federal Funds	23,611,084	18,930,498	18,490,898	18,852,801	2.0%

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**(2) ASSISTANCE TO PUBLIC SCHOOLS**

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

**(A) Public School Finance**

Administration	<u>1,445,456</u>	<u>1,601,548</u>	<u>1,668,768</u>	<u>1,776,557</u> *
FTE	15.9	16.7	17.9	17.9
Cash Funds	20,369	84,266	81,760	83,329
Reappropriated Funds	1,425,087	1,517,282	1,587,008	1,693,228
State Share of Districts' Total Program Funding	<u>3,587,877,316</u>	<u>3,950,612,483</u>	<u>4,113,321,146</u>	<u>4,228,311,638</u> *
General Fund	2,985,087,939	3,184,047,461	2,544,712,880	2,768,560,907
General Fund Exempt	0	0	848,124,468	848,124,468
Cash Funds	602,789,377	766,565,022	720,483,798	611,626,263
Federal Funds	0	0	0	0
Hold-harmless Full-day Kindergarten Funding	<u>7,075,686</u>	<u>7,471,409</u>	<u>7,756,521</u>	<u>7,904,685</u> *
Cash Funds	7,075,686	7,471,409	7,756,521	7,904,685
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Cash Funds	0	0	25,000	25,000
At-risk Supplemental Aid	<u>3,839,627</u>	<u>4,858,813</u>	<u>5,094,358</u>	<u>5,094,358</u>
Cash Funds	3,839,627	4,858,813	5,094,358	5,094,358
At-risk Per Pupil Additional Funding	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>
Cash Funds	0	0	5,000,000	5,000,000

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Small Rural Districts Additional Funding	<u>0</u>	<u>0</u>	<u>10,000,000</u>	<u>0</u>	
Cash Funds	0	0	10,000,000	0	
<b>SUBTOTAL - (A) Public School Finance</b>	3,600,238,085	3,964,544,253	4,142,865,793	4,248,112,238	2.5%
<b>FTE</b>	<u>15.9</u>	<u>16.7</u>	<u>17.9</u>	<u>17.9</u>	<u>0.0%</u>
General Fund	2,985,087,939	3,184,047,461	2,544,712,880	2,768,560,907	8.8%
General Fund Exempt	0	0	848,124,468	848,124,468	0.0%
Cash Funds	613,725,059	778,979,510	748,441,437	629,733,635	(15.9%)
Reappropriated Funds	1,425,087	1,517,282	1,587,008	1,693,228	6.7%
Federal Funds	0	0	0	0	0.0%

**(B) Categorical Programs**

**(I) District Programs Required by Statute**

Special Education - Children with Disabilities	<u>322,999,263</u>	<u>319,534,626</u>	<u>320,610,816</u>	<u>324,004,802</u> *
FTE	87.1	79.5	63.0	63.0
General Fund	71,572,346	71,572,347	71,572,347	71,572,347
Cash Funds	85,649,061	89,409,439	93,663,058	96,906,413
Reappropriated Funds	101,812	0	104,043	104,043
Federal Funds	165,676,044	158,552,840	155,271,368	155,421,999
English Language Proficiency Program	<u>24,030,894</u>	<u>26,297,835</u>	<u>29,377,407</u>	<u>29,789,378</u> *
FTE	3.5	2.6	4.6	4.6
General Fund	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	12,138,442	13,637,547	15,041,326	15,449,359
Federal Funds	8,790,854	9,558,690	11,234,483	11,238,421

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL -</b>	347,030,157	345,832,461	349,988,223	353,794,180	1.1%
<i>FTE</i>	<u>90.6</u>	<u>82.1</u>	<u>67.6</u>	<u>67.6</u>	(0.0%)
General Fund	74,673,944	74,673,945	74,673,945	74,673,945	0.0%
Cash Funds	97,787,503	103,046,986	108,704,384	112,355,772	3.4%
Reappropriated Funds	101,812	0	104,043	104,043	0.0%
Federal Funds	174,466,898	168,111,530	166,505,851	166,660,420	0.1%

**(II) Other Categorical Programs**

Public School Transportation	<u>54,472,193</u>	<u>55,779,222</u>	<u>56,047,261</u>	<u>57,043,778</u> *
FTE	1.8	2.0	2.0	2.0
General Fund	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	17,549,966	18,856,995	19,125,034	20,121,551
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>24,528,307</u>	<u>24,983,788</u>	<u>25,436,648</u>	<u>25,814,431</u> *
General Fund	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	6,735,457	7,190,938	7,643,798	8,021,581
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Special Education Programs for Gifted and Talented Children	<u>9,559,025</u>	<u>11,860,181</u>	<u>12,095,065</u>	<u>12,224,651</u> *
FTE	0.8	2.7	1.5	1.5
General Fund	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	4,059,025	6,360,181	6,595,065	6,724,651

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Expelled and At-risk Student Services Grant Program	<u>7,468,360</u>	<u>7,482,984</u>	<u>7,493,560</u>	<u>7,495,796</u>	
FTE	1.0	1.1	1.0	1.0	
General Fund	5,788,728	5,788,151	5,788,807	5,788,807	
Cash Funds	1,679,632	1,694,833	1,704,753	1,706,989	
Small Attendance Center Aid	<u>959,379</u>	<u>959,379</u>	<u>1,076,550</u>	<u>1,076,550</u>	
General Fund	787,645	787,645	787,645	787,645	
Cash Funds	171,734	171,734	288,905	288,905	
Comprehensive Health Education	<u>931,363</u>	<u>1,004,978</u>	<u>1,005,396</u>	<u>1,010,215</u>	
FTE	1.0	1.3	1.0	1.0	
General Fund	300,000	300,000	300,000	300,000	
Cash Funds	631,363	704,978	705,396	710,215	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL -</b>	97,918,627	102,070,532	103,154,480	104,665,421	1.5%
<b>FTE</b>	<u>4.6</u>	<u>7.1</u>	<u>5.5</u>	<u>5.5</u>	<u>0.0%</u>
General Fund	67,091,450	67,090,873	67,091,529	67,091,529	0.0%
Cash Funds	30,827,177	34,979,659	36,062,951	37,573,892	4.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
<b>SUBTOTAL - (B) Categorical Programs</b>	444,948,784	447,902,993	453,142,703	458,459,601	1.2%
<b>FTE</b>	<u>95.2</u>	<u>89.2</u>	<u>73.1</u>	<u>73.1</u>	<u>(0.0%)</u>
General Fund	141,765,394	141,764,818	141,765,474	141,765,474	0.0%
Cash Funds	128,614,680	138,026,645	144,767,335	149,929,664	3.6%
Reappropriated Funds	101,812	0	104,043	104,043	0.0%
Federal Funds	174,466,898	168,111,530	166,505,851	166,660,420	0.1%



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

**(C ) Grant Programs, Distributions, and Other Assistance**

**(I) Health and Nutrition**

Federal Nutrition Programs	<u>177,384,975</u>	<u>185,903,606</u>	<u>156,527,414</u>	<u>156,554,412</u>	
FTE	12.8	14.4	9.0	9.0	
General Fund	81,611	84,282	86,907	88,564	
Federal Funds	177,303,364	185,819,324	156,440,507	156,465,848	
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	
Child Nutrition School Lunch Protection Program	<u>730,321</u>	<u>1,514,617</u>	<u>1,661,258</u>	<u>1,661,258</u>	
General Fund	0	664,764	811,258	811,258	
Cash Funds	730,321	849,853	850,000	850,000	
Start Smart Nutrition Program Fund	<u>800,000</u>	<u>1,097,983</u>	<u>1,370,721</u>	<u>1,370,721</u>	
General Fund	800,000	1,097,983	1,370,721	1,370,721	
Start Smart Nutrition Program	<u>852,045</u>	<u>964,516</u>	<u>1,422,998</u>	<u>1,422,998</u>	
Cash Funds	81,667	39,000	52,509	52,509	
Reappropriated Funds	770,378	925,516	1,370,489	1,370,489	
Breakfast After the Bell	<u>0</u>	<u>14,340,446</u>	<u>29,412,780</u>	<u>29,412,780</u>	
FTE	0.0	0.3	0.3	0.3	
General Fund	0	22,643	23,524	23,524	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	14,317,803	29,389,256	29,389,256	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
S.B. 97-101 Public School Health Services	<u>143,721</u>	<u>160,335</u>	<u>152,341</u>	<u>154,654</u>	
FTE	1.4	1.5	1.4	1.4	
Reappropriated Funds	143,721	0	152,341	154,654	
Federal Funds	0	160,335	0	0	
School Health Professionals Grant Program	<u>0</u>	<u>2,407,056</u>	<u>2,280,444</u>	<u>2,280,833</u>	
FTE	0.0	1.0	1.0	1.0	
Cash Funds	0	2,407,056	2,280,444	2,280,833	
School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Program	<u>0</u>	<u>183,631</u>	<u>65,000</u>	<u>65,000</u>	
FTE	0.0	0.3	0.3	0.3	
Cash Funds	0	183,631	65,000	65,000	
Reappropriated Funds	0	0	0	0	
<b>SUBTOTAL -</b>	182,383,706	209,044,834	195,365,600	195,395,300	0.0%
<b>FTE</b>	<u>14.2</u>	<u>17.5</u>	<u>12.0</u>	<u>12.0</u>	<u>0.0%</u>
General Fund	881,611	1,869,672	2,292,410	2,294,067	0.1%
Cash Funds	3,284,632	5,952,184	5,720,597	5,720,986	0.0%
Reappropriated Funds	914,099	925,516	1,522,830	1,525,143	0.2%
Federal Funds	177,303,364	200,297,462	185,829,763	185,855,104	0.0%

**(II) Capital Construction**

Division of Public School Capital Construction

Assistance	<u>679,030</u>	<u>725,917</u>	<u>1,392,473</u>	<u>1,485,190</u>	
FTE	6.7	6.7	15.0	15.0	
Cash Funds	679,030	725,917	1,392,473	1,485,190	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Public School Capital Construction Assistance Board -					
Lease Payments	<u>47,886,054</u>	<u>54,484,817</u>	<u>65,000,000</u>	<u>65,000,000</u>	
Cash Funds	47,886,054	54,484,817	65,000,000	65,000,000	
Public School Capital Construction Assistance Board -					
Cash Grants	<u>0</u>	<u>461,345</u>	<u>50,000,000</u>	<u>50,000,000</u>	
Cash Funds	0	461,345	50,000,000	50,000,000	
Financial Assistance Priority Assessment	<u>27,000</u>	<u>28,500</u>	<u>2,750,000</u>	<u>50,000</u>	
Cash Funds	27,000	28,500	2,750,000	50,000	
State Aid for Charter School Facilities	<u>6,999,120</u>	<u>13,500,000</u>	<u>22,000,000</u>	<u>22,000,000</u>	
Cash Funds	6,999,120	13,500,000	22,000,000	22,000,000	
<b>SUBTOTAL -</b>	55,591,204	69,200,579	141,142,473	138,535,190	(1.8%)
FTE	<u>6.7</u>	<u>6.7</u>	<u>15.0</u>	<u>15.0</u>	<u>0.0%</u>
Cash Funds	55,591,204	69,200,579	141,142,473	138,535,190	(1.8%)
<b>(III) Reading and Literacy</b>					
Early Literacy Competitive Grant Program	<u>5,096,166</u>	<u>4,989,760</u>	<u>5,185,705</u>	<u>5,197,604</u>	
FTE	6.8	8.3	8.0	8.0	
Cash Funds	5,096,166	4,989,760	5,185,705	5,197,604	
Early Literacy Program Per Pupil Intervention Funding	<u>15,433,938</u>	<u>33,123,766</u>	<u>33,242,424</u>	<u>33,242,424</u>	
FTE	0.0	1.0	1.0	1.0	
Cash Funds	15,433,938	33,123,766	33,242,424	33,242,424	
Early Literacy Assessment Tool Program	<u>0</u>	<u>2,678,996</u>	<u>2,795,767</u>	<u>2,795,767</u>	
Cash Funds	0	2,678,996	2,795,767	2,795,767	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Adult Education and Literacy Grant Program	<u>0</u>	<u>949,197</u>	<u>960,000</u>	<u>961,444</u>	
FTE	0.0	0.6	1.0	1.0	
General Fund	0	0	960,000	961,444	
Reappropriated Funds	0	949,197	0	0	
Adult Education and Literacy Grant Fund	<u>0</u>	<u>960,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	960,000	0	0	
<b>SUBTOTAL -</b>	20,530,104	42,701,719	42,183,896	42,197,239	0.0%
<b>FTE</b>	<u>6.8</u>	<u>9.9</u>	<u>10.0</u>	<u>10.0</u>	<u>0.0%</u>
General Fund	0	960,000	960,000	961,444	0.2%
Cash Funds	20,530,104	40,792,522	41,223,896	41,235,795	0.0%
Reappropriated Funds	0	949,197	0	0	0.0%

**(IV) Professional Development and Instructional Support**

Content Specialists	<u>433,724</u>	<u>463,571</u>	<u>460,698</u>	<u>469,900</u>
FTE	4.0	3.9	5.0	5.0
Cash Funds	433,724	463,571	460,698	469,900
Bullying Prevention	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>
Cash Funds	0	0	0	2,000,000
Office of Dropout Prevention and Student Reengagement	<u>2,700,000</u>	<u>549,915</u>	<u>117,578</u>	<u>2,117,578</u>
FTE	2.3	3.2	0.9	0.9
Cash Funds	0	0	0	2,000,000
Federal Funds	2,700,000	549,915	117,578	117,578
Stipends for Nationally Board Certified Teachers	<u>1,113,525</u>	<u>1,228,288</u>	<u>1,580,800</u>	<u>1,580,800</u>
Cash Funds	1,113,525	1,228,288	1,580,800	1,580,800

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Quality Teacher Recruitment Program	<u>2,958,572</u>	<u>2,820,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	
Cash Funds	2,958,572	2,820,000	3,000,000	3,000,000	
Educator Perception	<u>0</u>	<u>91,000</u>	<u>0</u>	<u>100,000</u>	
General Fund	0	91,000	0	100,000	
English Language Learners Technical Assistance	<u>0</u>	<u>251,070</u>	<u>366,235</u>	<u>373,245</u>	
FTE	0.0	2.2	5.0	5.0	
General Fund	0	229,425	315,359	321,448	
Cash Funds	0	21,645	50,876	51,797	
English Language Proficiency Act Excellence Awards Program	<u>0</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
Cash Funds	0	0	500,000	500,000	
Reappropriated Funds	0	500,000	0	0	
English Language Learners Professional Development and Student Support Program	<u>0</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	
Cash Funds	0	0	27,000,000	27,000,000	
Reappropriated Funds	0	27,000,000	0	0	
Advanced Placement Incentives Pilot Program	<u>0</u>	<u>260,312</u>	<u>260,519</u>	<u>260,931</u>	
FTE	0.0	0.0	0.3	0.3	
Cash Funds	0	260,312	260,519	260,931	
School Turnaround Leaders Development Program	<u>0</u>	<u>1,986,663</u>	<u>2,000,000</u>	<u>2,000,991</u>	
FTE	0.0	0.5	1.2	1.2	
Cash Funds	0	0	2,000,000	2,000,991	
Reappropriated Funds	0	1,986,663	0	0	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
English Language Proficiency Act Excellence Awards Fund	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	500,000	0	0	
English Language Learners Professional Development and Student Support Fund	<u>0</u>	<u>27,000,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	27,000,000	0	0	
School Turnaround Leaders Development Fund	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	2,000,000	0	0	
<b>SUBTOTAL -</b>	7,205,821	64,650,819	35,285,830	39,403,445	11.7%
<i>FTE</i>	<u>6.3</u>	<u>9.8</u>	<u>12.4</u>	<u>12.4</u>	<u>0.0%</u>
General Fund	0	320,425	315,359	421,448	33.6%
Cash Funds	4,505,821	34,293,816	34,852,893	38,864,419	11.5%
Reappropriated Funds	0	29,486,663	0	0	0.0%
Federal Funds	2,700,000	549,915	117,578	117,578	0.0%
<b>(V) Facility Schools</b>					
Facility Schools Unit and Facility Schools Board	<u>224,388</u>	<u>263,109</u>	<u>258,535</u>	<u>263,110</u>	
FTE	2.3	2.8	3.0	3.0	
Reappropriated Funds	224,388	263,109	258,535	263,110	
Facility School Funding	<u>14,089,294</u>	<u>14,117,114</u>	<u>16,794,666</u>	<u>16,794,666</u>	
Cash Funds	14,089,294	14,117,114	16,794,666	16,794,666	
<b>SUBTOTAL -</b>	14,313,682	14,380,223	17,053,201	17,057,776	0.0%
<i>FTE</i>	<u>2.3</u>	<u>2.8</u>	<u>3.0</u>	<u>3.0</u>	<u>0.0%</u>
Cash Funds	14,089,294	14,117,114	16,794,666	16,794,666	0.0%
Reappropriated Funds	224,388	263,109	258,535	263,110	1.8%

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
<b>(VI) Other Assistance</b>					
Appropriated Sponsored Programs	<u>222,861,175</u>	<u>215,374,593</u>	<u>281,464,717</u>	<u>281,611,760</u>	
FTE	79.6	85.5	68.7	68.7	
Cash Funds	1,234,010	0	2,693,629	2,702,223	
Reappropriated Funds	1,150,848	1,275,906	4,622,487	4,631,407	
Federal Funds	220,476,317	214,098,687	274,148,601	274,278,130	
School Counselor Corps Grant Program	<u>4,990,796</u>	<u>8,002,249</u>	<u>10,000,000</u>	<u>10,004,295</u>	
FTE	1.1	2.3	2.0	2.0	
Cash Funds	4,990,796	8,002,249	10,000,000	10,004,295	
BOCES Funding per Section 22-5-122, C.R.S.	<u>1,272,259</u>	<u>3,277,976</u>	<u>3,306,260</u>	<u>3,308,255</u>	
FTE	0.7	0.8	1.0	1.0	
Cash Funds	1,272,259	3,277,976	3,306,260	3,308,255	
Contingency Reserve Fund	<u>1,733,884</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	1,000,000	1,000,000	
Reappropriated Funds	1,733,884	0	0	0	
Supplemental On-line Education Services	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	
Cash Funds	480,000	480,000	480,000	480,000	
Interstate Compact on Educational Opportunity for Military Children	<u>23,015</u>	<u>23,015</u>	<u>22,826</u>	<u>22,826</u>	
Cash Funds	23,015	23,015	22,826	22,826	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
College and Career Readiness	<u>0</u>	<u>156,404</u>	<u>178,954</u>	<u>181,145</u>	
FTE	0.0	1.5	2.0	2.0	
General Fund	0	156,404	178,954	181,145	
Colorado Student Leaders Institute Pilot Program	<u>0</u>	<u>0</u>	<u>218,825</u>	<u>0</u>	
Cash Funds	0	0	218,825	0	
Minority Teacher Study Strategy Report	<u>0</u>	<u>48,875</u>	<u>0</u>	<u>0</u>	
General Fund	0	48,875	0	0	
<b>SUBTOTAL -</b>	231,361,129	227,363,112	296,671,582	296,608,281	(0.0%)
<b>FTE</b>	<u>81.4</u>	<u>90.1</u>	<u>73.7</u>	<u>73.7</u>	(0.0%)
General Fund	0	205,279	178,954	181,145	1.2%
Cash Funds	8,000,080	11,783,240	17,721,540	17,517,599	(1.2%)
Reappropriated Funds	2,884,732	1,275,906	4,622,487	4,631,407	0.2%
Federal Funds	220,476,317	214,098,687	274,148,601	274,278,130	0.0%
<b>SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance</b>	511,385,646	627,341,286	727,702,582	729,197,231	0.2%
<b>FTE</b>	<u>117.7</u>	<u>136.8</u>	<u>126.1</u>	<u>126.1</u>	(0.0%)
General Fund	881,611	3,355,376	3,746,723	3,858,104	3.0%
Cash Funds	106,001,135	176,139,455	257,456,065	258,668,655	0.5%
Reappropriated Funds	4,023,219	32,900,391	6,403,852	6,419,660	0.2%
Federal Funds	400,479,681	414,946,064	460,095,942	460,250,812	0.0%



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
<b>(D) Indirect Cost Assessment</b>					
Indirect Cost Assessment	<u>1,894,075</u>	<u>2,057,248</u>	<u>2,529,155</u>	<u>2,529,155</u>	
Cash Funds	87,695	25,000	25,000	25,000	
Reappropriated Funds	15,406	55,571	55,571	55,571	
Federal Funds	1,790,974	1,976,677	2,448,584	2,448,584	
<b>SUBTOTAL - (D) Indirect Cost Assessment</b>	1,894,075	2,057,248	2,529,155	2,529,155	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	87,695	25,000	25,000	25,000	0.0%
Reappropriated Funds	15,406	55,571	55,571	55,571	0.0%
Federal Funds	1,790,974	1,976,677	2,448,584	2,448,584	0.0%
<b>TOTAL - (2) Assistance to Public Schools</b>	4,558,466,590	5,041,845,780	5,326,240,233	5,438,298,225	2.1%
<i>FTE</i>	<u>228.8</u>	<u>242.7</u>	<u>217.1</u>	<u>217.1</u>	<u>0.0%</u>
General Fund	3,127,734,944	3,329,167,655	2,690,225,077	2,914,184,485	8.3%
General Fund Exempt	0	0	848,124,468	848,124,468	0.0%
Cash Funds	848,428,569	1,093,170,610	1,150,689,837	1,038,356,954	(9.8%)
Reappropriated Funds	5,565,524	34,473,244	8,150,474	8,272,502	1.5%
Federal Funds	576,737,553	585,034,271	629,050,377	629,359,816	0.0%

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document - Does Not Represent Committee Decision***

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

**(3) LIBRARY PROGRAMS**

This section provides funding for various library-related programs. Library programs are primarily funded with General Fund and federal funds. Cash funds include grants and donations. Transfers from the Disabled Telephone Users Fund support privately operated reading services for the blind and are reflected as reappropriated funds

Administration	<u>854,239</u>	<u>899,064</u>	<u>1,060,060</u>	<u>1,076,732</u>
FTE	12.9	12.1	14.3	14.3
General Fund	747,012	771,634	807,269	822,872
Cash Funds	107,227	127,430	252,791	253,860
Federal Library Funding	<u>2,784,495</u>	<u>2,722,826</u>	<u>3,053,327</u>	<u>3,089,065</u>
FTE	22.0	25.0	23.8	23.8
Federal Funds	2,784,495	2,722,826	3,053,327	3,089,065
Broadband Technology Opportunities Program	<u>44,182</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.1	0.0	0.0	0.0
Cash Funds	44,182	0	0	0
Federal Funds	0	0	0	0
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>359,796</u>	<u>359,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,796	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000
Colorado Talking Book Library, Building Maintenance and Utilities Expenses	<u>70,610</u>	<u>67,997</u>	<u>70,660</u>	<u>70,660</u>
General Fund	70,610	67,997	70,660	70,660

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Reading Services for the Blind	<u>350,000</u>	<u>360,000</u>	<u>410,000</u>	<u>410,000</u>	
General Fund	0	0	50,000	50,000	
Reappropriated Funds	350,000	360,000	360,000	360,000	
State Grants to Publicly-Supported Libraries Program	<u>1,999,685 0.4</u>	<u>1,996,842</u>	<u>2,500,000</u>	<u>2,500,694</u>	
General Fund	0	0	2,500,000	2,500,694	
Reappropriated Funds	1,999,685	1,996,842	0	0	
Indirect Cost Assessment	<u>83,548</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	
Federal Funds	83,548	55,327	55,327	55,327	
State Grants to Publicly-Supported Libraries Fund	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	
General Fund	2,000,000	2,000,000	0	0	
<b>TOTAL - (3) Library Programs</b>	9,546,555	9,461,852	8,529,170	8,582,274	0.6%
<i>FTE</i>	<u>35.4</u>	<u>37.1</u>	<u>38.1</u>	<u>38.1</u>	<u>0.0%</u>
General Fund	4,177,418	4,199,427	4,787,725	4,804,022	0.3%
Cash Funds	151,409	127,430	272,791	273,860	0.4%
Reappropriated Funds	2,349,685	2,356,842	360,000	360,000	0.0%
Federal Funds	2,868,043	2,778,153	3,108,654	3,144,392	1.1%

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

**(4) SCHOOL FOR THE DEAF AND THE BLIND**

This section provides operational funding for the Colorado School for the Deaf and the Blind (CSDB), which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is the General Fund. For each student eligible for funding under the School Finance Act, the CSDB receives funding from each student's "home" school district. Reappropriated funds reflect program funding that would otherwise be paid to the home school district (from the Facility School Funding section above), as well as federal funds transferred from local school districts. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.

**(A) School Operations**

Personal Services	<u>9,005,386</u>	<u>9,125,576</u>	<u>10,190,967</u>	<u>10,574,192</u> *
FTE	131.8	133.2	152.0	153.1
General Fund	7,715,510	7,619,941	8,580,073	8,957,226
Cash Funds	0	0	0	0
Reappropriated Funds	1,289,876	1,505,635	1,610,894	1,616,966
Federal Funds	0	0	0	0
Early Intervention Services	<u>1,101,102</u>	<u>1,015,041</u>	<u>1,214,620</u>	<u>1,226,824</u>
FTE	9.2	9.0	10.0	10.0
General Fund	1,101,102	1,015,041	1,214,620	1,226,824
Shift Differential	<u>87,031</u>	<u>98,800</u>	<u>110,479</u>	<u>110,489</u>
General Fund	87,031	98,800	110,479	110,489
Operating Expenses	<u>417,270</u>	<u>417,261</u>	<u>724,989</u>	<u>668,291</u>
General Fund	417,270	417,261	724,989	668,291
Vehicle Lease Payments	<u>24,732</u>	<u>14,250</u>	<u>16,235</u>	<u>18,068</u> *
General Fund	24,732	14,250	16,235	18,068

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Utilities	<u>552,316</u>	<u>559,347</u>	<u>602,580</u>	<u>602,580</u>	
General Fund	552,316	559,347	602,580	602,580	
Allocation of State and Federal Categorical Program					
Funding	<u>144,522</u>	<u>168,238</u>	<u>170,000</u>	<u>170,000</u>	
FTE	0.2	0.2	0.4	0.4	
Reappropriated Funds	144,522	168,238	170,000	170,000	
Medicaid Reimbursements for Public School Health					
Services	<u>142,630</u>	<u>217,371</u>	<u>402,713</u>	<u>403,244</u>	
FTE	1.3	1.1	1.5	1.5	
Reappropriated Funds	142,630	217,371	402,713	403,244	
<b>SUBTOTAL - (A) School Operations</b>	<b>11,474,989</b>	<b>11,615,884</b>	<b>13,432,583</b>	<b>13,773,688</b>	<b>2.5%</b>
<i>FTE</i>	<u>142.5</u>	<u>143.5</u>	<u>163.9</u>	<u>165.0</u>	<u>0.7%</u>
General Fund	9,897,961	9,724,640	11,248,976	11,583,478	3.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	1,577,028	1,891,244	2,183,607	2,190,210	0.3%
Federal Funds	0	0	0	0	0.0%

**(B) Special Purpose**

Fees and Conferences	<u>7,297</u>	<u>2,436</u>	<u>120,000</u>	<u>120,000</u>	
General Fund	0	0	0	0	
Cash Funds	7,297	2,436	120,000	120,000	
Federal Funds	0	0	0	0	

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
Outreach Services	<u>589,529</u>	<u>673,500</u>	<u>1,025,000</u>	<u>1,026,495</u>	
FTE	3.3	3.3	6.2	6.2	
Cash Funds	468,642	574,523	755,000	755,000	
Reappropriated Funds	120,887	98,977	270,000	271,495	
Tuition from Out-of-state Students	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	0	0	200,000	200,000	
Reappropriated Funds	0	0	0	0	
Grants	<u>451,950</u>	<u>399,656</u>	<u>1,200,000</u>	<u>1,202,331</u>	
FTE	3.9	4.2	9.0	9.0	
Reappropriated Funds	451,950	399,656	1,200,000	1,202,331	
<b>SUBTOTAL - (B) Special Purpose</b>	<b>1,048,776</b>	<b>1,075,592</b>	<b>2,545,000</b>	<b>2,548,826</b>	<b>0.2%</b>
FTE	<u>7.2</u>	<u>7.5</u>	<u>15.2</u>	<u>15.2</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	475,939	576,959	1,075,000	1,075,000	0.0%
Reappropriated Funds	572,837	498,633	1,470,000	1,473,826	0.3%
Federal Funds	0	0	0	0	0.0%
<b>TOTAL - (4) School for the Deaf and the Blind</b>	<b>12,523,765</b>	<b>12,691,476</b>	<b>15,977,583</b>	<b>16,322,514</b>	<b>2.2%</b>
FTE	<u>149.7</u>	<u>151.0</u>	<u>179.1</u>	<u>180.2</u>	<u>0.6%</u>
General Fund	9,897,961	9,724,640	11,248,976	11,583,478	3.0%
Cash Funds	475,939	576,959	1,075,000	1,075,000	0.0%
Reappropriated Funds	2,149,865	2,389,877	3,653,607	3,664,036	0.3%
Federal Funds	0	0	0	0	0.0%

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Actual</b>	<b>FY 2015-16 Appropriation</b>	<b>FY 2016-17 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - Department of Education</b>	4,660,625,778	5,147,535,934	5,434,487,782	5,548,235,049	2.1%
<i>FTE</i>	<u>566.0</u>	<u>584.1</u>	<u>598.8</u>	<u>603.3</u>	<u>0.8%</u>
General Fund	3,151,855,182	3,356,981,929	2,719,860,748	2,944,886,414	8.3%
General Fund Exempt	0	0	848,124,468	848,124,468	0.0%
Cash Funds	877,840,495	1,125,816,547	1,186,095,361	1,074,221,228	(9.4%)
Reappropriated Funds	27,713,421	57,994,536	29,757,276	29,645,930	(0.4%)
Federal Funds	603,216,680	606,742,922	650,649,929	651,357,009	0.1%

## **Appendix B: Recent Legislation Affecting Department Budget**

### **2014 Session Bills**

**S.B. 14-075 (Deployed Military Motor Vehicle Fees and Taxes):** Exempts members of the United States armed forces who are Colorado residents and deployed outside of the U.S. for a full year from paying certain motor vehicle registration fees. Decreases local revenues available for public school finance by an estimated \$68,921 for FY 2014-15 and increases the state share of districts' total program funding to offset the anticipated decrease. Appropriates \$68,921 General Fund to the Department of Education for FY 2014-15.

**S.B. 14-124 (School Turnaround Leaders Development Program):** Repeals the School Leadership Academy Program and creates the School Turnaround Leaders Development Program in the Department of Education. Requires the Department of Education to contract with providers of high quality turnaround leadership development programs and award grants to school districts to develop turnaround leaders. Requires the State Board of Education to adopt rules to implement the new program. For FY 2014-15, appropriates \$2,000,000 cash funds from the State Education Fund into the School Turnaround Leaders Development Fund created in the bill and reappropriates those funds and 1.2 FTE to the Department of Education.

**S.B. 14-150 (School Counselor Corps Program):** Modifies the School Counselor Corps Grant Program in the Department of Education. Redefines "secondary school" to include any school with grades 6-12; requires grant recipients to use state guidelines when implementing counseling programs; modifies grant award criteria; increases the statutory limit on grant awards from \$5.0 million per year to \$10.0 million per year; and requires the Department of Education to provide support to secondary schools to train principals on the most effective use of the program. Also creates the School Counselor Corps Advisory Board to review and evaluate grant applications and make recommendations to the Department of Education and the State Board of Education. Appropriates \$5,000,000 cash funds from the State Education Fund and 1.0 FTE to the Department of Education for FY 2014-15. Please note that H.B. 14-1298 reduces the appropriation in S.B. 14-150 by \$2.0 million for FY 2014-15.

**S.B. 14-215 (Disposition of Legal Marijuana Related Revenues):** Creates the Marijuana Tax Cash Fund (MTCF) and directs that all sales tax moneys collected by the state starting in FY 2014-15 from retail and medical marijuana be deposited in the MTCF instead of the Marijuana Cash Fund. Specifies permissible uses of moneys in the MTCF. Relevant to the Department of Education, allows use of funds to increase the availability of school-based prevention, early intervention, and health care services and programs to reduce the risk of marijuana and other substance use and abuse by school-aged children.

Creates the school health professional grant program in the department of education to provide matching grants to education providers to enhance the presence of school health professionals in secondary schools throughout the state and to facilitate better screening, education, and referral



*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

care coordination for secondary school students with substance abuse and other behavioral health needs.

Appropriates \$2,500,000 cash funds from the MCTF and 1.0 FTE to the Department of Education for FY 2014-15 for the matching grant program.

**H.B. 14-1085 (Adult Education and Literacy):** Creates an adult education and literacy grant program in the Department of Education to provide state funding for adult education and literacy programs that participate in workforce development partnerships. Requires the State Board of Education to adopt rules for the new program. Requires grant recipients to provide specific information to the Department of Education and requires the Department of Education to annually evaluate the effectiveness of the program and submit an annual report to the Governor's office, the State Board of Education, and the General Assembly. Creates the Adult Education and Literacy Grant Fund to support the program. For FY 2014-15, reduces the Long Bill appropriation to the Controlled Maintenance Trust Fund by \$960,000 General Fund, appropriates that amount of General Fund to the Adult Education and Literacy Grant Fund, and reappropriates that amount from the Adult Education and Literacy Fund and 1.0 FTE to the Department of Education.

**H.B. 14-1102 (Gifted Education Programs):** Modifies the statutes concerning the education of gifted students and the requirements for gifted education programs in public K-12 schools. Modifies requirements for administrative units' gifted education plans and requires the State Board of Education to adopt rules as necessary to implement the bill. Codifies the State Gifted Education Advisory Committee. Among other changes, strongly encourages administrative units to implement universal screening to identify gifted students no later than second grade and requires administrative units to make a good faith effort to hire a qualified individual to administer gifted education programs on at least a half-time basis. Requires the General Assembly to appropriate funds to offset the costs of universal screening and hiring 0.5 FTE qualified personnel for each district. Allows administrative units to apply for grants to reimburse costs for screening students and hiring qualified personnel; and directs the Department of Education to distribute funds in the order applications are received in the event that appropriations are not sufficient to cover all costs. Appropriates \$1,903,178 cash funds from the State Education Fund and 1.0 FTE to the Special Education for Gifted and Talented Children categorical program within the Department of Education for FY 2014-15.

**H.B. 14-1118 (Advanced Placement Incentives Pilot Program):** Creates the Advanced Placement Incentives Pilot Program in the Department of Education to provide supplemental funding to rural school districts (as identified by the State Board of Education) or rural schools that offer advanced placement courses. Specifies requirements for districts participating in the program. Directs the Department of Education to distribute \$500 to participating rural schools for each student that completes an advanced placement course and who subsequently takes the advanced placement exam. Specifies permissible uses of funds by participating schools. Limits participation to the first 475 students from rural schools participating in the program. Appropriates \$261,561 cash funds from the State Education Fund and 0.3 FTE to the Department of Education for FY 2014-15.

**H.B. 14-1156 (Eligibility Age School Lunch Protection Program):** Expands statutory eligibility for the Child Nutrition School Lunch Protection Program to include students through fifth grade (rather than second grade as under current law). For FY 2014-15: (1) reduces the Long Bill appropriation to the Controlled Maintenance Trust Fund by \$791,471 General Fund; and (2) appropriates \$791,471 General Fund to the Department of Education.

**H.B. 14-1175 (Minority K-12 Teachers Study Strategies Report):** Requires the Department of Education to study and develop strategies to increase the recruitment, preparation, development, and retention of high-quality minority teachers. Requires the Department to prepare and submit a report on its findings to the Governor's Office, the State Board of Education, and the Education Committees of the General Assembly by December 1, 2014. For FY 2014-15: (1) reduces the Long Bill appropriation to the Controlled Maintenance Trust Fund by \$50,000 General Fund; and (2) appropriates \$50,000 General Fund to the Department of Education.

**H.B. 14-1202 (Local Accountability Requirements for School Districts):** Creates the Standards and Assessment Task Force (task force) to study how the statewide assessment system is administered, how data are used, and the impact of statewide student assessments on local testing systems, instructional time, and administrative workload for school districts and public schools. Requires the Department of Education to provide information and staff support to the task force upon the request of the task force. Requires the task force and the Department of Education to prepare a final report of findings and legislative recommendations and present those to the Joint Education Committee of the General Assembly by January 31, 2015. For FY 2014-15: (1) reduces the Long Bill appropriation to the Controlled Maintenance Trust Fund by \$142,750 General Fund; (2) appropriates \$142,750 General Fund to the Department of Education; and (3) reappropriates \$20,000 of that amount to the Department of Law for the provision of legal services.

**H.B. 14-1250 (School District Payments for Floods and Total Program):** For FY 2013-14 only, directs the State Board of Education to provide supplemental assistance from the Contingency Reserve Fund to school districts that experienced any of the following conditions: (1) a reduction of 15 or more funded pupils caused by pupil displacement from the September 2013 floods; (2) flood-related transportation costs; (3) decreases of more than \$500 in total program per pupil funding as a result of unexpected decreases in assessed valuation; or (4) significant decreases in per pupil revenue as a result of unexpected increases in pupil counts. For FY 2013-14, appropriates \$1,733,884 General Fund to the Contingency Reserve Fund and reappropriates that amount to the Department of Education.

**H.B. 14-1251 (Mid-year School Finance Adjustments):** Makes mid-year adjustments to school finance-related appropriations of state funds for FY 2013-14. As detailed in the following table, increase *state* total program funding for public schools for FY 2013-14 by \$55.4 million. The increase is based on: (1) an \$18.5 million increase in total program funding for FY 2013-14 (including state and local shares) based on the actual student count that occurred in October 2013; and (2) a \$36.9 million shortfall in local tax revenues for school finance below the amount anticipated in the original FY 2013-14 appropriation. Absent legislative action, the combination of increased total program funding and reduced local tax revenues would have required the

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

Department of Education to increase the size of the statutory school finance formula’s negative factor by \$55.4 million, causing per pupil funding to decrease by \$66.72, on average, below the amount anticipated by districts.

<b>House Bill 14-1251: Adjustments to FY 2013-14 School Finance Appropriations</b>			
	<b>Initial Appropriation</b>	<b>Mid-year Adjustment</b>	<b>Adjusted Appropriation</b>
<u>State Share of Districts' Total Program Funding</u>			
General Fund	\$2,933,673,790	\$51,637,093	\$2,985,310,883
Cash Funds: State Education Fund	523,620,586	3,800,402	527,420,988
Cash Funds: State Public School Fund	<u>75,368,389</u>	<u>0</u>	<u>75,368,389</u>
<b>Total State Funds</b>	<b>\$3,532,662,765</b>	<b>\$55,437,495</b>	<b>\$3,588,100,260</b>

**H.B. 14-1276 (Grant Program to Train High School Students in CPR):** Creates a grant program in the Department of Education to provide funding for public high schools that provide hands-on training for students in cardiopulmonary resuscitation (CPR) and the use of an automated external defibrillator. Requires the State Board of Education to adopt rules for the program. Creates the School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Fund. For FY 2014-15: (1) reduces the Long Bill appropriation to the Controlled Maintenance Trust Fund by \$250,000 General Fund (which the bill transfers to the School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Fund); and (2) appropriates \$250,000 cash funds from the School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Fund and 0.3 FTE to the Department of Education.

**H.B. 14-1292 (Student Success Act):** Amends the “Public School Finance Act of 1994” and other statutory provisions to provide funding for school districts for FY 2014-15, making the following changes:

- Appropriates funds to reduce the value of the negative factor by \$152.4 million compared to current law (the Long Bill appropriation) and \$110.0 million below the negative factor amount in FY 2013-14. Increases *statewide average per pupil funding* by \$180.28 relative to current law (the Long Bill appropriation).
- Increases the required annual appropriation from the State Education Fund for *state aid for charter school facilities* from \$7.0 million in FY 2013-14 to \$13.5 million in FY 2014-15 and \$19.0 million in FY 2015-16 and subsequent years.
- Makes a one-time transfer of \$6.5 million cash funds from the State Education Fund to the State Charter School Debt Reserve Fund in FY 2014-15.
- Increases the annual statutory transfer from the State Education Fund to the Early Literacy Fund by \$20.0 million in FY 2014-15 (from \$16.0 million in FY 2013-14 to \$36.0 million in FY 2014-15 and subsequent years. (This transfer is reduced by \$2.0 million in FY 2014-15 by H.B. 14-1298, discussed below).
- Changes financial reporting requirements for public school districts and schools.
- Requires the Department of Education to contract for the development of a single website to display comparable financial data for schools and school districts statewide. Creates the Financial Reporting Fund, transfers \$3.0 million cash funds from the State Education Fund to the Financial Reporting Fund in FY 2014-15 and continuously

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

appropriates those funds to the Department of Education for FY 2014-15 through FY 2017-18 for system development.

<b>House Bill 14-1292: FY 2014-15 Appropriations</b>		
Purpose	Amount	Fund Source
<b>Section 21 (1): Long Bill Adjustments Related to School Finance Formula Changes</b>		
(a) State Share of Districts' Total Program Funding	\$152,358,980	Cash Funds - State Education Fund (SEF)
(b) Hold-harmless Full-day Kindergarten Funding	193,196	Cash Funds - SEF
Subtotal: Adjustments Related to Statutory Changes to School Finance Formula	\$152,552,176	Cash Funds - SEF
<b>Section 21 (1): Other Long Bill Adjustments And Appropriations</b>		
(c) State Aid to Charter School Facilities	6,500,000	Cash Funds - SEF
<b>Section 21: New Appropriations</b>		
(2) Early Literacy Program	20,000,000	Cash Funds - Early Literacy Fund from SEF
<b>Total Appropriations</b>	<b>\$179,052,176</b>	<b>Total Funds</b>
	159,052,176	Cash Funds - SEF
	20,000,000	Other Cash Funds

Also adjusts footnote #5 in the FY 2014-15 Long Bill (H.B. 14-1336) to increase the amount of funding that the Department may use to fund students in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program from \$4,419,336 to \$4,536,864.

**H.B. 14-1298 (School Finance):** Amends the “Public School Finance Act of 1994” and other statutory provisions to provide funding for school districts for FY 2014-15, making the following changes.

- Increases the *statewide base per pupil funding* amount from \$5,954.28 to \$6,121.00 (2.8 percent) to account for the annual change in the Denver-Boulder consumer price index in CY 2013.
- For FY 2014-15, increases the specified minimum total program funding amount that results after the application of the *negative factor* by \$152.4 million.
- Limits the dollar amount of the negative factor in FY 2015-16 to be less than or equal to the value of the negative factor for FY 2014-15.
- Repeals and reenacts the English Language Proficiency Act. Among other changes, allows local education providers to receive state funding for each English language learner (ELL) student for up to five years, compared to two years per student under current law. Changes reporting requirements associated with ELL programs for local education providers and for the Department of Education. Modifies oversight, monitoring, and technical assistance requirements for the Department of Education.
- Creates the Professional Development and Student Support Program to distribute funds to districts with ELL students on a per pupil basis and specifies the method of distribution of those funds. Creates the Professional Development and Student Support Fund (PDSSF) to support the program. Appropriates \$27.0 million cash funds from the

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

State Education Fund into the PDSSF for FY 2014-15 and reappropriates those funds to the Department of Education.

- Creates the English Language Proficiency Act Excellence Award Program to award grants to local education providers and charter schools that achieve the highest English language and academic growth among ELL students and the highest academic achievement for ELL students who transition out of the English Language Proficiency Program. Creates the Excellence Awards Fund to support the program, appropriates \$500,000 from the State Education Fund into the new cash fund in FY 2014-15 and reappropriates those funds to the Department of Education for distribution to local education providers.
- Increases the authorized number of participants in the Colorado Preschool Program by \$5,000 half-day slots and allows school districts flexibility to use the additional slots for half-day preschool, full-day preschool, or full-day kindergarten programs.
- Clarifies the method used to calculate the cost of living factor in years when average teacher salaries either decline or increase by less than 1.0 percent.
- Applies statutory minimum per pupil funding to all charter schools.
- Increases the FY 2014-15 Long Bill appropriation for Boards of Cooperative Educational Services (BOCES) by \$2.0 million.
- Reduces the annual transfer from the State Education Fund to the Early Literacy Fund in FY 2014-15 and subsequent years from \$20.0 million (as established in H.B. 14-1292) to \$18.0 million.
- Reduces the FY 2014-15 appropriation for the School Counselor Corps Grant Program in S.B. 14-150 from \$5.0 million to \$3.0 million.

The following table details the appropriations in H.B. 14-1298.

<b>House Bill 14-1298: FY 2014-15 Appropriations</b>		
Purpose	Amount	Fund Source
<i>Section 26 Adjustment to H.B. 14-1292 (Student Success Act)</i>		
Early Literacy Program	(\$2,000,000)	Early Literacy Fund from the State Education Fund (SEF)
<i>Section 27: Adjustment to S.B. 14-150 (School Counselor Corps Grant Program)</i>		
School Counselor Corps Grant Program	(2,000,000)	Cash Funds - SEF
<i>Sections 28 and 31: Long Bill Adjustments Related to School Finance Formula Changes/1</i>		
(28) (1) State Share of Districts' Total Program Funding	(30,384,050)	Cash Funds - SEF
(28) (2) State Share of Districts' Total Program Funding	30,384,050	Cash Funds - State Public School Fund
(31) (1) State Share of Districts' Total Program Funding	18,585,660	Cash Funds - SEF
Subtotal: Adjustments Related to Statutory Changes to School Finance Formula	<u>\$18,585,660</u>	Total Funds
	(11,798,390)	Cash Funds - SEF
	30,384,050	Cash Funds - State Public School Fund
<i>Section 29: Other Long Bill Adjustments And Appropriations</i>		
(1) (a) BOCES Funding per Section 22-5-122, C.R.S.	2,000,000	Cash Funds - SEF
(1) (b) English Language Learners Technical Assistance	53,228	Cash Funds - SEF (includes 0.5 FTE)

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>House Bill 14-1298: FY 2014-15 Appropriations</b>		
Purpose	Amount	Fund Source
(1) (c) Public School Finance Administration	63,607	Cash Funds - SEF (includes 0.7 FTE)
(2) Controlled Maintenance Trust Fund	(68,084)	General Fund
<b>Section 32: New Appropriations</b>		
(1) Excellence Awards Fund	500,000	Cash Funds - SEF
(1) English Language Proficiency Act Excellence Awards Program	500,000	Reappropriated Funds
(2) Department of Human Services Child Care Licensing and Administration	68,084	General Fund (includes 1.1 FTE)
(3) Implementation of Section 22-2-134, C.R.S.	298,000	Cash Funds - SEF
(4) Professional Development and Student Support Fund	27,000,000	Cash Funds - SEF
(4) Professional Development and Student Support Program	27,000,000	Reappropriated Funds
<b>Total Appropriations</b>	<b><u>\$72,000,495</u></b>	<b>Total Funds</b>
	0	General Fund
	16,116,445	Cash Funds - SEF
	28,384,050	Other Cash Funds
	27,500,000	Reappropriated Funds

/1 Section 31 took effect because House Bill 14-1292 (Student Success Act) became law. Section 30 of H.B. 14-1298 would have taken effect if H.B. 14-1292 did *not* become law. Because H.B. 14-1292 became law, this table only shows the appropriation in Section 31.

**H.B. 14-1326 (Tax Incentive for Alternative Fuel Trucks):** Makes changes to areas of tax policy affecting low-emission and alternative fuel vehicles. Reduces local revenues anticipated to be available for public school finance by an estimated \$7,000 in FY 2014-15. Appropriates \$7,000 General Fund to the Department of Education for FY 2014-15 to offset the anticipated decline in local revenues.

**H.B. 14-1336 (Long Bill):** General appropriations act for FY 2014-15.

**H.B. 14-1376 (Analysis of Student Opportunity Gaps):** Requires the Department of Education to create a core course level participation report, including student participation in each core course level disaggregated by student groups and, when available, the proficiency levels of students in each core course level as measured on statewide assessments, disaggregated by student groups, no later than November 1, 2014. Requires the Department of Education to work with public schools and school districts during the 2014-15 and 2015-16 school years to refine the report. Beginning with the 2016-17 school year, requires public schools and school districts to use the data in the course performance report when preparing school or district performance or improvement plans under state accountability laws to address disparities in proficiency. For FY 2014-15, provides \$144,216 General Fund and 0.2 FTE to the Department of Education.

**H.B. 14-1382 (K-12 On-line Education):** Modifies statutes concerning on-line education programs and on-line schools. Creates a task force to review best practices and policies for authorizing and administering multi-district on-line schools, to recommend the State Board of

Education quality standards and practices for authorizers, and to recommend to the State Board of Education and the General Assembly the regulatory and statutory changes that are necessary to certify authorizers of multi-district on-line schools. Specifies the duties of the task force. Directs the Commissioner of Education to appoint members to the task force and specifies criteria for appointment. Allows the Department of Education to contract with an outside entity to provide facilitation services or other assistance to the task force. Requires the task force to submit written recommendations to the State Board of Education and to the Education Committees of the General Assembly no later than January 1, 2015. Also requires on-line programs and on-line schools to document students' compliance with compulsory attendance requirements. For FY 2014-15, provides \$47,659 General Fund to the Department of Education.

## **2015 Session Bills**

**S.B. 15-056 (Frequency of Statewide Social Studies Testing):** Modifies requirements related to the Department of Education's administration of statewide standardized social studies assessments. Continues to require the Department to administer social studies assessments to students enrolled in a single specified elementary school grade, middle school grade, and high school grade but prohibits administration in grade twelve. Contingent on H.B. 15-1323 or S.B. 15-257 becoming law, requires the Department of Education to administer the assessment to a representative sample of schools annually so long as it administers the assessment in each public school at least once every three years. Allows school districts and charter schools to request to have the assessment administered in years when they would otherwise not be part of the representative sample and requires the Department of Education to administer the assessment in any such school in the year following the request. Contingent on H.B. 15-1323 or S.B. 15-257 becoming law, appropriates \$935,180 cash funds from the State Education Fund to the Department of Education for FY 2015-16. Because H.B. 15-1323 became law, the appropriation is effective for FY 2015-16.

**S.B. 15-111 (Educator Licensure Cash Fund Continuous Appropriation):** Extends the continuous appropriation of the Educator Licensure Cash Fund to the Department of Education through FY 2017-18. Prior law continuously appropriated the Educator Licensure Cash Fund to the Department for FY 2011-12 through FY 2014-15; S.B. 15-111 extends the continuous appropriation for three additional fiscal years.

**S.B. 15-145 (Supplemental Bill):** Supplemental appropriation to the Department of Education to modify appropriations for FY 2014-15.

**S.B. 15-166 (Current Year Adjustments for School Finance):** Makes mid-year adjustments to school finance-related appropriations of state funds for FY 2014-15. Decreases *state* total program funding in FY 2014-15 by \$2.9 million cash funds from the State Education Fund to account for a \$2.9 million increase in *local* revenues available for school finance and maintain a constant level of total program funding. Maintaining a constant level of total program funding with lower-than-anticipated pupil counts and at-risk pupil counts reduced the negative factor in FY 2014-15 by \$14.0 million.

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

**S.B. 15-234 (Long Bill):** General appropriations act for FY 2015-16. Also includes supplemental adjustments to FY 2014-15 appropriations for the Department of Education.

**S.B. 15-235 (Increasing Cap on Appropriation for School Lunch Protection Program):** Increases the statutory cap on appropriations to support the Child Nutrition School Lunch Protection Program from \$1.5 million per year to \$2.5 million per year, beginning in FY 2014-15. Makes the following appropriations to the Department of Education for the Child Nutrition School Lunch Protection Program: (1) \$141,471 General Fund for FY 2014-15; and (2) \$161,258 General Fund for FY 2015-16.

**S.B. 15-267 (School Finance):** Amends the “Public School Finance Act of 1994” and other statutory provisions to provide funding for school districts for FY 2015-16, making the following changes:

- Increases the *statewide base per pupil funding* amount from \$6,121.00 to \$6,292.39 (2.8 percent) to account for the annual change in the Denver-Boulder-Greeley consumer price index in CY 2014.
- For FY 2015-16, increases the specified minimum total program funding amount that results after the application of the *negative factor* by \$25.0 million.
- Limits the dollar amount of the negative factor in FY 2016-17 to be less than or equal to the value of the negative factor for FY 2015-16.
- Repeals the “minimum state aid” requirement in the School Finance Act which had been suspended for FY 2010-11 through FY 2014-15 but was to be reinstated in FY 2015-16 under current law.
- Creates an “at-risk per pupil additional funding” distribution outside of the school finance formula and directs the Department to distribute funds to school districts based on the number of at-risk students in the school district.
- Increases the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year beginning in FY 2015-16 and appropriates the additional \$5.0 million in FY 2015-16 to support the newly created at-risk per pupil additional funding distribution.

Makes the following appropriations to the Department of Education for FY 2015-16: (1) \$25.0 million General Fund for the state share of districts’ total program funding; and (2) \$5.0 million cash funds from the State Public School Fund (originally from interest and income earned on the Permanent Fund) for at-risk per pupil additional funding.

**S.B. 15-290 (Colorado Student Leaders Institute):** Creates the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. Creates an executive governing board for the institute and sets the conditions for the board’s composition and selection. Sets minimum requirements for curriculum, enrichment activities, and student participation and limits participation to no more than 100 students annually. Authorizes the institute to solicit gifts, grants, and donations, and deposits any such revenues in the Colorado Student Leaders Cash Fund (created in the bill), and continuously appropriates all revenues in the cash fund to the institute’s executive board. For FY 2015-16, makes the following appropriations: \$218,825 cash funds from the State Education Fund to the Department of



*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

Education to be transferred to the Office of the Lieutenant Governor; and \$218,825 reappropriated funds and 1.0 FTE to the Office of the Lieutenant Governor.

**H.B. 15-1170 (Increasing Postsecondary and Workforce Readiness):** Creates the position of postsecondary and workforce readiness statewide coordinator within the Department of Labor and Employment to work with local education providers, businesses, industry, area vocational schools, community colleges, the Department of Education, the Department of Higher Education, and the career and technical education division within the community college system to raise the level of postsecondary and workforce readiness achieved by high school students. Beginning in FY 2016-17, modifies the statewide education accountability system by requiring the Department of Education to include the percentages of high school graduates who enroll in a career and technical education program, community college, or four-year institution of higher education as measures of postsecondary and workforce readiness. For FY 2015-16, makes the following appropriations: \$92,934 General Fund and 0.7 FTE to the Department of Education; \$118,969 General Fund and 1.0 FTE to the Department of Labor and Employment (CDLE); and \$20,000 reappropriated funds (from the appropriation to the CDLE) to the Office of the Governor for information technology services provided to the CDLE.

**H.B. 15-1270 (Pathways in Technology Early College High Schools):** Authorizes the creation of Pathways in Technology Early College High Schools (P-Tech schools). A P-Tech school is a public school that includes grades 9 through 14 and is designed to prepare students for careers in industry by enabling students to graduate with both a high school diploma and an associate degree. A P-Tech school is operated as a collaborative effort by a local education provider such as a school district, a community college, and one or more industry employers. A P-tech school, in contrast to other early colleges, focuses specifically on science, technology, engineering, and mathematics, and includes two additional years of high school (grades 13 and 14). A P-Tech school is funded through the annual School Finance Act, and a district with a P-Tech school may include the P-Tech school's students in grades 9-12 in the school district's pupil enrollment. Students in grades 13 and 14 are funded at the fixed per pupil amount established annually for students participating in the ASCENT program (Accelerating Students through Concurrent Enrollment). A student enrolled in grades 13 and 14 may also receive a stipend from the College Opportunity Fund for the postsecondary courses the student takes. For FY 2015-16, makes the following appropriations: \$7,232 General Fund and 0.1 FTE to the Department of Education; and \$7,232 General Fund and 0.1 FTE to the Department of Higher Education. The bill is expected to drive costs of \$4.1 million General Fund by FY 2021-22, due to impacts on school finance once the bill is fully implemented.

**H.B. 15-1274 (Creation of Career Pathways for Students):** Requires the Colorado Workforce Development Council in the Department of Labor and Employment, in collaboration and consultation with partners including the Department of Higher Education and the community college system, the Department of Education, the Governor's Office of Economic Development and International Trade, and partner industries and local educational institutions, to design integrated career pathways within identified growth industries. For FY 2015-16, provides the following appropriations: \$485,043 General Fund and 2.5 FTE to the Department of Labor and Employment for the Workforce Development Council; \$86,960 General Fund to the Department of Higher Education, which is reappropriated to the community college system; and \$200,000

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

reappropriated funds to the Department of Higher Education, from the amount initially appropriated to the Department of Labor and Employment, for an on-line resource publicizing the new career pathways.

**H.B. 15-1275 (Career and Tech Ed in Concurrent Enrollment):** Clarifies that career and technical course work related to apprenticeship programs and internship programs may be used for concurrent enrollment, and directs the Concurrent Enrollment Advisory Board to collaborate with other entities to promote cooperative agreements that include apprenticeship programs and internship programs in concurrent enrollment programs. For FY 2015-16, appropriates \$450,000 General Fund to the Department of Higher Education.

**H.B. 15-1321 (Flexibility & Funding for Rural School Districts):** Provides additional administrative flexibility for small rural school districts. Authorizes the Department of Education to define rural school districts based on size and proximity to urban areas. Exempts rural districts that enroll fewer than 1,000 students from certain requirements related to accountability reporting and school-level financial transparency requirements. Allows rural school districts enrolling fewer than 6,500 students to provide notice of meetings to school board members via electronic mail rather than written mail as under current law. Defines small rural school district as a school district that the Department of Education identifies as rural and that enrolls fewer than 1,000 students in kindergarten through twelfth grade. Allows small rural districts to raise additional local property tax revenues through mil levy overrides, increasing the limit from 20.0 percent of the district's total program funding or \$200,000 (whichever is greater) to 30.0 percent of total program funding or \$200,000 (whichever is greater). Makes a one-time appropriation of \$10.0 million cash funds from the State Education Fund to the Department of Education for FY 2015-16 for distribution to small rural school districts and eligible charter schools (institute charter schools that have small rural districts as accounting districts) on a per-pupil basis for specific uses in alignment with authorized uses of State Education Fund moneys.

**H.B. 15-1323 (Changes to Assessments in Public Schools):** Modifies the system of statewide standardized assessments in English language arts, mathematics, science, and social studies. Restricts the Department of Education (CDE) to administering the tests in English language arts and mathematics to students enrolled in grades three through nine and science tests one time each in elementary, middle, and high school. Eliminates social studies assessments. Requires the CDE to continue to administer a curriculum-based college entrance exam to students in eleventh grade and to administer the writing portion of the exam when requested to do so by students. Requires the CDE to administer a tenth grade college entrance preparation exam. Requires the CDE to request various waivers of federal law. Requires that the CDE make tests available in paper and pencil format when requested by a local education provider (LEP) and requires each LEP to adopt a written policy by which the LEP decides whether to request paper and pencil tests. Requires that LEPs adopt a policy allowing parents of students to opt out of participation in one or more state assessments without imposing negative consequences on the student or parent. Creates a pilot program through which LEPs may jointly or individually administer local assessments to prove the validity and reliability of the assessments and the comparability of the assessments with the existing statewide assessments. Based on results of the pilot program, requires the CDE to recommend that the State Board of Education (State Board) either adopt one of the local assessments as the new statewide assessment or continue

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

administering the statewide assessment. If the State Board adopts a new state assessment, the bill requires the State Board to notify the General Assembly, as implementation of a new statewide assessment is conditional on the enactment of legislation approving the assessment. For FY 2015-16, reduces appropriations to the Department of Education by \$2,369,118 cash funds from the State Education Fund.

**H.B. 15-1367 (Retail Marijuana Taxes):** Refers a ballot issue to voters in November 2015, asking whether the State may retain and spend revenue collected from the Proposition AA excise and special sales taxes on retail marijuana in FY 2014-15. Creates a \$58.0 million Proposition AA Refund Account (Refund Account) in the General Fund. Contingent on voter approval of the ballot issue, the act makes several appropriations to the Department of Education for FY 2015-16, as detailed in the following table.

<b>Appropriations to Department of Education That Are Contingent on Voter Approval</b>		
<b>Division and Line Item</b>	<b>Fund Source</b>	<b>Dollar Amount</b>
<u>Assistance to Public Schools</u>		
Appropriation to School Bullying and Prevention Cash Fund	CF - Proposition AA Refund Account	\$2,000,000
Appropriation to Student Re-engagement Grant Program Fund	CF - Proposition AA Refund Account	1,000,000
Student Re-engagement Grant Program	RF – Student Re-engagement Grant Program Fund	<u>1,000,000</u>
<b>Total Appropriations</b>		<b>\$3,500,000</b>

## **Appendix C:** **Update on Long Bill Footnotes & Requests for Information**

### **Long Bill Footnotes**

- 5 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – It is the intent of the General Assembly that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year 2015-16, be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S.

Comment: Legislative Council Staff has contracted with Pacey Economics, Inc., for the analysis and will certify the new cost of living factors during the 2016 Session. The new cost of living factors will affect the FY 2016-17 and FY 2017-18 budget cycles.

- 6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- Pursuant to Section 22-35-108 (2) (a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for FY 2015-16. The Department of Education is authorized to utilize up to \$3,666,850 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 550 FTE participants funded at a rate of \$6,667 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Comment: House Bill 09-1319 created the ASCENT Program for students who voluntarily extend their high school education beyond 12<sup>th</sup> grade in order to attend college courses ("fifth year" students). The stated objectives of the program include the following:

- Increasing the percentage of students who participate in higher education, especially among low-income and traditionally under-served populations;
- Decreasing the number of high school dropouts;
- Decreasing the time required for a student to complete a postsecondary degree;
- Reducing state expenditures for public education; and
- Increasing the number of educational pathways available to students.

Similar to students participating in multi-district online programs and the Colorado Preschool Program, ASCENT students are counted and funded through the School Finance Act formula. However, the ASCENT program is subject to available appropriations. As funding for ASCENT is calculated as part of school districts' total program funding, state funding for ASCENT students is included within the State Share of Districts' Total Program Funding line item. This footnote thus provides the mechanism for the General Assembly to limit the appropriation for ASCENT.

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

Similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

In order to inform the General Assembly of the level of interest in the ASCENT Program, in September local education providers submit an estimate of the number of current grade 12 seniors who will seek to be designated as ASCENT Program participants in the following fiscal year. The Department is required to report this data as part of its annual budget request. The Department has requested that districts provide updated numbers in February, and these updated figures are provided to the Joint Budget Committee for purposes of preparing a budget proposal for the following fiscal year. Ultimately, the State Board of Education is charged with determining how many qualified students may be designated as ASCENT Program participants for the following school year, based on available appropriations.

The Department's FY 2016-17 budget request estimates that a total of 655 students will participate in ASCENT in FY 2016-17, an increase of 105 students from the current (FY 2015-16) appropriation for 550 students.

- 6 Department of Education; Assistance to Public Schools; Grant Programs, Distributions, and Other Assistance; Capital Construction; Public School Capital Construction Assistance Board – Cash Grants – This appropriation remains available until the completion of the project or the close of FY 2017-18, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Public School Capital Construction Assistance Fund.

Comment: This footnote makes funding appropriated to the Building Excellent Schools Today (B.E.S.T.) Program for cash grants available for up to three years to allow for the completion of projects requiring funding for more than a single fiscal year.

- 7 Department of Education, Library Programs, Reading Services for the Blind -- This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that \$360,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$50,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

Comment: This footnote has been included for several years to express the General Assembly's intent concerning this appropriation. The Department annually contracts with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHzs. AINC is currently working through cable associations with the cities to expand local coverage. The services provided by AINC are

*JBC Staff Budget Briefing: FY 2016-17*  
*Staff Working Document – Does Not Represent Committee Decision*

---

also made available through the internet, telephone, and podcasts. In FY 2012-13, the General Assembly increased the allocation for the contract with AINC from \$200,000 per year to \$300,000. The General Assembly added \$10,000 for FY 2014-15 and an additional \$50,000 for FY 2015-16, for a total of \$360,000.

The remaining \$50,000 is used to purchase services from the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by email. Newslines services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newslines service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newslines services. The CTBL is able to sign patrons up for the Newslines service through their existing database.

- 8 Department of Education, Library Programs, State Grants to Publicly-Supported Libraries Program – It is the intent of the General Assembly that grants provided through this line item be used to support efforts to improve early literacy.

Comment: The General Assembly added this footnote to the FY 2013-14 Long Bill and has continued it in FY 2014-15 and FY 2015-16. The Department reports that approximately 80 percent of grantees used grant funds to support early literacy efforts in FY 2014-15. The remaining 20 percent, which tend to be academic libraries and some school districts, purchased educational resources that did not fit a strict definition of early literacy.

*Background Information:* Senate Bill 00-085 created the State Grants to Publicly-Supported Libraries Program to provide funds to enable public libraries, school libraries, and academic libraries to purchase educational resources that they would otherwise be unable to afford. The program operated for FY 2000-01 through FY 2001-02. The Governor vetoed the appropriations to the program for FY 2002-03, and the line items were unfunded from FY 2002-13 through FY 2012-13. The Committee reinstated the program for FY 2013-14 with an appropriation of \$2.0 million General Fund to the State Grants to Publicly-Supported Libraries Fund line item and \$2.0 million reappropriated funds for the State Grants to Publicly-Supported Libraries Program line item. The General Assembly continued that level of funding in FY 2014-15. In FY 2015-16, the General Assembly eliminated the dual line item structure of the program and appropriated \$2.5 million General Fund directly to the State Grants to Publicly-Supported Libraries Program, an increase of \$500,000 above the prior year appropriation. The program has awarded \$2,452,400 to 315 grantees statewide (representing 96.9 percent of 327 potential applicants) in FY 2015-16, with a base amount of \$3,500 per grantee (regardless of the size of the population served) and additional amounts on a per capita basis. The Department used the \$500,000 increase in FY 2015-16 to increase the base amount for every grant recipient.

The Department reports that grantees used FY 2014-15 grant funds to: launch new e-book resources for parents and families, create new collections for toddler story time, buy online resources, and enhance collections related to early childhood development and other topics associated with early literacy and educational materials. The Department anticipates similar uses in FY 2015-16.

## Requests for Information

### Requests Affecting Multiple Departments

- 2 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. -- The Department of Education is requested to work with the Department of Higher Education to provide the Joint Budget Committee with information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year 2014-15 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year 2013-14 and actual district expenditures for each program in fiscal year 2013-14. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year 2013-14 and actual district expenditures in fiscal year 2013-14.

Comment: The Department provided the requested information, which is summarized below.

*Background Information.* Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. The General Assembly determines on an annual basis how to finance this increase, and how to allocate the required increase among the various categorical programs. The annual Long Bill includes at least the minimum required increase in state funding for categorical programs. Thus, the Joint Budget Committee makes a recommendation to the General Assembly each year concerning the allocation of these funds. This footnote is intended to provide the Committee with data to inform this decision.

Please note that pursuant to S.B. 07-199 [Section 22-55-107 (3), C.R.S.], the House and Senate Education Committees may submit to the Joint Budget Committee a joint recommendation regarding the allocation of the required state funding increase for categorical programs for the next budget year. The Joint Budget Committee is required to consider such a recommendation when developing the Long Bill for the following budget year. The Education Committees have not submitted any such recommendation to date.

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

*Statutory Reimbursement Formula.* State funding is provided through a statutory formula for five categorical programs. Table A provides a comparison of the state funding available and the maximum statutory reimbursement for each of these programs for FY 2014-15. Unless otherwise noted, data is derived from the Department's response to this request for information. Based on this comparison, state funding for English language proficiency programs (including both categorical funding and \$27.0 million appropriated to the English Language Learners Professional Development and Student Support Program) was the least adequate in FY 2014-15, covering 24.8 percent of the maximum appropriation for that year.



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>TABLE A: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2014-15</b>					
<b>Long Bill Line Item</b>	<b>Description of What Determines Maximum State Funding</b>	<b>Total State Funds</b>	<b>Maximum State Funding</b>	<b>Percent of Maximum Covered by State Funds</b>	<b>Estimated Increase Required to Fund Statutory maximum</b>
<b>District Programs Required by Statute:</b>					
Special Education - Children With Disabilities a/	Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services	\$158,374,328	\$237,962,250	66.6%	\$79,587,922
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	43,739,145	154,244,666	28.4%	110,505,521
<b>Other Categorical Programs (with specified statutory reimbursement levels):</b>					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	55,829,165	89,346,045	62.5%	33,516,880
Colorado Vocational Distributions Act	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue	26,449,151	26,449,151	100.0%	0
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	959,379	1,192,187	80.5%	232,808
<b>Total</b>					<b>\$250,843,131</b>

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$113,276,250 (\$1,250 for each student with disabilities); \$120,186,000 (assuming districts received \$6,000 per student for 100 percent of the 20,031 students with specified disabilities, rather than for 33.8 percent of these students); \$4,000,000 for high cost grants; and \$500,000 for "educational orphans." Staff has not attempted to estimate the costs of "fully funding" the high cost grant program.

b/ The state funds provided for the English Language Proficiency Program in FY 2014-15 include \$16,739,145 provided through the English Language Proficiency Program categorical program and \$27,000,000 distributed through the English Language Learners Professional Development and Student Support program which is outside of the categorical program but offsets districts' costs to provide services to English language learners.

***JBC Staff Budget Briefing: FY 2016-17***  
***Staff Working Document – Does Not Represent Committee Decision***

---

*Percent of Actual Expenditures Covered by State and Federal Funds.* Table A compares available state funding to the amount of state funding that districts are eligible to receive pursuant to state statute. However, these statutory formulas are generally designed to cover only a portion of districts' costs. One should also consider a comparison of actual district expenditures on categorical programs to the amount of state and federal funding available for categorical programs.

Table B provides a comparison of actual district expenditures for categorical programs to available state and federal funding. Based on the availability and relevance of district expenditure data, the table excludes data for three programs: Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education. The data are derived from the Department's response to this request for information.

This analysis indicates that districts spent \$939.2 million in FY 2013-14 on five categorical programs, over and above state and federal funding made available for these programs – the equivalent of 17.0 percent of districts' total program funding for FY 2013-14. Districts spent the largest portion of their total program funding to provide special education services to children with disabilities (\$520.5 million), followed by English language proficiency programs (\$175.9 million) and public school transportation services (\$167.1 million).

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>TABLE B: Categorical Program Revenues and Expenditures: FY 2013-14</b>						
Long Bill Line Item	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c)/(d)	(f) = (d) - (c)
Long Bill Line Item	State Funds	Federal Funds	Total State and Federal Funds	Total District Expenditures	State/Federal Share of Expenditures	Local Share of Expenditures
<b>District Programs Required by Statute</b>						
Special Education - Children with Disabilities a/	\$187,238,673	\$154,940,156	\$342,178,829	\$862,644,853	39.7%	520,466,024
English Language Proficiency Program	15,240,040	8,454,341	23,694,381	199,559,597	11.9%	175,865,216
<b>Other Categorical Programs</b>						
Public School Transportation	54,238,553	0	54,238,553	221,290,154	24.5%	167,051,601
Career and Technical Education	24,528,307	5,206,540	29,734,847	85,191,002	34.9%	55,456,155
Special Education - Gifted and Talented Children	9,532,447	0	9,532,447	29,847,512	31.9%	20,315,065
<b>Total</b>						<b>\$939,154,061</b>

a/ State funding includes Public School Finance Act funding for preschool children with disabilities.

## Requests Specific to the Department of Education

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding --** The Department is requested to provide to the Joint Budget Committee, on or before November 1, 2015, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2014-15: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that is attributable to the Program.

Comment: The Department provided the information as requested, and it is summarized below. Please note that in addition, the Department prepares an annual legislative report concerning the Colorado Preschool Program, including student achievement and other outcome data. The most recent report is available at:

<https://www.cde.state.co.us/cpp/cpp2015legislative report>

*District Participation.* The purpose of the Colorado Preschool Program (CPP) is to serve three-, four-, and five-year-old children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are neglected or dependent children. School district participation in the program is voluntary. Participating districts are required to provide preschool classes four half-days each week throughout the school year, with the remaining half-day being used for home visits, teacher training, etc.

**The number of school districts participating in the CPP has increased from 32 in FY 1988-89 to 172 (of 178) in FY 2014-15; the State Charter School Institute also participates in the CPP.** The six school districts that are not currently participating in CPP are small, rural districts, including Cheyenne – Kit Carson, El Paso – Agate, Las Animas – Branson, Otero – Manzanola, Otero – Swink, and Washington – Lone Star.

*Total Number of Slots.* The number of state-funded half-day preschool program "slots" is limited in statute. Since the program began operating in January 1989, its target population has been expanded and the maximum number of children that may be served has increased from 2,000 to 28,360. The General Assembly increased the number of authorized CPP slots from 14,360 in FY 2006-07, to 16,360 in FY 2007-08, to 20,160 in FY 2008-09. In addition, in FY 2008-09, the General Assembly repealed a provision allowing districts to use some the CPP slots to provide a full-day kindergarten program, thereby freeing up 2,454 slots to serve additional preschool children. In FY 2013-14, the General Assembly added 3,200 slots through a new program within CPP, called ECARE, which allows school districts to use the slots for half-day preschool, full-day preschool, or to provide full-day kindergarten, depending on the needs of the district. In FY 2014-

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

---

15, the General Assembly added 5,000 slots to the ECARE program, bringing the total number of CPP slots to 28,360, including 8,200 ECARE slots.

For FY 2014-15, participating districts and the State Charter School Institute received funding to serve a total of 28,360 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 65,296. Thus, on a statewide basis, **the total number of CPP slots authorized for FY 2014-15 represented 43.4 percent of the public school kindergarten students.**

To put this ratio in perspective, please note that the proportion of the funded pupil count considered "at-risk" in FY 2014-15 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 37.1 percent. If every district had received CPP preschool slots in proportion to its at-risk population entering kindergarten programs the following school year (using the number of children in kindergarten programs in FY 2014-15 as a proxy), a total of 24,225 CPP slots would have been funded. This analysis implies that the State has provided 4,135 more slots than would have been necessary to provide half-day preschool to all at-risk children (under the School Finance Act definition), assuming all slots were used for preschool children rather than kindergarten.

The following table uses the School Finance Act definition of "at-risk" for purposes of estimating the shortfall of CPP *preschool* slots for fiscal years FY 2005-06 through FY 2014-15 (which is different than the criteria used for CPP eligibility).

Fiscal Year	(a)	(b)	(c) = a/b	(d)	(e) = (b*d)-a
	Number of Authorized CPP Half-Day Preschool Slots	Number of Children in Kindergarten Funded Through School Finance Act	Ratio	Percent of Children Considered At-risk Under School Finance Formula	Number of Additional Slots Required to Serve Children "At-risk" Per Formula
2005-06	10,506	59,278	17.7%	31.6%	8,226
2006-07	12,206	60,774	20.1%	31.5%	6,938
2007-08	13,906	61,426	22.6%	31.6%	5,505
2008-09	20,160	63,304	31.8%	32.1%	148
2009-10	20,160	63,457	31.8%	34.8%	1,917
2010-11	20,160	64,483	31.3%	36.6%	3,441
2011-12	20,160	66,263	30.4%	37.1%	4,404
2012-13	20,160	66,844	30.2%	37.5%	4,920
2013-14 a/	3,360	67,137	34.8%	37.6%	1,904
2014-15 b/	28,360	65,296	43.4%	37.1%	(4,135)

/a Slots for FY 2013-14 include 3,200 slots approved for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. School districts may use ECARE slots for either preschool or full-day kindergarten.

/b Slots for FY 2014-15 include a total of 8,200 slots approved for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260, an increase of 5,000 above the FY 2013-14 number of slots, as approved in H.B. 14-1298. School districts may use ECARE slots for either preschool or full-day kindergarten.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

*Allocation of Slots.* The Department provided information comparing each district’s CPP *headcount* to its funded kindergarten headcount. For small school districts with a small number of kindergarten students, this comparison is not very meaningful. However, for larger districts, this comparison can be useful when analyzing the allocation of slots. The ratio of CPP students to kindergarten students varies significantly among larger districts, but these variations appear to relate to the number of low income students served. However, if one considers the number of pupils considered "at-risk" based on the School Finance Act formula, the CPP head count does not always directly correlate with the number of at-risk pupils.

The following table compares the number of CPP slots allocated to those districts with more than 1,000 pupils in public kindergarten programs with the percent of each district's pupils that are considered "at-risk" for purposes of the School Finance Act. Column (e) provides an estimate of the gap between the number of CPP slots and the number of at-risk pupils. For example, Denver’s 4,632 CPP *preschool* slots represent about 61 percent of children in kindergarten. However, approximately 64 percent of Denver's students are considered "at-risk", so the estimated gap for Denver is 228 students. For informational purposes, column (f) shows the number of CPP/ECARE slots that each of these districts is using for full-day kindergarten and column (g) shows the total number of CPP/ECARE slots allocated to each district.

Larger Districts (with 1,000+ kindergarten pupils)	(a)	(b)	(c) = a/b	(d)	(e) = (b*d)-a	(f)	(g) = (a)+(f)
	Total CPP Preschool Funded Slots (FY 14-15)	Kindergarten Funded Students (FY 14-15)	Ratio	Percent of Pupils "At-risk" per School Finance Formula (FY 14-15)	Gap Between Number of At-Risk 4-year-olds and CPP Preschool Slots	CPP/ECARE Funded Kindergarten Slots (FY 14-15)	Total CPP/ECARE Slots (FY 14-15)
Denver	4,632	7,546	61.4%	64.4%	228	1,700	6,332
Arapahoe - Aurora	1,737	3,506	49.5%	65.2%	549	0	1,737
Adams - Northglenn	662	2,898	22.8%	34.8%	348	0	662
Weld - Greeley	513	1,819	28.2%	55.4%	494	100	613
Jefferson	1,614	6,122	26.4%	27.0%	40	0	1,614
Arapahoe - Cherry Creek	461	3,703	12.4%	24.9%	463	0	461
El Paso - Colorado Springs	857	2,360	36.3%	51.7%	362	0	857
Boulder - St. Vrain	433	2,300	18.8%	27.2%	193	0	433
El Paso - Harrison	396	1,102	35.9%	64.6%	316	92	488
Mesa - Mesa Valley	485	1,453	33.4%	37.7%	62	360	845
Douglas	218	4,629	4.7%	9.9%	238	1	219
Larimer - Thompson	213	1,185	18.0%	30.2%	145	90	303
Larimer - Poudre	369	2,166	17.0%	27.5%	226	0	369
El Paso - Academy	81	1,533	5.3%	9.7%	68	0	81
El Paso - Falcon	129	1,406	9.2%	29.3%	282	0	129
Boulder - Boulder	443	1,969	22.5%	18.4%	(81)	61	504

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

Larger Districts (with 1,000+ kindergarten pupils)	(a)	(b)	(c) = a/b	(d)	(e) = (b*d)-a	(f)	(g) = (a)+(f)
	Total CPP Preschool Funded Slots (FY 14-15)	Kindergarten Funded Students (FY 14-15)	Ratio	Percent of Pupils "At-risk" per School Finance Formula (FY 14-15)	Gap Between Number of At-Risk 4-year-olds and CPP Preschool Slots	CPP/ECARE Funded Kindergarten Slots (FY 14-15)	Total CPP/ECARE Slots (FY 14-15)
Adams - Brighton	420	1,326	31.7%	32.5%	10	335	755
Arapahoe - Littleton	206	1,055	19.5%	18.1%	(15)	0	206
Pueblo - Pueblo City	1,207	1,502	80.4%	68.7%	(175)	248	1,455

Please note that some of the at-risk children who are not served through CPP are receiving quality preschool services through the federal Head Start Program or locally funded programs. In addition, this analysis is based on a head count of the number of children receiving preschool services. As discussed below, many districts choose to use two half-day preschool slots to provide a child with a full-day preschool program, thereby reducing the number of children served through CPP.

*Participation of Children Under Age Four.* Since FY 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning readiness that is attributable to at least three significant family risk factors. In FY 2014-15, 130 of 172 (76 percent) of participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This compares to 129 districts in FY 2013-14.

**These districts used 6,096 CPP slots (25 percent of CPP preschool slots, not including ECARE slots used for kindergarten) to serve a total of 5,799 children under the age of four.**<sup>23</sup> This compares to 5,553 slots in FY 2013-14.

*Number of Children Allowed to Use Two Slots.* Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. The Department is required to limit the total number of CPP slots that can be used for this purpose to five percent of the total, or 1,418 for FY 2014-15. A total of 46 school districts and the State Charter School Institute used 1,343 CPP slots to serve children through a full-day program.

*State and Local Funding.* The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both local and state funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2014-15.

<sup>23</sup> This figure includes 297 slots that were used to provide full-day preschool services for 3-year-olds, and 424 slots that were used to serve children younger than age three under a pilot waiver.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

**Statewide, \$102.2 million of districts' total program funding was earmarked for the CPP/ECARE (1.7 percent of total program funding), including \$66.8 million in state funding (65.4 percent of total CPP funding).**

- 2 Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance --** The Department is requested to provide information to the Joint Budget Committee by November 1, 2015, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal years 2013-14 and 2014-15.

Comment: The Department complied with the request and submitted the requested information, which is shown in the tables below.

<b>Summary of FY 2014-15 BOCES Grant Writing Allocations Pursuant to Sec. 22-2-122 (3), C.R.S.</b>				
<b>BOCES</b>	<b>Total Allocations</b>	<b>Expelled and At-Risk Students</b>	<b>Read-to-Achieve/Early Literacy</b>	<b>State School Counselor Corps Grant</b>
East Central	\$31,212	\$9,539	\$17,448	\$4,226
Mountain	10,404	10,404	0	0
Centennial	19,322	19,322	0	0
Northeast	22,295	22,295	0	0
Pikes Peak	13,377	13,377	0	0
San Juan	11,890	0	11,890	0
San Luis Valley	22,295	0	22,295	0
South Central	17,836	0	0	17,836
Southeastern	17,836	0	0	17,836
Northwest	8,918	0	0	8,918
Rio Blanco	2,973	0	0	2,973
Uncompaghre	7,432	0	0	7,432
Santa Fe Trail	8,918	0	0	8,918
Ute Pass	4,459	0	0	4,459
Mount Evans	4,459	0	0	4,459
Front Range	2,973	0	0	2,973
<b>Total</b>	<b>\$206,596</b>	<b>\$74,936</b>	<b>\$51,633</b>	<b>\$80,027</b>



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Summary of FY 2013-14 BOCES Grant Writing Allocations Pursuant to Sec. 22-2-122 (3), C.R.S.</b>				
<b>BOCES</b>	<b>Total Allocations</b>	<b>Expelled and At-Risk Students</b>	<b>Read-to-Achieve/Early Literacy</b>	<b>State School Counselor Corps Grant</b>
East Central	\$26,992	\$11,735	\$1,466	\$13,791
Mountain	9,217	9,217	0	0
Centennial	15,800	15,800	0	0
Northeast	15,800	15,800	0	0
Pikes Peak	11,850	11,850	0	0
San Juan	10,533	10,533	0	0
San Luis Valley	18,434	0	18,434	0
South Central	15,800	0	15,800	0
Southeastern	15,800	0	15,800	0
Northwest	9,217	0	0	9,217
Rio Blanco	2,633	0	0	2,633
Uncompaghre	6,583	0	0	6,583
Santa Fe Trail	7,900	0	0	7,900
Ute Pass	2,633	0	0	2,633
Mount Evans	2,633	0	0	2,633
Front Range	4,608	0	0	4,608
<b>Total</b>	<b>\$176,436</b>	<b>\$74,936</b>	<b>\$51,500</b>	<b>\$50,000</b>

For FY 2013-14, the General Assembly also appropriated \$1,300,000 for distribution to BOCES to assist member districts in meeting the state’s educational priorities (see section 22-5-122, C.R.S.). For FY 2014-15, the General Assembly increased this appropriation to \$3,132,785. The Department’s response to this request for information also detailed the distribution of those funds. The distributions for each year are shown in the following tables.

<b>Distributions to BOCES to Implement State Educational Priorities in FY 2014-15</b>	
<b>Sec. 22-5-122, C.R.S.</b>	
<b>BOCES</b>	<b>Total Allocations</b>
Centennial	\$277,639
Pikes Peak	49,307
East Central	41,243
South Central	04,275
Expeditionary	13,850
San Luis Valley	93,172
Northeast	68,641
Southeastern	67,425
Mount Evans	95,338
San Juan	47,194

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Distributions to BOCES to Implement State Educational Priorities in FY 2014-15</b>	
<b>Sec. 22-5-122, C.R.S.</b>	
<b>BOCES</b>	<b>Total Allocations</b>
Front Range	99,688
Adams County	44,103
Grand Valley	32,589
Northwest	29,224
Santa Fe Trail	19,701
Uncompaghre	11,090
Ute Pass	96,194
Mountain	60,829
Colorado Digital BOCES	94,391
Rio Blanco	86,892
<b>Total</b>	<b>\$3,132,785</b>

<b>Distributions to BOCES to Implement State Educational Priorities in FY 2013-14</b>	
<b>Sec. 22-5-122, C.R.S.</b>	
<b>BOCES</b>	<b>Total Allocations</b>
Centennial	\$99,359
Pikes Peak	4,499
East Central	87,904
South Central	74,347
Expeditionary	74,338
San Luis Valley	67,804
Northeast	64,888
Southeastern	61,510
Mount Evans	35,653
San Juan	54,149
Front Range	53,900
Adams County	52,206
Grand Valley	48,639
Northwest	47,745
Santa Fe Trail	44,379
Uncompaghre	41,304
Ute Pass	35,943
Mountain	58,803
Rio Blanco	32,630
<b>Total</b>	<b>\$1,130,000</b>

## **Appendix D: SMART Act Annual Performance Report**

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Education is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated October 2015, can be found at the following link:

[https://drive.google.com/file/d/0B\\_om-XLNWzsXclRNaU8yVkptaTg/view](https://drive.google.com/file/d/0B_om-XLNWzsXclRNaU8yVkptaTg/view)

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Education is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. The revised FY 2015-16 plan dated August 2015 can be found at the following link:

<https://drive.google.com/file/d/0B8ztliGduUWbRUg4UU5KS1ZXOW8/view>

## Appendix E: School Finance Formula Case Study Calculations

This appendix serves as a companion to the information issue included above: “School Finance Funding Case Studies,” and presents the FY 2014-15 school finance formula calculations for the five case study school districts addressed in the issue paper.

### The School Finance Formula

The school finance formula, established in the Public School Finance Act of 1994, calculates a per pupil funding amount for each school district based on the individual characteristics of the district that affect the cost of delivering educational services. The formula calculates a school district’s total program funding (prior to the negative factor) by multiplying the district’s pupil count (excluding multi-district online and ASCENT students) by a preliminary per pupil funding amount calculated through the formula and then adding the district’s at-risk funding and multi-district online and ASCENT funding.

$$\text{School District Funding} = (\text{Pupil Count} \times \text{Preliminary Per Pupil Funding}) + \text{At-Risk Funding} + \text{Online and ASCENT Funding}$$

The following sections walk through the calculations for the five case study districts.

#### *Pupil Count*

Each school district’s funded pupil count is determined through the annual October 1 count date. In general, preschool (Colorado Preschool Program) students are counted as 0.5 FTE and kindergarten students are counted as 0.58 student FTE. Other students (grades 1 through 12) are generally counted as full time (1.0 FTE) students. The per pupil funding amount calculated through the formula does not apply to two groups of students: multi-district online students and ASCENT students. Both of those groups are funded at a flat rate per pupil (\$7,381 in FY 2014-15 *before application of the negative factor*). The following table shows the case study districts’ pupil counts for FY 2014-15.

<b>FY 2014-15 Funded Pupil Counts for Case Study Districts</b>					
	<b>Clear Creek</b>	<b>Denver</b>	<b>Hinsdale</b>	<b>Mesa County Valley</b>	<b>Weld- Pawnee</b>
FY 2014-15 Funded Pupil Count (Without On-line and ASCENT)	866.9	83,824.7	87.9	21,666.2	80.4
Online and ASCENT	<u>0.0</u>	<u>219.5</u>	<u>0.0</u>	<u>11.0</u>	<u>0.0</u>
Total Funded Pupil Count	866.9	84,044.2	87.9	21,677.2	80.4

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

*Preliminary Per Pupil Funding*

Building on the statewide base per pupil funding (\$6,121 in FY 2014-15), the formula calculates a preliminary per pupil funding amount using the following formula (and factors) to recognize the individual characteristics of each district (discussed in greater detail in the issue paper).

$\text{Preliminary Per Pupil Funding} = \frac{[(\text{Statewide Base} \times \text{Personnel Costs Factor} \times \text{Cost of Living Factor}) + (\text{Statewide Base} \times \text{Non-personnel Costs Factor})] \times \text{District Size Factor}}{\text{District Size Factor}}$
---

The following table shows the formula components and preliminary per pupil funding amounts for the five case study districts using the formula shown above.

<b>Calculation of FY 2014-15 Preliminary Per Pupil Funding</b>						
<b>School District</b>	<b>Statewide Base</b>	<b>Cost of Living Factor</b>	<b>Personnel Costs Factor</b>	<b>Non-Personnel Costs Factor</b>	<b>Size Factor</b>	<b>Preliminary Per Pupil Funding</b>
Clear Creek	\$6,121	1.214	0.8378	0.1622	1.1545	\$8,334
Denver	\$6,121	1.243	0.9050	0.0950	1.0297	\$7,689
Hinsdale	\$6,121	1.215	0.8016	0.1984	2.2533	\$16,169
Mesa County Valley	\$6,121	1.144	0.8975	0.1025	1.0297	\$7,117
Weld-Pawnee	\$6,121	1.141	0.8012	0.1988	2.2815	\$15,543

*Preliminary Total Program Funding*

The formula calculates a preliminary total program funding amount by multiplying the funded pupil count (excluding ASCENT and multi-district online students) by the preliminary per pupil funding amount.

<b>FY 2014-15 Preliminary Total Program Funding</b>			
<b>School District</b>	<b>Funded Pupil Count</b>	<b>Preliminary Per Pupil Funding</b>	<b>Preliminary Total Program Funding</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C) = (A) * (B)</b>
Clear Creek	866.9	\$8,334	\$7,224,464
Denver	83,824.7	7,689	644,517,437
Hinsdale	87.9	16,169	1,421,299
Mesa County Valley*	21,666.2	7,117	154,206,292
Weld-Pawnee	80.4	15,543	1,249,632

*At-Risk Funding*

As discussed in the issue paper, the formula then adds at-risk funding based on the number and concentration of at-risk students (according to the School Finance Act definitions).

$\text{At-Risk Funding} = \text{At-Risk Pupils} \times 12.0 \text{ percent} \times \text{Preliminary Per Pupil Funding} + \text{At-Risk Premium}$
---

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

The following table shows the at-risk counts and calculated “base” and “concentration” at-risk proportions for the five example districts.

<b>FY 2014-15 At-Risk Counts and Proportions</b>							
School District	FY 2014-15 October Membership*	At-Risk Pupil Count	At-Risk Proportion (C) = (A)/(B)	Statewide At-Risk Proportion (D)	Proportion Above/Below Statewide (E) = (C) - (D)	"Base" At- Risk Pupils Below Statewide Average (F) = (A) * (D)	"Concentration" At-Risk Pupils Above Statewide (G) = (B) - (F)
	(A)	(B)	(C) = (A)/(B)	(D)	(E) = (C) - (D)	(F) = (A) * (D)	(G) = (B) - (F)
Clear Creek	789.0	179.8	22.79%	37.11%	-14.32%	292.8	n/a
Denver	80,111.0	51,589.2	64.40%	37.11%	27.29%	29,729.2	21,860.0
Hinsdale	84.5	19.9	23.55%	37.11%	-13.56%	31.4	n/a
Mesa County Valley	20,981.0	7,903.8	37.67%	37.11%	0.56%	7,786.0	117.8
Weld-Pawnee	72.0	25.1	34.86%	37.11%	-2.25%	26.7	n/a

\*Represents the "head count" for the October 1 count date and is not equal to the funded pupil count.

The formula applies the “base” at-risk factor of 12.0 percent to the preliminary per pupil funding for each at-risk student up to the statewide average proportion (see the table below). As shown in the table, the base amount *per pupil* varies for these five districts from \$854 in Mesa County Valley to \$1,940 in Hinsdale based on the districts’ respective preliminary per pupil funding. The *total* base at-risk funding increases more dramatically based on the number of at-risk pupils.

<b>FY 2014-15 Base At-Risk Funding Calculations</b>					
School District	Preliminary Per Pupil Funding (A)	Base At- Risk Factor (B)	Base At-Risk Per Pupil (C) = (A) * (B)	Base At- Risk Pupils (D)	Total Base At- Risk Funding (E) = (C) * (D)
Clear Creek	\$8,334	12.0%	\$1,000	179.8	\$179,807
Denver	\$7,689	12.0%	\$923	29,729.2	\$27,430,084
Hinsdale	\$16,169	12.0%	\$1,940	19.9	\$38,613
Mesa County Valley	\$7,117	12.0%	\$854	7,786.0	\$6,649,898
Weld-Pawnee	\$15,543	12.0%	\$1,865	25.1	\$46,815

The formula applies “concentration” at-risk funding to the preliminary per pupil funding for each of the at-risk students above the statewide average proportion (see table below). Because Clear Creek, Hinsdale, and Weld-Pawnee had at-risk proportions below the statewide level in FY 2014-15, those districts did not receive any concentration funding that year. Conversely, because Denver’s at-risk percentage is well above the statewide proportion, Denver receives significantly more concentration funding than base funding.

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>FY 2014-15 Concentration At-Risk Funding Calculations</b>					
School District	Preliminary Per Pupil Funding (A)	Concentration At-Risk Factor* (B)	Concentration At-Risk Per Pupil (C) = (A) * (B)	Concentration At-Risk Pupils (D)	Total Concentration At-Risk Funding (E) = (C) * (D)
Clear Creek	\$8,334	0.0%	\$0	0.0	\$0
Denver	\$7,689	21.82%	\$1,678	21,860.0	\$36,674,784
Hinsdale	\$16,169	0.0%	\$0	0.0	\$0
Mesa County Valley	\$7,117	12.17%	\$866	117.8	\$102,036
Weld-Pawnee	\$15,543	12.0%	\$0	0.0	\$0

\*Calculated as 0.3 times the percentage of at-risk students above the statewide average for districts with up to 50,000 pupils (Mesa County Valley) and 0.36 times that percentage for districts with more than 50,000 pupils (Denver).

Each district's total at-risk funding is the sum of base and concentration at-risk funding.

<b>FY 2014-15 Total At-Risk Funding Calculations</b>			
School District	Total Base At-Risk Funding (A)	Concentration At-Risk Funding (B)	Total At-Risk Funding (C) = (A) + (B)
Clear Creek	\$179,807	\$0	\$179,807
Denver	27,430,084	36,674,784	64,104,868
Hinsdale	38,613	0	38,613
Mesa County Valley	6,649,898	102,036	6,751,935
Weld-Pawnee	46,815	0	46,815

*Online and ASCENT Funding*

As discussed above, the School Finance Act funds multi-district online and ASCENT students at a flat rate per pupil each year. In FY 2014-15, the formula provided \$7,381 per pupil for these groups prior to the application of the negative factor.

<b>FY 2014-15 Online/ASCENT Funding</b>					
School District	Online Pupil Count (A)	ASCNET Pupil Count (B)	Online and ASCENT Pupil Count (C) = (A) + (B)	Online and ASCENT Per Pupil Funding (D)	Total Online and ASCENT Funding (E) = (C) * (D)
Clear Creek	0.0	0.0	0.0	\$7,381	\$0
Denver	139.0	80.5	219.5	7,381	1,620,130
Hinsdale	0.0	0.0	0.0	7,381	0

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>FY 2014-15 Online/ASCENT Funding</b>					
<b>School District</b>	<b>Online Pupil Count (A)</b>	<b>ASCNET Pupil Count (B)</b>	<b>Online and ASCENT Pupil Count (C) = (A) + (B)</b>	<b>Online and ASCENT Per Pupil Funding (D)</b>	<b>Total Online and ASCENT Funding (E) = (C) * (D)</b>
Mesa County Valley	0.0	11.0	11.0	7,381	81,191
Weld-Pawnee	0.0	0.0	0.0	7,381	0

*Total Program Funding Before the Negative Factor*

Preliminary per pupil funding, at-risk funding, and online/ASCENT funding provide the basis for each district's total program funding prior to the application of the negative factor (which is discussed in greater detail below). Prior to the implementation of the negative factor in FY 2010-11, the following formula was the end result of total program calculations under the school finance formula.

$\text{Total Program Funding} = (\text{Preliminary Per Pupil Funding} \times \text{Funded Pupil Count}) + (\text{At-Risk Funding}) + (\text{Online and ASCENT Funding})$
--

The following table shows each district's total program funding prior to application of the negative factor.

<b>Total Program Funding Before the Negative Factor</b>					
<b>School District</b>	<b>Preliminary Total Program Funding (A)</b>	<b>At-Risk Funding (B)</b>	<b>Online and ASCENT Funding (C)</b>	<b>Total Program Funding (D) = (A)+(B)+(C)</b>	<b>Total Program Per Pupil Funding (E) = (D) / Total Pupil Count</b>
Clear Creek	\$7,224,464	\$179,807	\$0	\$7,404,272	\$8,541
Denver	644,517,437	64,104,868	1,620,130	710,242,434	8,451
Hinsdale	1,421,299	38,613	0	1,459,911	16,609
Mesa County Valley*	154,206,292	6,751,935	81,191	161,039,417*	7,429*
Weld-Pawnee	1,249,632	46,815	0	1,296,446	16,125

\*See discussion of minimum per pupil funding below.

*Minimum Per Pupil Funding*

Current law (Sec. 22-54-104 (3.5) (d) (I), C.R.S.) sets a minimum per pupil funding amount (excluding ASCENT and multi-district online students) equal to 95.0 percent of statewide average per pupil funding (again excluding ASCENT and multi-district online students). For FY 2014-15, minimum per pupil funding prior to the application of the negative factor was \$7,660.52. Because Mesa County Valley's total program calculations fell below that amount in FY 2014-15, statute required an increase in funding. With the modification, Mesa County Valley's total program funding increased to \$166,055,549 (\$7,660 per pupil).



**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

*State and Local Share*

The school finance formula first looks to local revenues (consisting of property taxes and specific ownership taxes) for total program funding and then uses state funding to fill any gap between the local revenues available and the total program amount. The following table shows the calculations of local and state shares for the example districts for FY 2014-15.

School District	Property Taxes	Specific Ownership Taxes	Total Local Share	Total Program	
				Funding (Before Negative Factor)	State Share (Before Negative Factor)
Clear Creek*	\$7,153,612	\$258,142	\$7,411,755	\$7,404,272	(\$7,483)
Denver	268,624,573	17,888,207	286,512,780	710,242,434	423,729,655
Hinsdale	1,014,678	64,462	1,079,140	1,459,911	380,771
Mesa County Valley	38,363,190	5,247,047	43,610,237	166,055,549	122,445,312
Weld-Pawnee	1,198,538	97,729	1,296,267	1,296,446	179

\*The negative state share for Clear Creek requires the district to reimburse the State for state categorical program funding. In FY 2014-15, both Cripple Creek and Weld-Pawnee were required to pay such "categorical buyout" funds (see the second issue paper in this document).

*The Negative Factor*

The negative factor, first implemented in FY 2010-11, reduces total program funding on a percentage basis (13.0 percent in FY 2014-15) to reach the level of state funding available for school finance. Although the negative factor is applied to *total* program funding, it only reduces the state share.

School District	Total Program Funding Before and After the Negative Factor				
	Total Program Funding Before Negative Factor	Negative Factor Reduction	Final Total Program Funding	Final Per Pupil Funding	Negative Factor as Percentage of Total Program
	(A)	(B)	(C) = (A) + (B)		(D) = (B) / (A)
Clear Creek	\$7,404,272	\$0	\$7,404,272	\$8,541	0.0%
Denver	710,242,434	(92,097,835)	618,144,600	7,355	-13.0%
Hinsdale	1,459,911	(189,308)	1,270,603	14,455	-13.0%
Mesa County Valley	166,055,549	(21,532,586)	144,522,963	6,667	-13.0%
Weld-Pawnee	1,296,446	(179)	1,296,267	16,123	0.0%

Districts without sufficient state funding to absorb the negative factor reduction (e.g., Clear Creek and Weld-Pawnee in this analysis) are required to offset or “buy out” state categorical program funding (see the second issue paper in this document for a discussion of categorical buyout in FY 2014-15).

**JBC Staff Budget Briefing: FY 2016-17**  
**Staff Working Document – Does Not Represent Committee Decision**

**Appendix F: FY 2015-16 Approved B.E.S.T. Cash Grants<sup>24</sup>**

County	District / School	Project Description	BEST Request Amount	Applicant Matching Contribution	Total Request & Matching Contribution
ADAMS	BENNETT 29J	HS Security Enclosure	\$84,266.65	\$77,784.60	\$162,051.25
ADAMS	SCHOOL DISTRICT 27J	Abatement/ Roof Replacement	\$575,016.20	\$470,467.80	\$1,045,484.00
ADAMS	WESTMINSTER 50	Metz ES Roof Replacement	\$553,923.62	\$339,501.58	\$893,425.20
ALAMOSA	ALAMOSA RE-11J	HS Roof Replacement	\$1,147,707.61	\$424,494.59	\$1,572,202.20
CONEJOS	NORTH CONEJOS RE-1J	District Wide Security Upgrade	\$373,200.85	\$305,346.15	\$678,547.00
EL PASO	CALHAN RJ-1	Roof Replacement	\$711,541.60	\$582,170.40	\$1,293,712.00
EL PASO	EDISON 54 JT	Jr/Sr HS - Renovation/ Addition	\$14,709,520.87	\$274,202.13	\$14,983,723.00
EL PASO	HARRISON 2	MS Health/ Safety Upgrades	\$1,859,367.50	\$1,859,367.50	\$3,718,735.00
ELBERT	ELIZABETH C-1	ES Roof replacement	\$335,653.65	\$410,243.35	\$745,897.00
GARFIELD	GARFIELD 16	Hazardous Material Abatement at 2 ESs	\$589,341.98	\$1,515,450.80	\$2,104,792.78
GARFIELD	GARFIELD 16	Roof Replacements at 2 ESs	\$593,017.00	\$1,524,900.86	\$2,117,917.86
GARFIELD	GARFIELD 16	Security Vestibules at 2 ESs	\$168,362.92	\$432,933.21	\$601,296.13
GARFIELD	ROARING FORK RE-1	ES Renovation and Addition	\$9,103,056.96	\$18,481,964.14	\$27,585,021.10
GRAND	WEST GRAND 1-JT	HS Safety Upgrades	\$92,027.65	\$75,295.35	\$167,323.00
KIT CARSON	BURLINGTON RE-6J	MS Roof Replacement	\$764,323.27	\$250,040.73	\$1,014,364.00
LA PLATA	DURANGO 9-R	ES Fire Suppression Emergency Generators	\$62,498.31	\$235,112.69	\$297,611.00
LA PLATA	DURANGO 9-R	ES Roof Replacement	\$27,174.00	\$102,226.00	\$129,400.00
LAKE	LAKE COUNTY R-1	MS Gym Floor Abatement	\$446,352.60	\$297,568.40	\$743,921.00
LARIMER	THOMPSON R-2J	HS Partial Roof Replacement	\$173,696.86	\$469,624.85	\$643,321.71
LAS ANIMAS	KIM REORGANIZED 88	Kim Supplemental Grant	\$3,182,299.00	\$0.00	\$3,182,299.00
MESA	DEBEQUE 49JT	ES & HS Addition to become a PK-12	\$5,353,496.48	\$11,376,180.02	\$16,729,676.50
MONTROSE	MONTROSE COUNTY RE-1J	HS Shop Electrical Upgrade	\$26,357.50	\$56,009.70	\$82,367.20
OURAY	OURAY R-1	K-12 Renovation	\$4,818,648.87	\$2,830,000.13	\$7,648,649.00
PARK	PLATTE CANYON 1	MS Partial Roof Replacement	\$203,585.69	\$248,826.95	\$452,412.64
SAGUACHE	MOFFAT 2	PK-12 Supplemental	\$1,589,408.00	\$0.00	\$1,589,408.00
WELD	Frontier Academy	K-12 Paging System	\$41,927.00	\$35,715.60	\$77,642.60
<b>26 Applications Awarded</b>		<b>Total funded for Cash Grants</b>	<b>\$47,585,772.64</b>	<b>\$42,675,427.53</b>	<b>\$90,261,200.17</b>

<sup>24</sup> Annual award information for each year is available at: <https://www.cde.state.co.us/cdefinance/capconstbest>



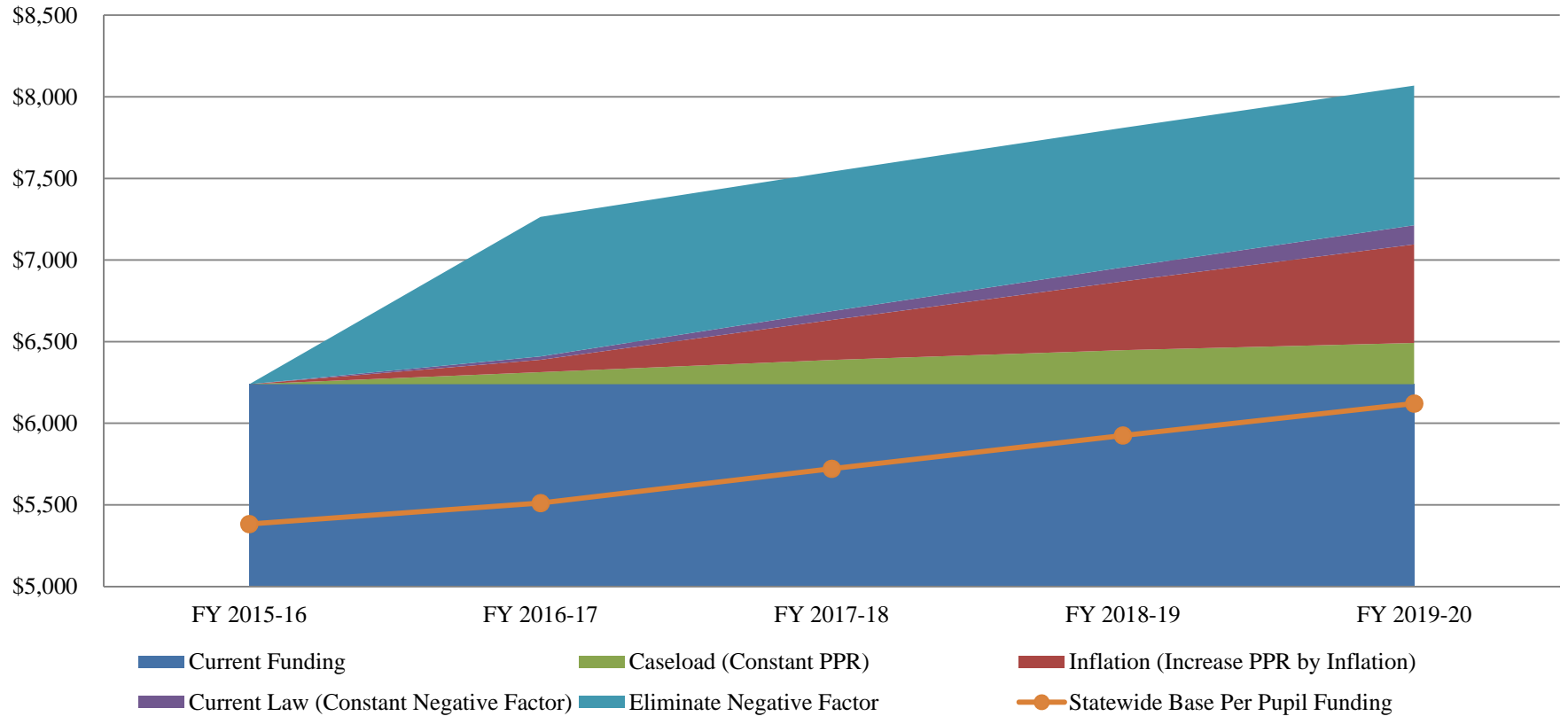
# **JBC Staff FY 2016-17 Budget Briefing Department of Education**

**Presented by:**

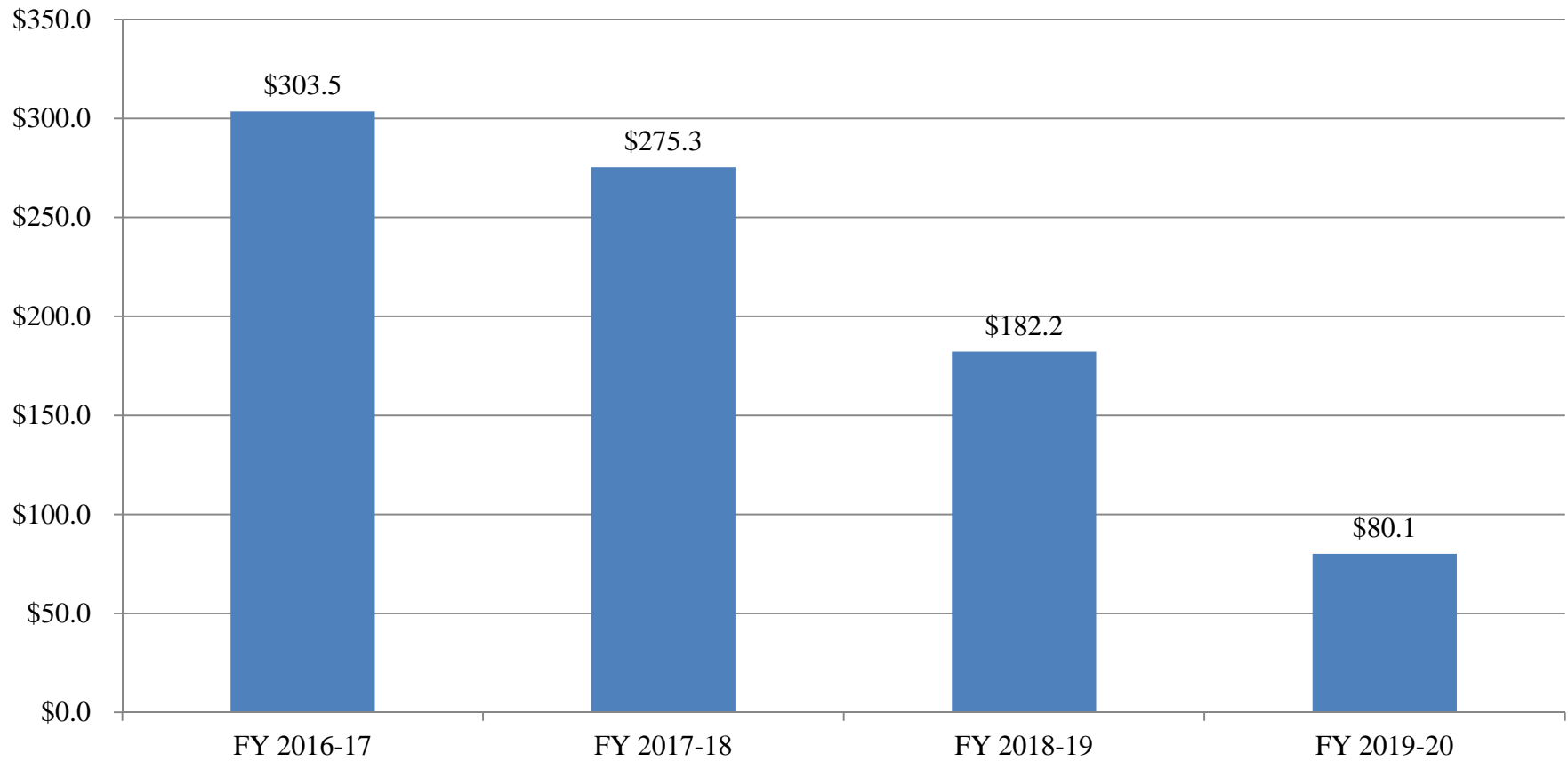
**Craig Harper, JBC Staff**

**December 17, 2015**

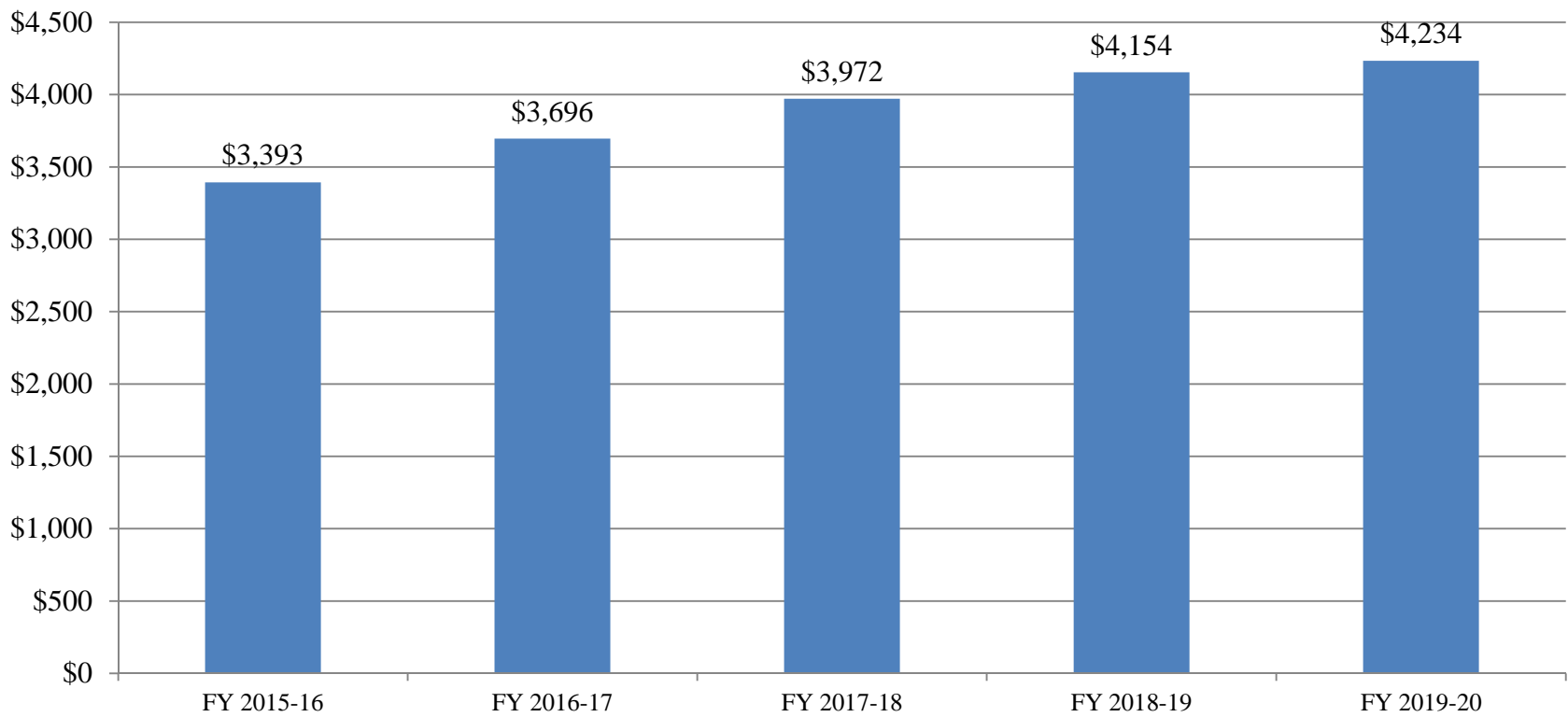
**School Districts' Total Program Funding Projections**  
**LCS September 2015 Revenue Forecast**  
(\$ in millions)



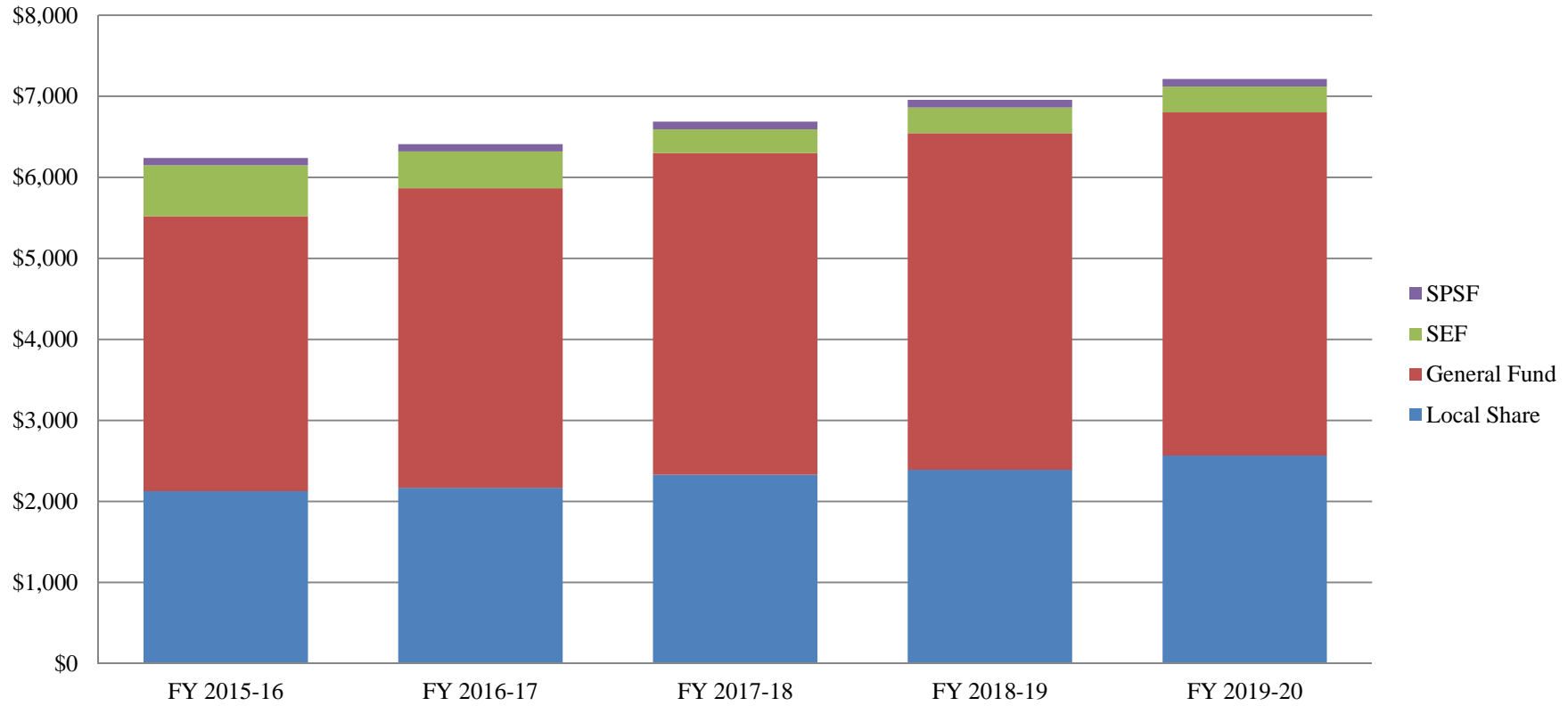
**Annual Change in General Fund to Maintain Constant Negative Factor at \$855.2 million  
(LCS September 2015 Revenue Forecast, \$ in millions)**

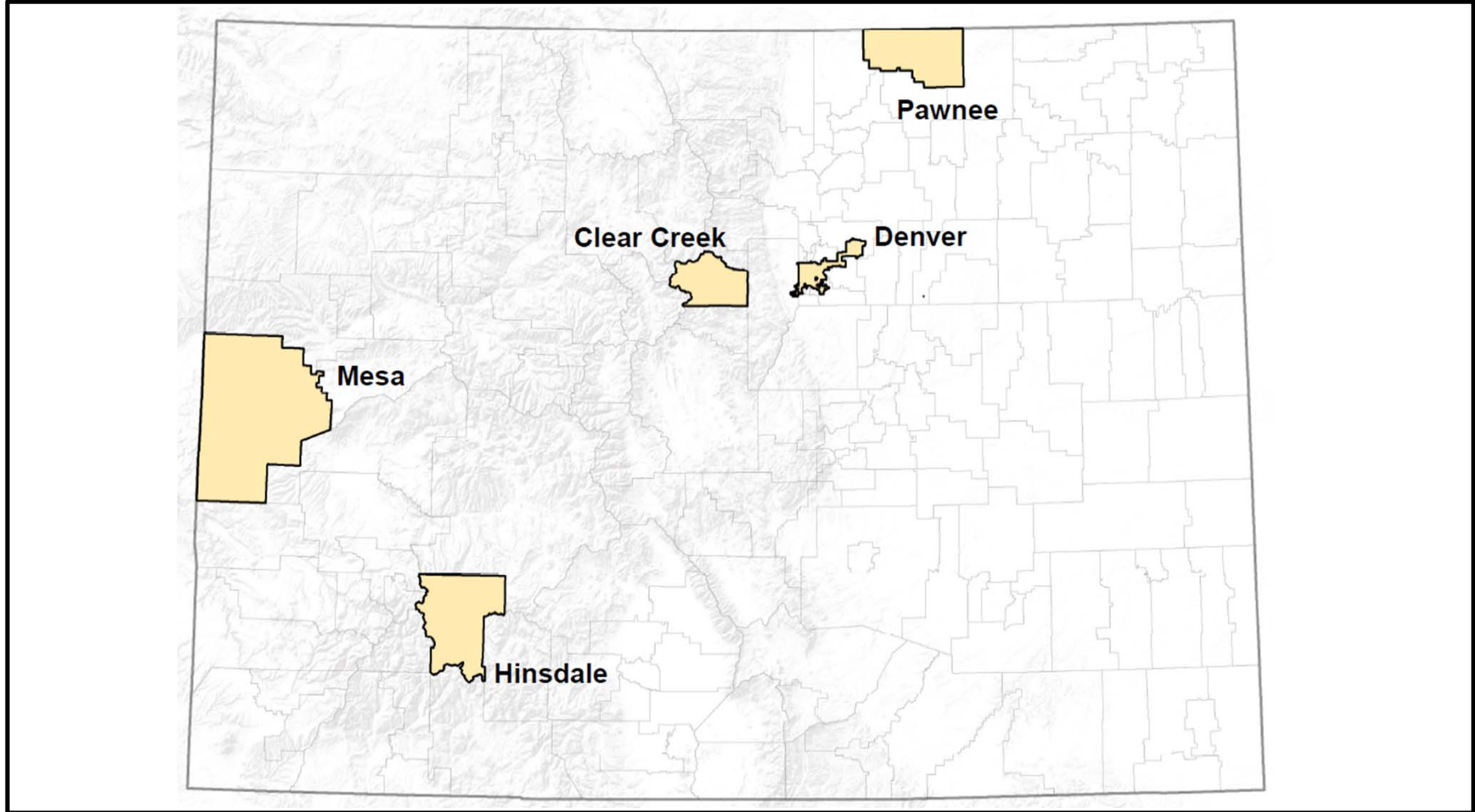


**Total General Fund Required to Maintain Constant Negative Factor at \$855.2 million**  
**(LCS September 2015 Revenue Forecast, \$ in millions)**



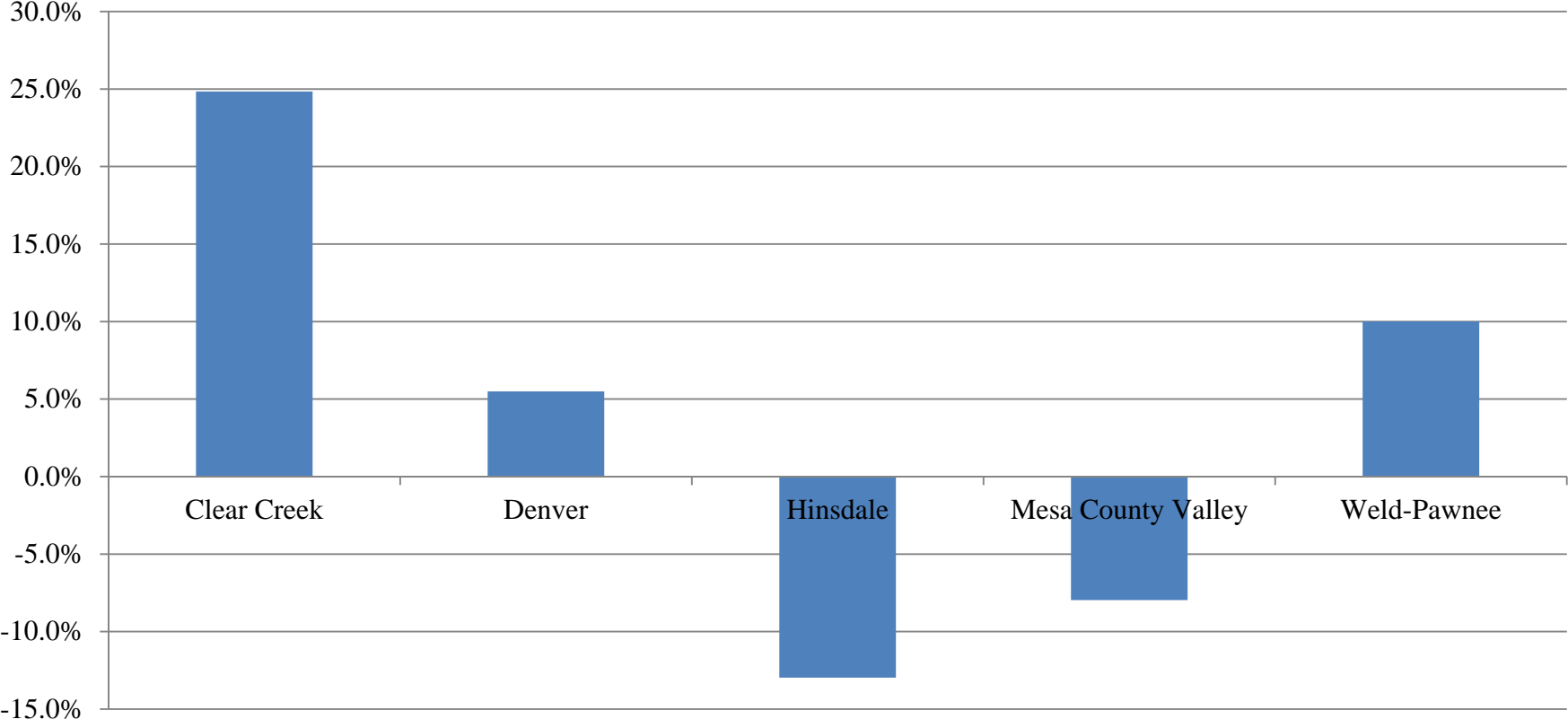
**Total Program Funding Required to Maintain Constant Negative Factor at \$855.2 million**  
**(LCS September 2015 Forecast, \$ in millions)**



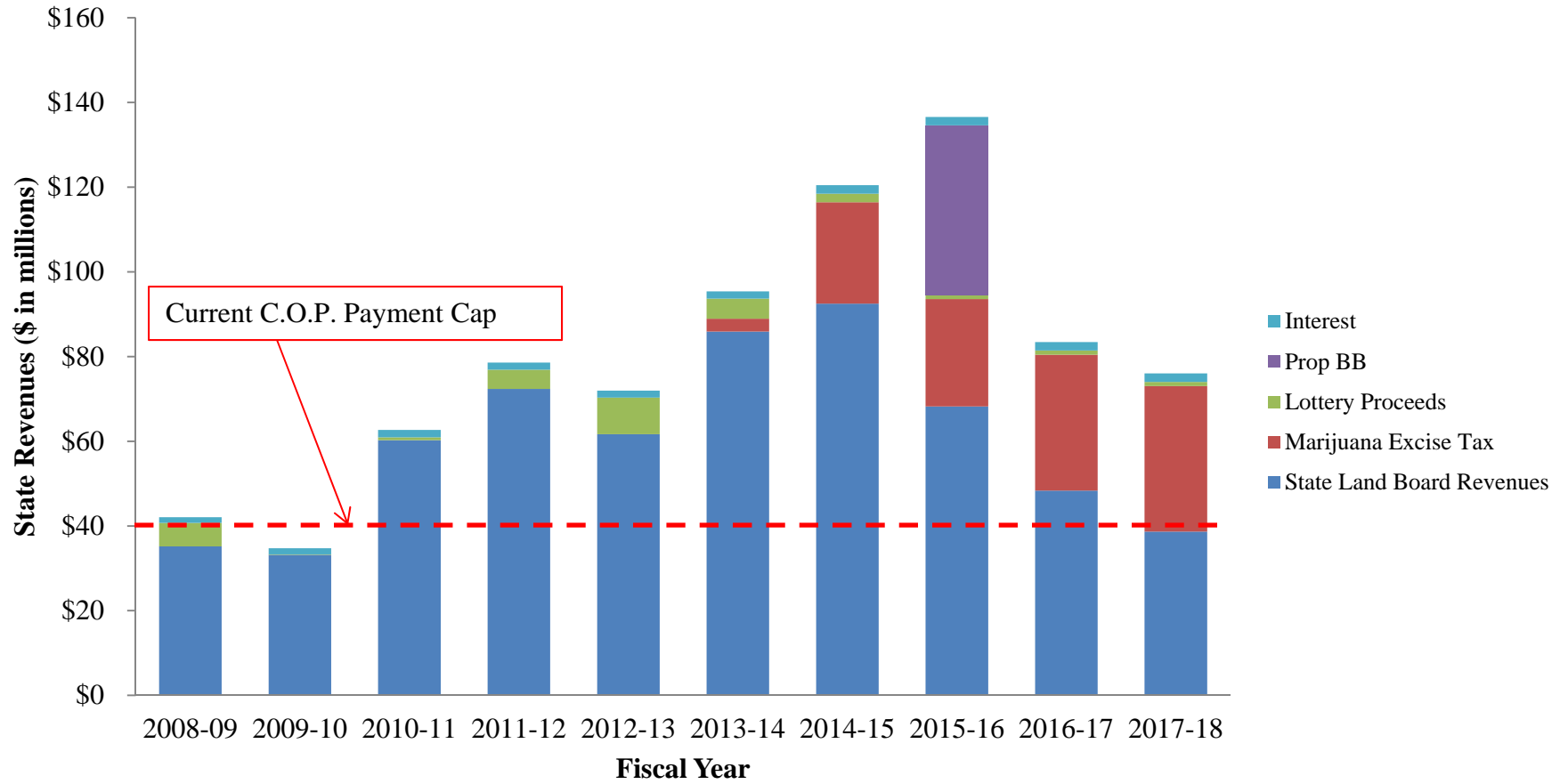




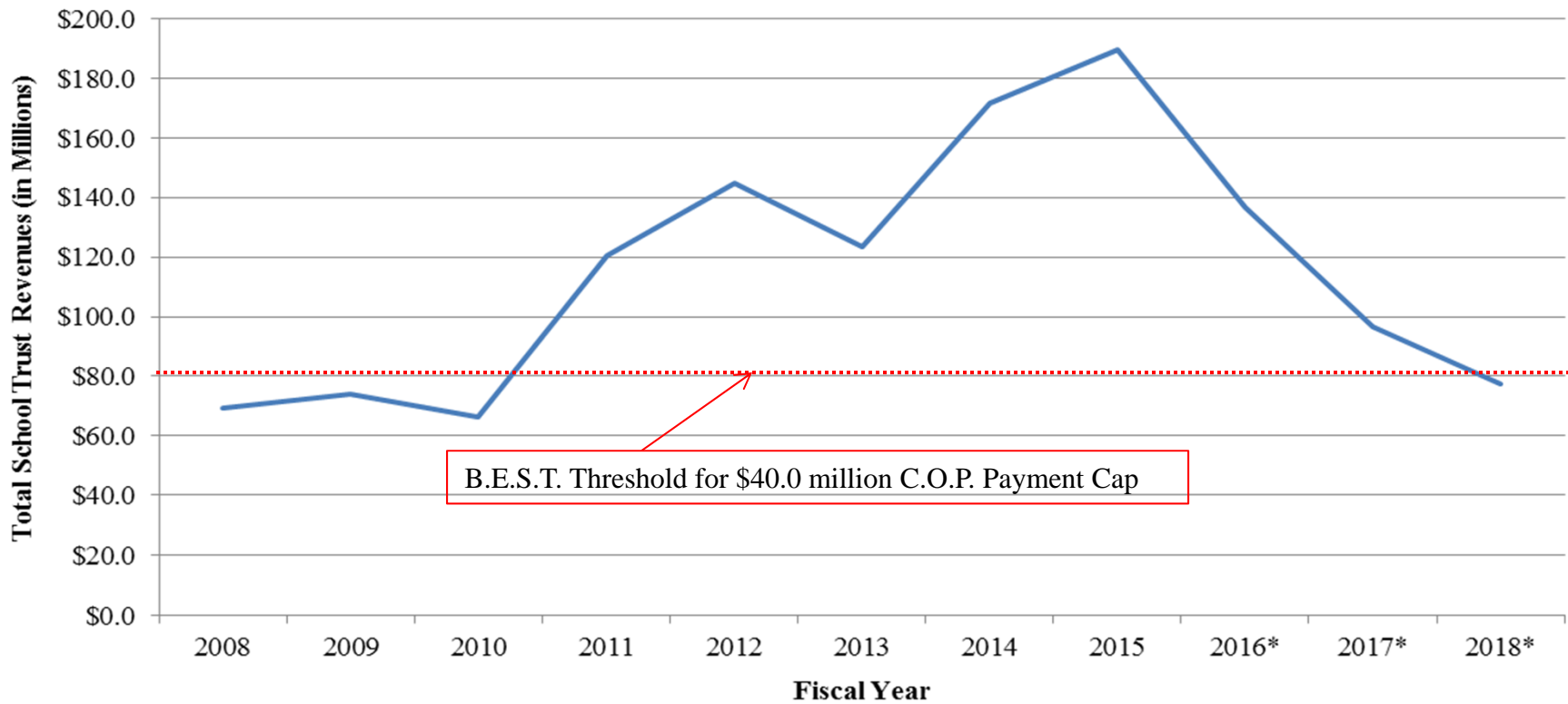
**Percent Change of FY 2014-15 Final Per Pupil Funding (After the Negative Factor and Including Overrides) from Per Pupil Funding Before Application of the Negative Factor (Excluding Overrides)**



### State Revenues for B.E.S.T. Program

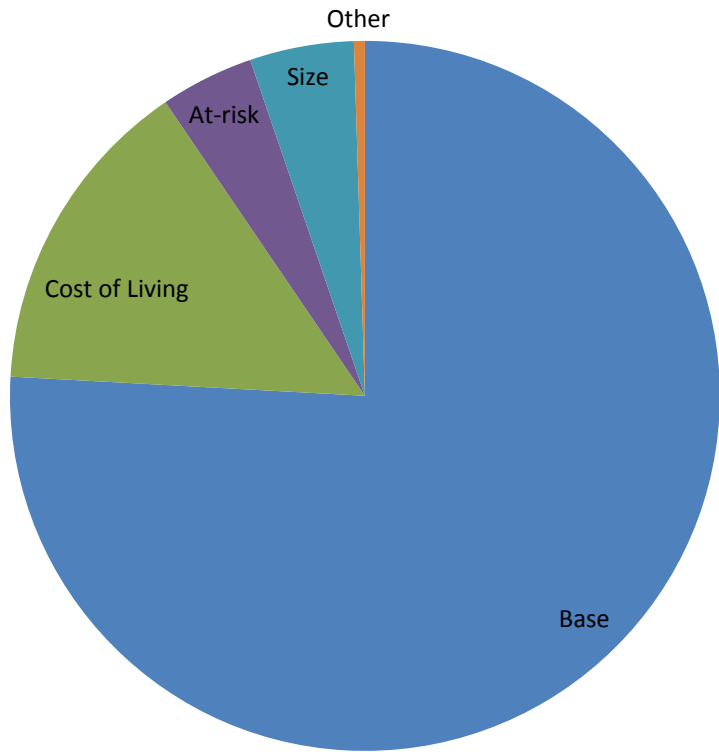


## Public School Trust Revenue (Excludes interest from the Public School Permanent Fund)

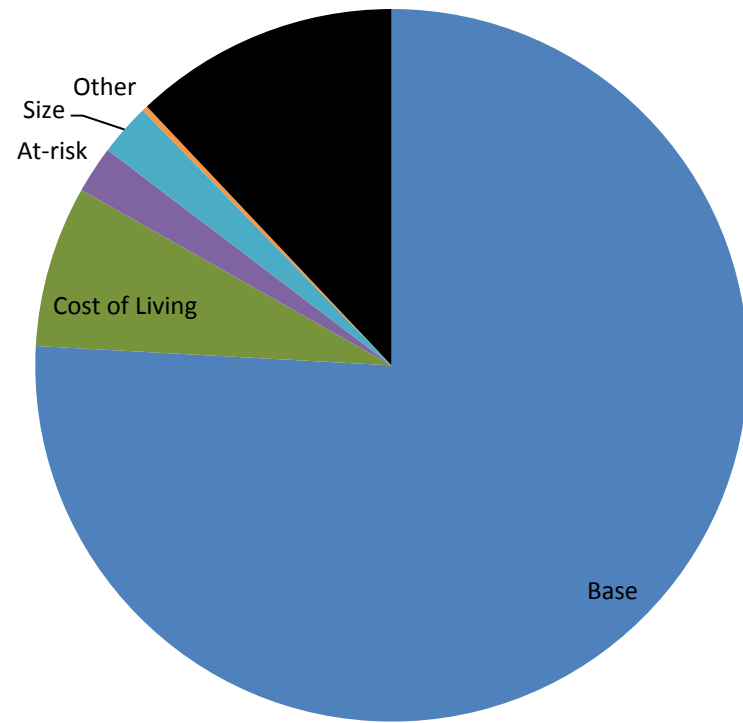


\*Estimates provided by State Land Board

**Without Negative Factor**



**With Negative Factor**





# **JBC Staff FY 2016-17 Budget Briefing Department of Education**

**Presented by:**

**Craig Harper, JBC Staff**

**December 17, 2015**