

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF EDUCATION

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

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**FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF EDUCATION

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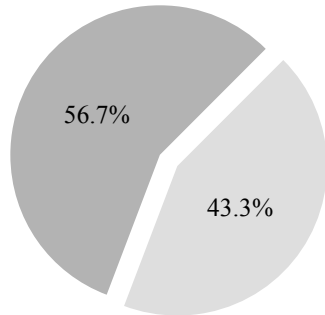
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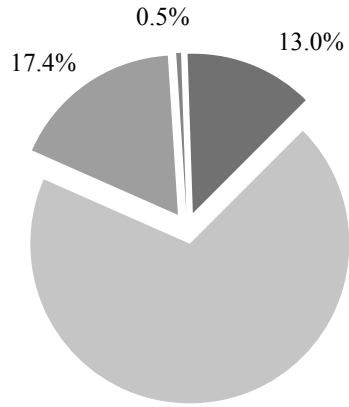
**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education
GRAPHIC OVERVIEW**

Department's Share of Statewide General Fund



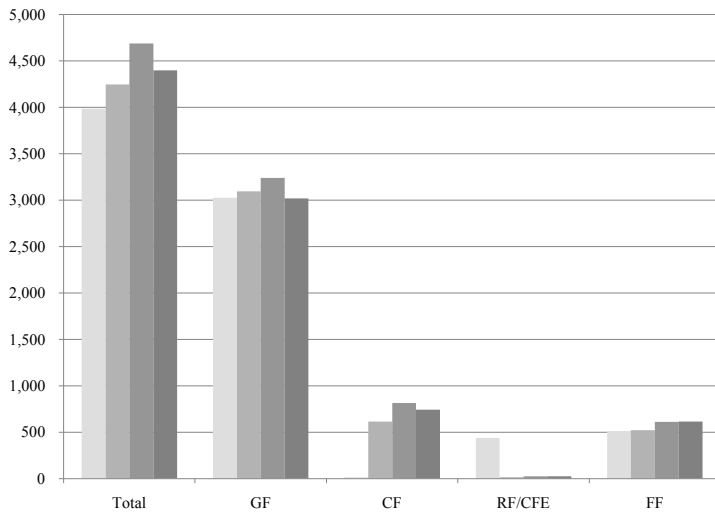
- Department of Education
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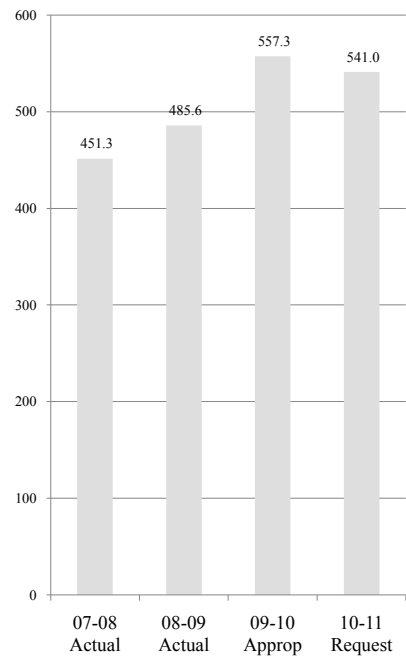
- General Fund
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**Budget History
(Millions of Dollars)**



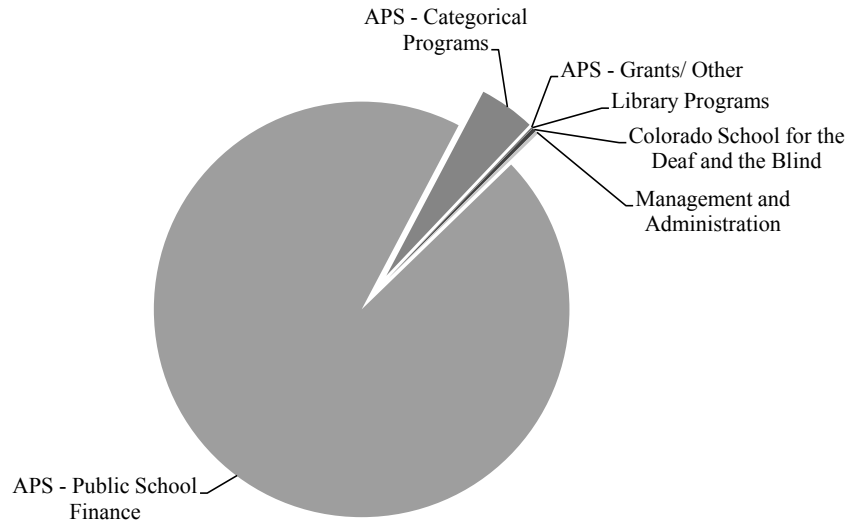
- FY 2007-08 Actual
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FTE History

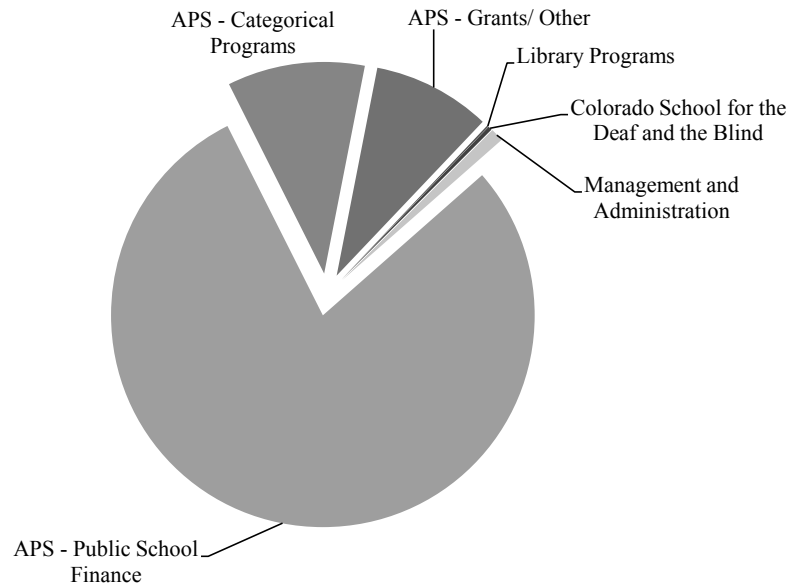


Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of General Fund by Division

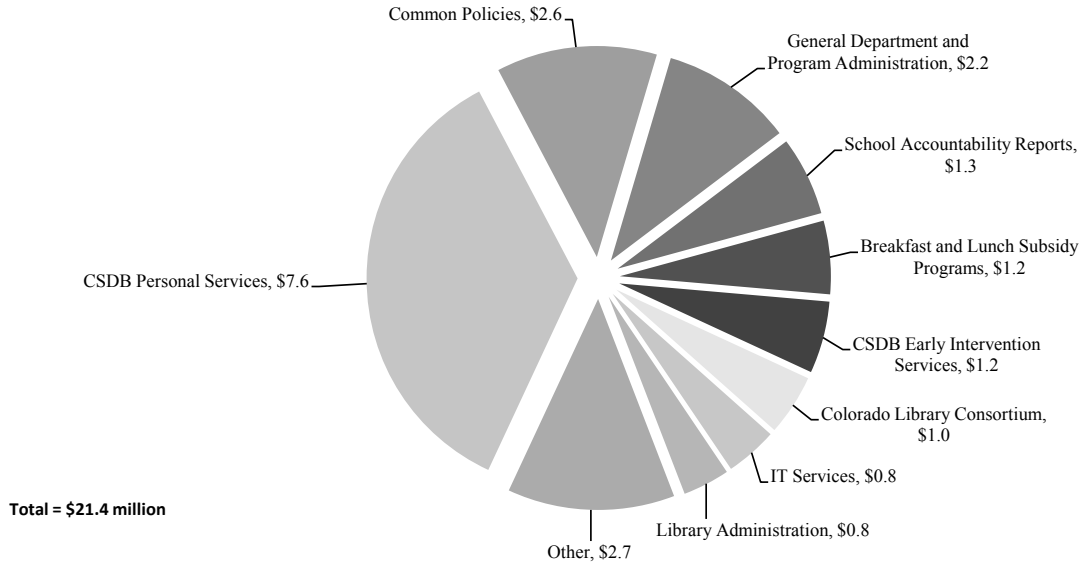


Distribution of Total Funds by Division

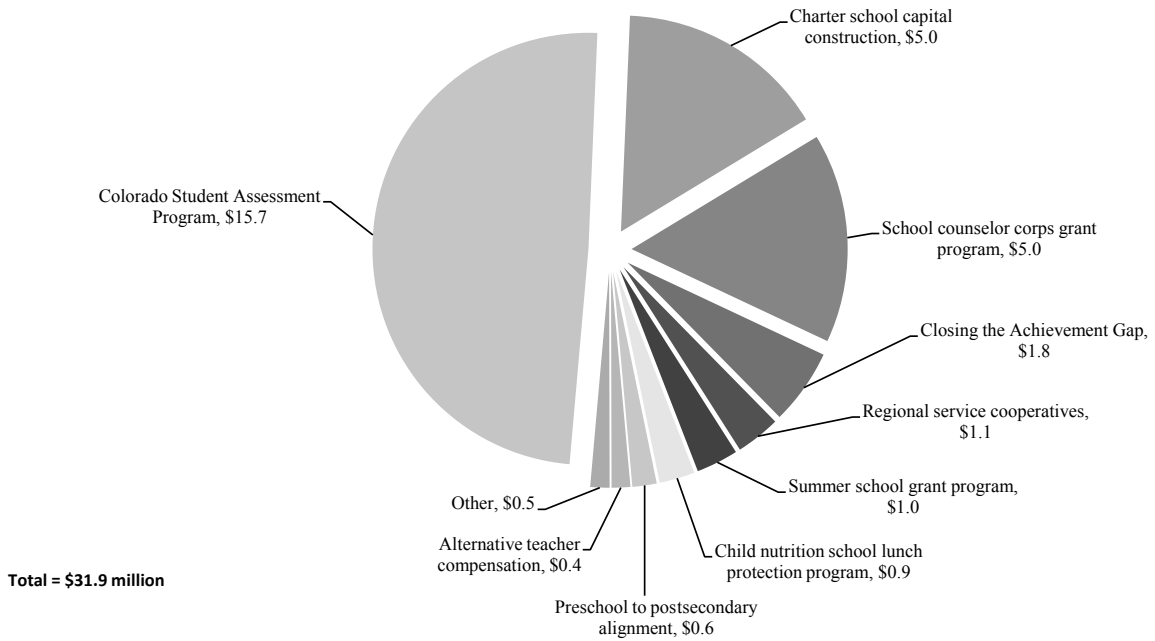


The following pie charts exhibit the distribution of General Fund and State Education Fund, excluding Public School Finance and Categorical Programs.

Distribution of General Fund (\$ million)



Distribution of State Education Fund (\$ million)



**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

DEPARTMENT OVERVIEW

Key Responsibilities

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 model content standards, and administering the associated Colorado student assessment program.
- ▶ Maintaining a "data portal" to make education accountability data publicly available.
- ▶ 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 of Education 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.
- ▶ Maintaining the Colorado virtual library and the state publications library.

The Department also includes three "type 1"¹ agencies:

- ▶ 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.
- ▶ 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.

Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado (e.g., an estimated \$2 billion for FY 2009-10), local funds are not reflected in the State's annual appropriations to the Department of Education. Appropriations to the Department of Education for FY 2009-10 consist of 69.1 percent General Fund, 17.4 percent cash funds, 13.0 percent federal funds, and less than one percent reappropriated funds. The two most important factors driving the budget are reviewed below: school finance and categorical programs.

School Finance - State's Share of Districts' Total Program

The General Assembly has established a statutory public school finance formula under which all public school districts operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among districts and to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating a specific 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 *base* amount of funding per pupil for every district (\$5,508 per pupil for FY 2009-10). The formula then increases this statewide base per pupil funding 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 2009-10, per pupil funding allocations are anticipated to range from \$6,856 to \$15,430, with a statewide average allocation of \$7,225 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "total program" funding. For FY 2009-10, pursuant to the school finance formula, a total of \$5.7 billion in state and local funds will be allocated among school districts.

¹ 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.

Constitutional Inflationary Requirement (Amendment 23)

Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in *base* per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount must increase annually by at least the rate of inflation plus one percent. For FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2009-10, the General Assembly is required to increase base per pupil funding by at least \$258 (from \$5,250 to \$5,508, or 4.9 percent), based on the actual inflation rate of 3.9 percent in calendar year 2008 plus one percent. Given an estimated funded pupil count of 788,648, the General Assembly is thus required to provide a minimum of \$4.3 billion in state and local funds for FY 2009-10 -- 75 percent of the \$5.7 billion in total state and local funding that has been allocated for this purpose.

Factors Considered in Public School Finance Formula

The remaining 25 percent of state and local funds that will be allocated among school districts in FY 2009-10 is driven by other factors in the school finance formula that increase the base per pupil funding for each district by varying amounts to account for individual district characteristics. The following table summarizes these primary factors.

Factors Used to Differentiate Per Pupil Funding for Each District		
Factor	Description	Portion of Total Program Funding Attributable
Cost of Living Factor	Recognizes differences in the cost of living among districts. Provides greater per pupil funding for higher cost districts.	14.6%
Size Factor	Recognizes economies of scale experienced by larger school districts. Provides greater per pupil funding for districts with low enrollment.	4.4%
At-risk Factor	Provides additional funding for districts serving students who may be at risk of failing or dropping out of school (determined based on the number and concentration of students eligible for free lunch under the federal school lunch program and English language learners)	4.3%

In addition, the school finance formula includes a minimum level of per pupil funding, regardless of the characteristics of the school district. For FY 2009-10, 14 districts are anticipated to receive this “floor” funding of \$6,857 per pupil, requiring an additional \$13.7 million above what the formula would otherwise require. Finally, the School Finance Act includes a separate formula for districts that offer full-time on-line instruction to students from more than one district. For FY 2009-10, these districts will receive \$6,135 per on-line student, requiring an estimated \$76.4 million.

Determining the State and Local Shares of Public School 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, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed (taxable) value of property in each district. Specific ownership taxes are paid when registering motor vehicles. For FY 2009-10, local taxes are expected to contribute about \$2.0 billion toward public school finance. Thus, the General Assembly appropriated \$3.7 billion in state funding to provide a total of \$5.7 billion for school district operations.

Two constitutional provisions (the Gallagher amendment and the Taxpayer's Bill of Rights or "TABOR"), combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues. This has caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's share of funding to rise. From FY 1994-95, when the existing School Finance Act was first adopted, to FY 2006-07, the state share of funding rose from 54.3 percent to 63.9 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 percent state share of funding actually decreased in FY 2007-08 (to 62.2 percent). In FY 2008-09, however, the percent state share of funding rose to 63.4 percent, and current projections indicate that it will rise to 64.9 percent in FY 2009-10 and 65.3 percent in FY 2010-11.

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

- the number of pupils enrolled in public schools (including children attending state-supported preschool and full-day kindergarten programs);
- 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;
- changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district; and
- fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues.

The table on the following page provides key data related to school finance funding for the last five fiscal years, as well as appropriation for FY 2009-10.

School Finance Funding						
Description	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp.
Funded Pupil Count	729,377	741,328	753,065	760,884	778,108	788,648
<i>Annual Percent Change</i>	<i>0.9%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.0%</i>	<i>2.3%</i>	<i>1.4%</i>
<i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	<i>1.1%</i>	<i>0.1%</i>	<i>2.1%</i>	<i>3.6%</i>	<i>2.2%</i>	<i>3.9%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,666	\$4,718	\$4,864	\$5,088	\$5,250	\$5,508
<i>Annual Percent Change</i>	<i>2.1%</i>	<i>1.1%</i>	<i>3.1%</i>	<i>4.6%</i>	<i>3.2%</i>	<i>4.9%</i>
Statewide <u>Average</u> Per Pupil Funding	\$6,074	\$6,168	\$6,359	\$6,661	\$6,874	\$7,225
<i>Annual Percent Change</i>	<i>2.2%</i>	<i>1.5%</i>	<i>3.1%</i>	<i>4.7%</i>	<i>3.2%</i>	<i>5.1%</i>
Total Program Funding	\$4,430,126,525	\$4,572,154,012	\$4,788,862,198	\$5,068,284,706	\$5,349,019,294	\$5,698,295,823
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>3.2%</i>	<i>4.7%</i>	<i>5.8%</i>	<i>5.5%</i>	<i>6.5%</i>
<u>Local Share</u> of Total Program Funding	\$1,686,385,318	\$1,701,427,703	\$1,729,362,067	\$1,915,971,895	\$1,956,083,870	\$2,002,007,038
<i>Annual Percent Change</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.6%</i>	<i>10.8%</i>	<i>2.1%</i>	<i>2.3%</i>
Recision due to shortfall in State share	\$0	\$0	\$0	\$0	\$5,777,656	\$0
<u>State Share</u> of Total Program Funding	\$2,743,741,207	\$2,870,726,309	\$3,059,500,131	\$3,152,312,811	\$3,392,935,424	\$3,696,288,785
<i>Annual Percent Change</i>	<i>4.5%</i>	<i>4.6%</i>	<i>6.6%</i>	<i>3.0%</i>	<i>7.6%</i>	<i>8.9%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>61.9%</i>	<i>62.8%</i>	<i>63.9%</i>	<i>62.2%</i>	<i>63.4%</i>	<i>64.9%</i>
General Fund Portion of State Share Appropriation	\$2,342,618,549	\$2,480,460,455	\$2,658,568,626	\$2,790,546,868	\$2,930,074,211	\$3,076,577,922
<i>Annual Percent Change</i>	<i>4.2%</i>	<i>5.9%</i>	<i>7.2%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>

Categorical Programs

Programs designed to serve particular groups of students (*e.g.*, students with limited proficiency in English) or particular student needs (*e.g.*, transportation) have traditionally been referred to as "categorical" programs. 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 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, based on the actual inflation rate for calendar year 2008 (3.9 percent), the General Assembly is required to increase state funding for categorical programs by at least \$10.7 million (4.9 percent) for FY 2009-10.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2009-10 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$127,362,125	\$55,851,352	78.1%
English Language Proficiency Program	12,121,200	9,019,602	290.8%
Public school transportation	49,209,638	12,287,411	33.3%
Colorado Vocational Act distributions	23,189,191	5,396,341	30.3%
Special education - gifted and talented children	9,003,120	3,503,120	63.7%
Expelled and at-risk student services grant program	7,343,560	1,554,753	26.9%
Small attendance center aid	959,379	11,239	1.2%
Comprehensive health education	1,005,396	405,396	67.6%
Total	\$230,193,609	\$88,029,214	61.9%

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1	\$0	\$1,381,145	\$0	\$0	\$1,381,145	0.0
Required Increase for Categorical Programs						
<p>Assistance to Public Schools, Categorical Programs. Categorical programs serve particular groups of students or particular student needs. The General Assembly is constitutionally required to increase <i>total state funding</i> for all categorical programs annually by at least the rate of inflation plus one percent for FY 2010-11. The Department requests additional appropriations from the State Education Fund to increase state funding for categorical programs by 0.6 percent, based on a projected inflation rate of -0.4 percent ($-0.4 + 1.0 = 0.6$). The request specifies the allocation of the additional funds among the following five categorical programs: \$520,277 for English language proficiency programs; \$337,481 for public school transportation; \$214,286 for the Expelled and At-risk Student Services Grant Program; \$202,200 for educational services for gifted and talented children; and \$106,901 for vocational education. <i>Statutory authority: Article IX, Section 17 of the Colorado Constitution; and Sections 22-55-102 and 107, C.R.S.</i></p>						
NP-1	8,020	0	0	0	8,020	0.0
Annual Fleet Vehicle Replacements						
<p>Colorado School for the Deaf and Blind. The Colorado School for the Deaf and Blind is requesting an increase to its Vehicle Lease Payments line item to accommodate increases in statewide vehicle variable costs including fuel, maintenance, and insurance (DPA, DI #1). <i>Statutory authority: Section 24-30-1104 (2), C.R.S.</i></p>						
Total	8,020	1,381,145	0	0	1,389,165	0.0

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BASE REDUCTION ITEM PRIORITY LIST

Base Reduction Item	GF	CF	RF	FF	Total	FTE
1	(\$223,342,898)	(\$74,282,182)	\$0	\$0	(\$297,625,080)	0.0
Total Program Funding and Hold-Harmless Full-day Kindergarten Funding						
<p>Assistance to Public Schools, Public School Finance. The Department requests a net decrease in funding for the state share of districts' total program funding. The request includes an increase to cover a projected 1.2 percent increase in the funded pupil count and the cost of increasing base per pupil funding by 0.6 percent (based on a projected rate of inflation for CY 2009 of -0.4 percent, plus one percent). This increase is more than offset by reductions associated with proposed statutory changes to the existing school finance formula. <i>Statutory authority: Article IX, Section 17 of the Colorado Constitution; and Sections 22-54-101, et seq., and 22-55-106, C.R.S. [Please note that this proposal is predicated on statutory amendments to Sections 22-54-101, et seq., and 22-54-103 (15), C.R.S., including changes to the cost-of-living factor and on-line funding, the addition of a new "equity adjustment" factor, and specification of the supplemental kindergarten enrollment factor for FY 2010-11.]</i></p>						
2	0	(2,117,182)	0	0	(2,117,182)	(1.3)
Discretionary Grant Programs Funded from the State Education Fund						
<p>Assistance to Public Schools, Grant Programs. The Department administers various statewide grant programs. Of these programs, the Department is requesting request from the ed \$2.1 million in base reductions to discretionary grant programs funded from the State Education Fund (SEF). These reductions include: \$1.1 million and 1.0 FTE supporting regional service areas, \$1.0 million and 0.3 FTE supporting the Summer School Grant Program, \$40,000 for financial literacy grants, and \$10,000 in grants related to Colorado History Day. The Department indicates that the request represents an ongoing savings to the SEF, increasing its solvency, but also permits the General Assembly to reallocate these moneys to help offset the General Fund liability for K-12 Total Program expenditures. <i>Statutory authority: Sections 22-1-104, 22-2-127 (4), 22-5.5-106 (2), and 22-7-807 (1), C.R.S.</i></p>						
Total	(223,342,898)	(76,399,364)	0	0	(299,742,262)	(1.3)

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2009-10 appropriation and its FY 2010-11 request.

Total Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF*	RF	FF	Total	FTE
FY 2009-10 Appropriation	\$3,239.4	\$814.3	\$22.8	\$610.5	\$4,687.0	557.3
FY 2010-11 Request	3,015.9	741.8	23.2	615.3	4,396.2	541.0
Increase / (Decrease)	(\$223.5)	(\$72.5)	\$0.4	\$4.8	(\$290.8)	(16.3)
Percentage Change	-6.9%	-8.9%	1.8%	0.8%	-6.2%	-2.9%

* The FY 2009-10 appropriation does not reflect \$3.9 million in interim supplemental increases approved by the Joint Budget Committee in September 2009.

The following table highlights the individual changes contained in the Department's FY 2010-11 budget request, as compared with the FY 2009-10 appropriation, by Long Bill division. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2009-10 to FY 2010-11

Category	GF	CF	RF	FF	Total	FTE
Management & Administration						
Common Policy Adjustments to FY 09-10	(\$34,790)	\$0	\$277,091	\$0	\$242,301	0.0
Restore FY 09-10 Personal Services Reduction	42,466	34,041	23,685	0	100,192	0.0
Common Policy Adjustments to FY 10-11	(465,664)	368,588	115,415	74,391	92,730	0.0
Eliminate One-time Appropriations	0	(184,367)	0	0	(184,367)	0.0
Annualize 2009 Legislation	(55,568)	0	0	(10,139)	(65,707)	0.3
Subtotal	(\$513,556)	\$218,262	\$416,191	\$64,252	\$185,149	0.3

Category	GF	CF	RF	FF	Total	FTE
Assistance to Public Schools - School Finance						
<u>State share of districts' total program funding</u>						
Decrease in FY 09-10 based on higher than anticipated local share	\$0	(\$71,168,652)	\$0	\$0	(\$71,168,652)	0.0
Total required increase based on projections of enrollment and inflation	0	94,740,649	0	0	94,740,649	0.0
Additional increase based on anticipated decrease in local share	0	28,434,263	0	0	28,434,263	0.0
Reduction based on proposed statutory formula changes	(223,342,898)	(125,860,190)	0	0	(349,203,088)	0.0
Reduction to hold-harmless full-day kindergarten funding based on proposed statutory changes	<u>0</u>	<u>(428,252)</u>	<u>0</u>	<u>0</u>	<u>(428,252)</u>	<u>0.0</u>
Net annual change in the state share of districts' total program funding (BR #1)	(223,342,898)	(74,282,182)	0	0	(297,625,080)	0.0
Refinance administration of ASCENT Program (H.B. 09-1319)	<u>19,892</u>	<u>0</u>	<u>0</u>	<u>(19,892)</u>	<u>0</u>	<u>0.0</u>
Subtotal	(\$223,323,006)	(\$74,282,182)	\$0	(\$19,892)	(\$297,625,080)	0.0
Assistance to Public Schools - Categorical Programs						
Required increase for categorical programs (DI #1)	\$0	\$1,381,145	\$0	\$0	\$1,381,145	0.0
Technical correction related to 1.82 percent personal services base reduction	2,723	0	0	0	2,723	0.0
Anticipated change in federal funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>(44,578,597)</u>	<u>(44,578,597)</u>	<u>0.0</u>
Subtotal	\$2,723	\$1,381,145	\$0	(\$44,578,597)	(\$43,194,729)	0.0

Category	GF	CF	RF	FF	Total	FTE
Assistance to Public Schools - Grant Programs						
Anticipated Federal Funding	\$0	\$0	\$0	\$49,278,819	\$49,278,819	(15.4)
Restore Funding to Read-to-Achieve Grant Program	0	2,165,296	0	0	2,165,296	0.0
Reduce Discretionary Programs (BR #2)	0	(2,117,182)	0	0	(2,117,182)	(1.3)
Annualizations	<u>(7,928)</u>	<u>(242,647)</u>	<u>0</u>	<u>0</u>	<u>(250,575)</u>	<u>0.1</u>
Subtotal	(\$7,928)	(\$194,533)	\$0	\$49,278,819	\$49,076,358	(16.6)
Library Programs						
No changes requested						
Subtotal	\$0	\$0	\$0	\$0	\$0	0.0
Colorado School for the Deaf and Blind						
Restore FY 09-10 Personal Services Reduction	\$165,489	\$0	\$0	\$0	\$165,489	0.0
School District 11 Wage Increase	157,279	0	0	0	157,279	0.0
Common Policy Adjustments for FY 2010-11	21,854	0	0	0	21,854	0.0
Annual Fleet Vehicle Replacements (NP-1)	<u>8,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,020</u>	<u>0.0</u>
Subtotal	\$352,642	\$0	\$0	\$0	\$352,642	0.0
Total Change	(\$223,489,125)	(\$72,877,308)	\$416,191	\$4,744,582	(\$291,205,660)	(16.3)

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

ISSUE: School Finance Act Funding Projections.

This issue brief provides preliminary projections of state funding that will be required for K-12 public education in FY 2010-11 and subsequent fiscal years *under current law*, including the General Fund share of such funding.

SUMMARY:

- ❑ Based on Legislative Council staff's projections of the 2009 rate of inflation (-0.4 percent) and a projected 1.2 percent increase in the funded pupil count, total program funding for districts is estimated to increase by \$100.6 million (1.8 percent) for FY 2010-11.
- ❑ Based on estimates of the amount of local revenues that will be available, staff estimates that the *state share* of funding will increase by \$91.7 million (2.5 percent) in FY 2010-11.
- ❑ The General Assembly appropriated a total of \$654.2 million from the State Education Fund for FY 2009-10. This level of appropriation is nearly double projected fund revenues (\$338.9 million), and is not sustainable in FY 2010-11.
- ❑ If the General Assembly takes no action to reduce FY 2009-10 appropriations from the State Education Fund, the Fund balance will be depleted by the end of FY 2009-10. Under current law, the General Assembly would then be required to increase General Fund appropriations by \$412.5 million (13.4 percent) for FY 2010-11.

RECOMMENDATIONS:

As soon as possible next month, the Joint Budget Committee should introduce a negative supplemental appropriation bill requiring a public school finance total program funding recision of \$110 million, as contemplated in S.B. 09-256. If this bill is not enacted and does not become law prior to January 29, 2010, school districts will be authorized to spend the \$110 million that has been set aside in a fiscal emergency restricted reserve. Further, absent a recision, the State Education Fund balance will be depleted by the end of FY 2009-10 and may even prove insufficient to support existing appropriations should income tax revenues fall short of projections.

DISCUSSION:

Projections of Total Program Funding and the State Share of Such Funding

Based on information available to date, staff has prepared projections of the state and local funding estimated to be required annually for school finance through FY 2014-15 (see Table 1). Staff's estimates for FY 2010-11 are based on the following assumptions:

- The funded pupil count will increase by 1.2 percent in FY 2010-11 (about 9,100 students). This projection is based on Legislative Council staff's December 2008 enrollment projections. In addition, staff's projections assume that the General Assembly will continue to fund each kindergarten student based on 0.58 FTE.
- Base per pupil funding will need to be increased by at least 0.6 percent (\$33) in FY 2010-11 based on Legislative Council staff's September 2009 projection of the 2009 rate of inflation (a decrease of 0.4 percent, plus 1.0 percent)².
- Local property tax and specific ownership tax revenues will increase by \$8.8 million (0.4 percent) compared to existing appropriations.

Staff's projections indicate that total program funding for districts is estimated to increase by \$100.6 million (1.8 percent) for FY 2010-11. As local revenues are projected to cover \$8.8 million of this increase, staff estimates that the *state share* of funding will need to increase by \$91.7 million (2.5 percent) compared to existing FY 2009-10 appropriations.

Table 1 also includes a column reflecting the Department's request for FY 2010-11. Staff describes the components of the request and the underlying assumptions in the next issue brief.

Before the Committee takes action on the Department's FY 2010-11 request, more timely information will be available to inform the Committee's decisions. Specifically, the Committee will have information concerning: the actual October 2009 student count (including the number of "at-risk" students), updated enrollment projections for FY 2010-11, the actual amount of local revenues available for the current fiscal year, updated local property tax projections for FY 2010-11, and the actual rate of inflation for calendar year 2009 (which is applicable for FY 2010-11).

² Please note that Article IX, Section 17 of the Colorado Constitution (Amendment 23) defines "inflation" to have the same meaning as defined in Article X, Section 20 (2) (f) of the Colorado Constitution (the Taxpayer's Bill of Rights): "the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index". The General Assembly included this definition in the statutory provisions that implement Amendment 23 [see Section 22-55-102 (7), C.R.S.]. This definition appears to cover both positive and negative rates of change. Thus, consistent with the Department's budget request, staff has assumed that a negative rate of change would be treated the same as a positive rate of change. Ultimately, however, the General Assembly will need to determine how to treat a negative rate of change in the context of the funding requirements of Amendment 23.

TABLE 1
FIVE-YEAR PROJECTION OF STATE FUNDING NEEDED FOR DISTRICTS' TOTAL PROGRAM FUNDING
BASED ON CURRENT LAW, PROJECTED ENROLLMENT, AND CONSTITUTIONALLY REQUIRED INFLATIONARY INCREASES
(Dollar amounts reflected in millions unless otherwise noted)

	FY 2009-10 Appropriation	FY 2010-11 Request	PROJECTIONS USING LCS STAFF FORECAST				
			FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
PROJECTED FUNDING NEED:							
Funded Pupil Count (FTE) <1> <i>Annual Percentage Change</i>	788,648.3 1.4%	797,780.4 1.2%	797,780.4 1.2%	808,502.6 1.3%	819,194.6 1.3%	832,053.7 1.6%	846,751.7 1.8%
Multiplied by: Average Per-pupil Funding (NOT in millions) <i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	\$7,225 3.9%	\$6,817 -0.4%	\$7,269 -0.4%	\$7,385 1.6%	\$7,614 3.1%	\$7,888 3.6%	\$8,227 4.3%
<i>Annual Percentage Change in Base <2></i>	4.9%	0.6%	0.6%	1.6%	3.1%	3.6%	4.3%
<i>Annual Percentage Change in Average <3></i>	5.1%	-5.7%	0.6%	1.6%	3.1%	3.6%	4.3%
Districts' Total Program Funding <i>Annual Percentage Change</i>	\$5,698.3 6.5%	\$5,438.3 -4.6%	\$5,798.9 1.8%	\$5,970.8 3.0%	\$6,237.3 4.5%	\$6,563.3 5.2%	\$6,966.5 6.1%
PROJECTED STATE AND LOCAL SHARES:							
Local Share <4> <i>Annual Percentage Change</i>	\$2,002.0 2.3%	\$2,039.2 1.9%	\$2,010.8 0.4%	\$2,151.8 7.0%	\$2,219.2 3.1%	\$2,230.4 0.5%	\$2,297.3 3.0%
Remainder: State Share <4> <i>Annual Dollar Change</i>	\$3,696.3 \$303.4	\$3,399.1 (\$297.2)	\$3,788.0 \$91.7	\$3,819.0 \$31.0	\$4,018.2 \$199.2	\$4,332.9 \$314.8	\$4,669.2 \$336.2
<i>Annual Percentage Change</i>	8.9%	-8.0%	2.5%	0.8%	5.2%	7.8%	7.8%

Notes:

<1> Projected funded pupil counts are based on Legislative Council staff's December 2008 estimates and the State Demographer's population projections for ages 5 through 17.

<2> For purposes of this projection, it is assumed that the General Assembly will provide funding sufficient to increase the base per-pupil funding amount by the Denver-Boulder inflation rate (as projected by Legislative Council Staff) for the previous calendar year plus one percent (for FY 2010-11), and by inflation for subsequent fiscal years.

<3> The annual percentage change in average per pupil funding may be higher or lower than the change in base per pupil funding depending on how much the various factors in the statutory formula affect base per pupil funding for individual school districts. For purposes of this analysis, staff assumes that for fiscal years 2010-11 through 2014-15, average per pupil funding will increase at the same rate as base per pupil funding.

<4> Projected local share data is based on Legislative Council staff's Spring 2009 estimates.

Fund Sources Available for the State Share of Districts' Total Program Funding

There are three sources of state funding available to the General Assembly to comply with the constitutional requirements related to funding for public schools: the State Public School Fund, the State Education Fund, and the General Fund. Each of these fund sources is discussed below.

State Public School Fund

The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF currently receives revenues from three primary sources³, discussed below.

1. *Federal Mineral Lease Revenues.* A portion of the federal funds received by the State for sales, bonuses, royalties, and rentals of federal lands within the state are credited to the SPSF. These revenues, called "federal mineral lease revenues", are primarily derived from coal, gas, and oil production. Due to production and price changes, federal mineral lease revenues can vary significantly from year to year. Federal mineral lease revenues are distributed through a statutory formula for the benefit of public schools, local governments, higher education, and the Colorado Water Conservation Board Construction Fund. The amount of federal mineral lease revenues annually allocated to the SPSF is currently limited to \$65.0 million. Beginning in FY 2011-12, this \$65.0 million cap increases annually by 4.0 percent.
2. *Rental Income Earned on Public School Lands.* A portion of rental income earned on state public school lands (including timber sales, rental payments for the use and occupation of the surface, and agricultural and mineral leases) is credited to the SPSF. The amount annually transferred to the SPSF is limited to \$11.0 million.
3. *District Audit Recoveries.* The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits.

Staff's projections are based on projected federal mineral lease revenues or the statutorily capped amount, whichever is less. Staff also assumes that the full \$11.0 million in rental income will be available each fiscal year

³ Please note that the Department is required to transfer to the SPSF, on a quarterly basis, amounts appropriated from the General Fund for the state share of districts' total program funding [see Section 22-54-114 (1), C.R.S.]. The SPSF thus serves as a flow-through account for much of the state funding for school finance. In addition, the Department is required to transfer half of any unexpended balance at the end of each fiscal year to the Colorado Comprehensive Health Education Fund. These portions of the SPSF are excluded from the above discussion.

State Education Fund

The State Education Fund consists of approximately 7.4 percent of annual state income tax revenues⁴, plus any interest earned on the fund balance. The General Assembly may annually appropriate moneys from the State Education Fund for the following education-related purposes:

- to comply with the requirement to annually increase base per pupil funding for public school finance, as long as it is in addition to the required increases in General Fund appropriations;
- to comply with the requirement to annually increase funding for categorical programs;
- for accountable education reform;
- for accountable programs to meet state academic standards;
- for class size reduction;
- for expanding technology education;
- for improving student safety;
- for expanding the availability of preschool and kindergarten programs;
- for performance incentives for teachers;
- for accountability reporting; or
- for public school building capital construction.

State Education Fund revenues are not subject to the TABOR limitation on fiscal year spending, and appropriations from the State Education Fund are not subject to statutory limitations on state General Fund appropriations.

As detailed in Table 2, the General Assembly appropriated a total of \$654.2 million from the State Education Fund for FY 2009-10. This compares to \$338.9 million in projected fund revenues. Of the total amount appropriated from the State Education Fund for FY 2009-10, \$622.3 million (95 percent) was appropriated for public school finance and categorical programs. The remaining \$31.9 million was appropriated for the Colorado Student Assessment Program (\$15.7 million), the School Counselor Corps Grant Program (\$5.0 million), charter school capital construction (\$5 million), and for various other purposes.

TABLE 2	
FY 2009-10 Appropriations from the State Education Fund	
Program Areas Directly Impacted by Constitutional Spending Requirements:	
Public School Finance, State Share of Districts' Total Program Funding	\$505,248,987
Facility schools funding (H.B. 08-1388)	20,817,769
Hold-harmless full-day kindergarten funding (H.B. 08-1388)	7,705,498
Categorical programs (various line items)	88,528,135
Subtotal	622,300,389

⁴ Constitutionally, revenues collected from a tax of one-third of one percent on federal taxable income are required to be deposited into the State Education Fund. Given the current state income tax rate of 4.63 percent, this equates to 7.20 percent of revenues (0.0033/0.0463). However, due to certain state tax credits which reduce federal taxable income, deposits to the State Education Fund actually represent a slightly larger percent of actual income tax revenues (7.35 percent for FY 2008-09).

TABLE 2
FY 2009-10 Appropriations from the State Education Fund

Other Programs:	
Colorado Student Assessment Program	15,727,544
School counselor corps grant program (H.B. 08-1370)	5,000,000
Charter school capital construction	5,000,000
Closing the Achievement Gap	1,800,000
Regional service cooperatives (S.B. 08-38)	1,067,182
Summer school grant program	1,000,000
Child nutrition school lunch protection program (S.B. 08-123)	850,000
Preschool to postsecondary alignment (S.B. 08-212)	573,707
Alternative teacher compensation plan grants (H.B. 08-1388)	448,250
Declining enrollment study (H.B. 08-1388)	200,000
Division of On-line Learning	96,449
School leadership academy program (H.B. 08-1386)	75,000
Financial literacy	40,000
Interstate compact on educational opportunities for military children (H.B. 08-1317)	30,185
Colorado history day	<u>10,000</u>
Subtotal	31,918,317
GRAND TOTAL	\$654,218,706

General Fund

Although moneys available in the State Public School Fund and the State Education Fund are used to provide a portion of the funding required for districts' total program and for categorical programs, the state General Fund has always been and will continue to be the primary source of funding for this purpose. Currently, the General Fund provides 82 percent of the *state* funding for districts' total program funding and categorical programs. Based on projections of moneys that will be available in the State Public School Fund and the State Education Fund in future years, staff estimates that the General Fund will need to support about 89 percent of the state share of districts' total program and categorical programs over the long term.

For purposes of providing a historical perspective, Table 3 summarizes annual appropriations for the *state share* of school districts' total program funding since FY 1994-95 (when the current School Finance Act was adopted). From FY 1994-95 to FY 2000-01, the compound annual growth rate in General Fund appropriations for districts' total program funding was 6.13 percent. This compares to a compound annual growth rate of 5.05 percent for the nine years following the passage of Amendment 23 (FY 2001-02 through FY 2009-10).

TABLE 3
Recent History of Appropriations for the State Share of Districts' Total Program Funding

Fiscal Year	General Fund	Annual % Change	State Public School Fund/ State Education Fund	Annual % Change	Total Funds	Annual % Change
1994-95	\$1,393,562,842		\$34,016,762	-36.87%	\$1,427,579,604	
1995-96	1,469,655,920	5.46%	56,613,541	66.43%	1,526,269,461	6.91%
1996-97	1,594,123,930	8.47%	53,580,360	-5.36%	1,647,704,290	7.96%
1997-98	1,689,946,178	6.01%	35,647,023	-33.47%	1,725,593,201	4.73%
1998-99	1,776,015,806	5.09%	74,830,202	109.92%	1,850,846,008	7.26%
1999-00	1,887,449,285	6.27%	42,685,306	-42.96%	1,930,134,591	4.28%
2000-01	1,974,673,211	4.62%	73,400,663	71.96%	2,048,073,874	6.11%
Passage of Amendment 23						
2001-02	2,073,406,872	5.00%	156,629,363	113.39%	2,230,036,235	8.88%
2002-03	2,137,582,405	3.10%	346,960,158	121.52%	2,484,542,563	11.41%
2003-04	2,247,917,791	5.16%	379,156,261	9.28%	2,627,074,052	5.74%
2004-05	2,342,782,148	4.22%	401,122,658	5.79%	2,743,904,806	4.45%
2005-06*	2,480,460,455	5.88%	390,768,821	-2.58%	2,871,229,276	4.64%
2006-07	2,657,663,684	7.14%	403,505,151	3.26%	3,061,168,835	6.62%
2007-08	2,790,546,868	5.00%	362,163,909	-10.25%	3,152,710,777	2.99%
2008-09*	2,930,074,211	5.00%	462,870,995	27.81%	3,392,945,206	7.62%
2009-10	3,076,577,922	5.00%	619,710,863	33.88%	3,696,288,785	8.94%

* Amounts exclude General Fund appropriations to the State Education Fund (\$3,551,904 in FY 2005-06 and \$120,964,055 in FY 2008-09).

Maintenance of Effort Requirement. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to annually increase the General Fund appropriation for the state share of districts' total program by at least five percent annually through FY 2010-11. This General Fund "maintenance of effort" (MOE) requirement, however, does not apply in any fiscal year in which Colorado personal income grows less than 4.5 percent between the two previous calendar years⁵. While preliminary personal income data released last Spring indicated that the General Fund MOE requirement will likely apply for FY 2009-10, more recent data suggests that it may not. When staff presents recommendations concerning mid-year adjustments to FY 2009-10 appropriations, staff will

⁵ The determination of whether the General Fund maintenance of effort provision applies to a particular fiscal year is based on the Colorado personal income data that is released in December of that same fiscal year.

include information about whether or not the General Fund MOE will apply for FY 2009-10 based on personal income data that is available as of December 2009. Projections currently indicate that the General Fund MOE will not apply in FY 2010-11.

In addition to the General Fund MOE requirement, two other provisions place legal limits on the General Assembly's authority to set the level of General Fund appropriations for total program and categorical programs.

- First, Article IX, Section 17 (5) of the Colorado Constitution states that moneys appropriated from the State Education Fund may not be used to supplant the level of General Fund appropriations that existed on December 28, 2000 (the effective date of Amendment 23) for categorical programs and total program (\$141,765,474). The General Assembly approved mid-year adjustments to categorical program fund sources in FY 2008-09, reducing General Fund appropriations to this "floor" amount. Thus, no further reduction can be made unless another source of state funding were available to offset such a reduction⁶.

With regard to total program, the FY 2009-10 General Fund appropriation is \$3,076.6 million, compared to an appropriation of \$1,982.6 million that existed on December 28, 2000. Thus, current General Fund appropriations exceed this floor by \$1,094.0 million.

- Second, the General Assembly is required to increase base per pupil funding and state funding for categorical programs by at least the rate of inflation plus one percent each year through FY 2010-11, and by the rate of inflation each year thereafter. Thus, the General Assembly needs to appropriate an amount of General Fund for total program each year sufficient to comply with the required annual funding changes.

General Fund Appropriation Increases Required Under Current Law. Staff has utilized the model originally developed by Pacey Economics Group to estimate the General Fund appropriations required annually to fund the existing school finance funding formula. The model was updated by Legislative Council staff last January in order to submit a statutorily-required report to the General Assembly. Subsequently, staff has further updated the model to reflect more recent estimates of rates of inflation, actual and projected revenues, productivity data, and population projections. The model has also been updated to reflect appropriations and estimates of future spending from the State Education Fund based on legislation passed in the 2009 Session. [Please note that updated projections of the funded pupil count and the local share of funding will be available later this month. Thus, staff will prepare updated projections for the Committee in January 2010.]

Projections of General Fund Increases Required Under Current Law

Staff has prepared two funding scenarios, described below and depicted through charts in Appendix D. Both scenarios assume the following:

⁶ Please note that due technical staff errors, the appropriations from the General Fund and Comprehensive Health Education Fund for categorical programs for FY 2009-10 fall \$102,723 below this "floor". Staff will recommend mid-year adjustments in January 2010 to ensure compliance with this non-supplantation provision.

- The General Fund appropriation for categorical programs will not increase in FY 2010-11 or in future fiscal years. Instead, the State Education Fund is used to cover the full required increase in state funding for categorical programs each year.
- The General Assembly will continue to fund each kindergarten student at 0.58 FTE in FY 2010-11 and future fiscal years.
- No federal Education Stabilization Fund moneys available under the American Recovery and Reinvestment Act (ARRA) will be made available for public school finance, consistent with the Governor's October 2009 budget balancing plan.
- Discretionary programs and functions that are currently supported by State Education Fund appropriations will continue to be supported in future fiscal years.

Scenario 1: This scenario assumes no mid-year changes to FY 2009-10 appropriations for school finance. Under this scenario, the State Education Fund balance is essentially depleted by the end of FY 2009-10. For FY 2010-11, the General Assembly would be required to increase the General Fund appropriation for public school finance by \$412.5 million (13.4 percent). Appendices D-1 and D-2 provide the data and a graphic illustration, respectively, for this scenario.

Scenario 2: This scenario assumes that the General Assembly will reduce the cash funds appropriation from the State Education Fund for school finance for FY 2009-10 by \$110 million, as contemplated in S.B. 09-256 [Section 22-44-119, C.R.S.]. Under this scenario, the State Education Fund balance declines to about \$125 million by the end of FY 2009-10. For FY 2010-11, the General Assembly would be required to increase the General Fund appropriation for public school finance by \$302.4 million (9.8 percent). Appendices D-3 and D-4 provide the data and a graphic illustration, respectively, for this scenario.

Please note that State Education Fund balances are based on projections of income tax revenues and interest earnings. Given the possibility that actual income tax revenues may fall short of projections, it would be prudent to set appropriations at a level that allows for a cushion at fiscal year-end in order to avoid the need for either an emergency supplemental General Fund appropriation or an unanticipated rescission in June 2010. Thus, staff recommends that the Joint Budget Committee introduce a negative supplemental appropriation bill requiring a public school finance total program funding rescission of \$110 million, as contemplated in S.B. 09-256. Please note that this bill will need to be introduced as soon as possible in January 2010 to ensure that it is enacted and becomes law prior to January 29, 2010. If this does not occur, school districts will be authorized to spend the \$110 million that has been set aside in a fiscal emergency restricted reserve.

Projections indicate that even if the General Assembly rescinds \$110 million in FY 2009-10, the existing school finance formula will require General Fund appropriations to increase by more than \$300 million in FY 2010-11. Given the magnitude of the revenue shortfall projected for FY 2010-11 by Legislative Council staff (\$1.3 billion based on the September 2009 revenue forecast), it appears likely that the General Assembly will need to make statutory changes to the School Finance Act to reduce the level of funding required for FY 2010-11. The next issue brief describes the Governor's school finance funding proposal for FY 2010-11.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

ISSUE: Proposed Reduction in Total Program Funding for FY 2010-11.

This issue brief describes the Department's budget request related to the school finance funding formula.

SUMMARY:

- ❑ The Department's FY 2010-11 budget request includes a \$52.0 million increase in state funding for the State Share of Districts' Total Program Funding based on current law and projected enrollment increases. The request also includes an offsetting reduction of \$349.6 million in state funding based on proposed statutory changes to the school finance formula.
- ❑ The proposed statutory changes are designed to reduce each school districts' total program funding by 6.12 percent, compared to what districts would otherwise be eligible to receive in FY 2010-11 under the current formula.
- ❑ If the General Assembly elects to reduce FY 2009-10 funding by \$110 million, as contemplated in S.B. 09-256, the proposed funding for FY 2010-11 represents a 2.7 percent decrease in total state and local funding compared to FY 2009-10, and a 3.8 percent decrease in average per pupil funding.

RECOMMENDATION:

Given the magnitude of the General Fund revenue shortfall projected for FY 2010-11 by Legislative Council staff, it appears likely that the General Assembly will need to make statutory changes to the School Finance Act to reduce the level of General Fund appropriations otherwise required for FY 2010-11. The Governor's budget request for FY 2010-11 includes a \$223 million reduction in General Fund appropriations for public school finance. If the Joint Budget Committee intends to include this proposal as part of its budget balancing plan for the General Assembly's consideration, the Committee should discuss this plan with leadership and members of the Education Committees to ensure that the necessary statutory changes can be enacted in a timely manner.

DISCUSSION:

The Governor's Budget Request

The Department's budget request includes a requested funding change related to public school finance. This request, labeled "base reduction #1", includes several components. Some of these components are based on current law, and others are predicated on statutory changes. The following table details the components of this consolidated request.

Department of Education FY 2010-11 Budget Request: Base Reduction #1			
Description	GF	CF	Total
Decrease in State Share of Districts' Total Program Funding for FY 2009-10 based on higher than anticipated local tax revenues	\$0	(\$71,168,652)	(\$71,168,652)
Increase in total state and local funding based on projected enrollment, and increasing base per pupil funding by the rate of inflation plus one percent (-0.4% + 1.0% = 0.6% increase in base per pupil funding)	0	94,740,649	94,740,649
Increase in State Share for FY 2010-11 based on projected decrease in local tax revenues	<u>0</u>	<u>28,434,263</u>	<u>28,434,263</u>
Subtotal: Change in State Share under current law	0	52,006,260	52,006,260
Reduction in State Share based on proposed modifications to the statutory school finance formula (described below)	(223,342,898)	(125,860,190)	(349,203,088)
Reduction to hold-harmless full-day kindergarten funding based on proposed statutory formula modifications	<u>0</u>	<u>(428,252)</u>	<u>(428,252)</u>
Proposed change in the state funding for FY 2010-11	(223,342,898)	(74,282,182)	(297,625,080)

As detailed in the above table, the Department's request includes an increase of \$52.0 million for the State Share of Districts' Total Program Funding based on current law. This increase is estimated to cover enrollment increases, the minimum required increase in base per pupil funding, and changes in local tax revenues.

In addition, based on a projected decrease in General Fund revenues for FY 2010-11, the Department is proposing reductions in funding for public school finance. The proposed reductions would require statutory modifications to the school finance formula. These changes are designed to reduce each district's total program funding by 6.12 percent compared to what the district would otherwise be eligible to receive under current law. This reduction is achieved through the following statutory modifications:

- Reduce districts' cost-of-living factors by amounts ranging from 6.12 percent to 7.05 percent.
- Add a new "equity adjustment" factor to add funding for most districts in order to ensure that the funding reductions are proportionate for each district (6.12 percent).
- Reduce per pupil funding for on-line students by 6.12 percent, commensurate with the proposed reductions in per pupil funding for traditional students.
- Require those districts that are primarily funded from local tax revenues to temporarily reduce their mill levies in order to ensure total program funding is reduced equitably for all districts. This change is anticipated to affect eight districts.

Appendix E details the impact of the Governor's proposal on total program funding and per pupil funding for each school district.

The Department's budget request reflects reductions in two line items based on the proposed statutory changes:

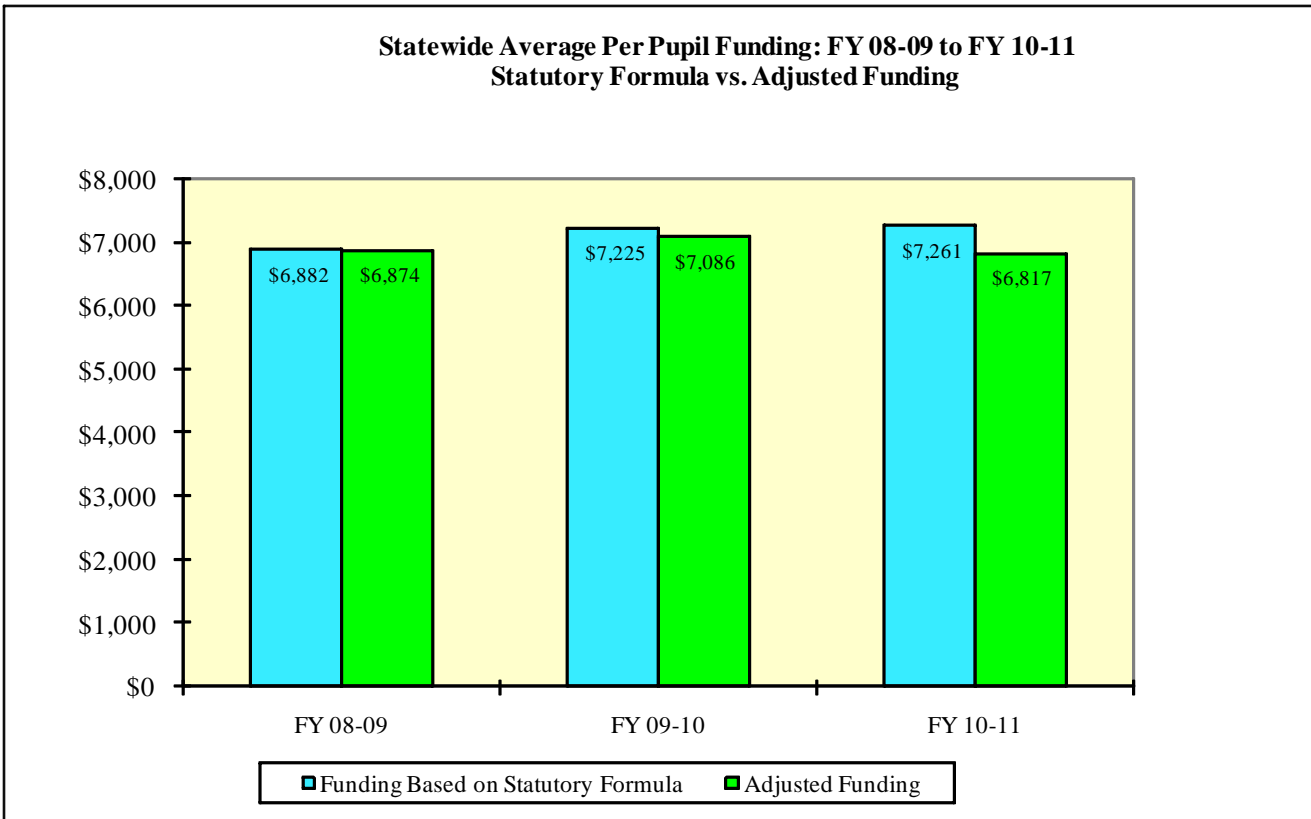
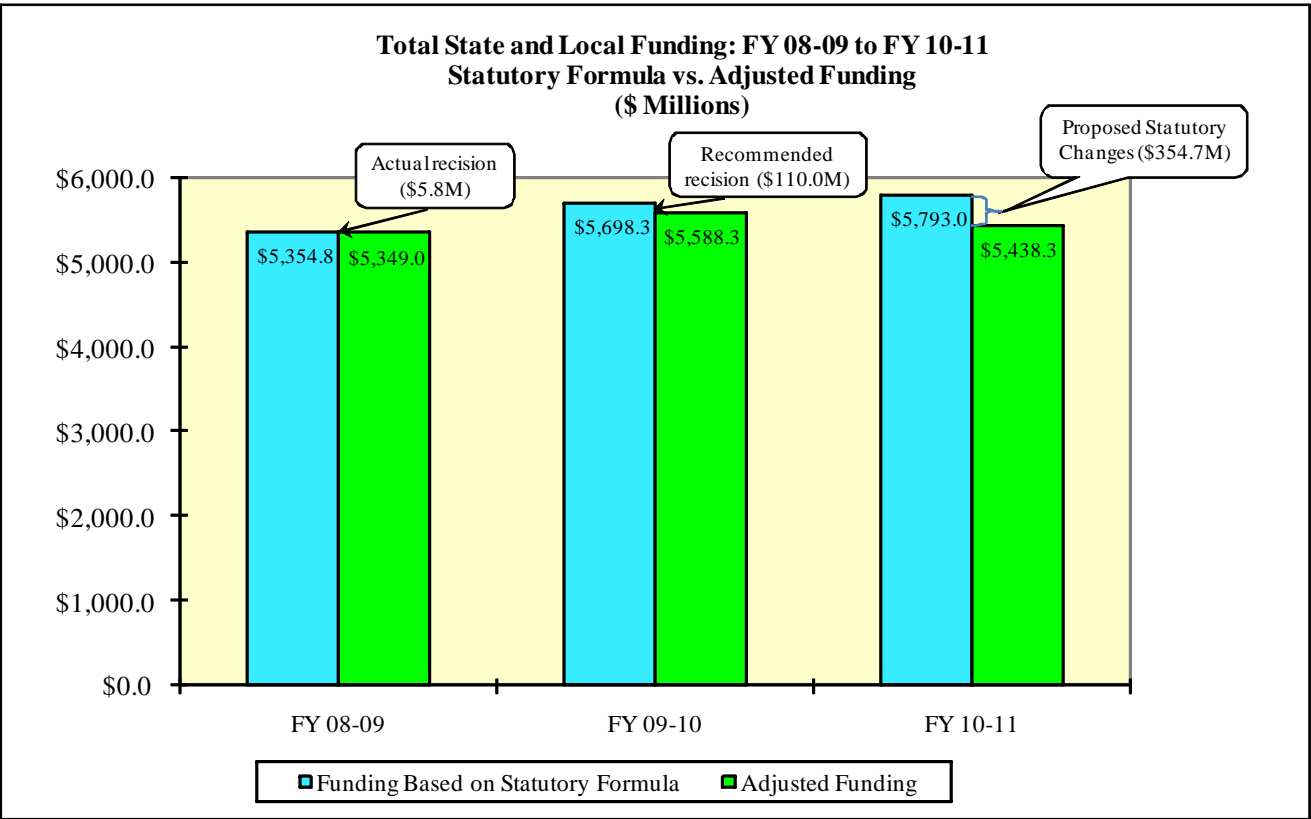
1. State Share of Districts' Total Program Fund; and
2. Hold-harmless Full-day Kindergarten Funding.

Please note that the proposed statutory changes would also affect other Long Bill line items that provide funding for facility schools. While the impact on these line items has not yet been quantified, it likely to be relatively small.

The graphics on the following page are intended to illustrate the funding changes that the Department is proposing, comparing funding for FY 2008-09, FY 2009-10, and FY 2010-11. For each fiscal year, the charts reflect both funding that districts were eligible to receive under the existing statutory formula, and "adjusted funding". The adjusted amounts reflect the following:

- (a) the actual recision that occurred in FY 2008-09;
- (b) the recommended \$110 million recision contemplated in S.B. 09-256; and
- (c) the Department's proposed funding for FY 2010-11.

The first chart illustrates changes in total state and local funding; the second chart illustrates changes in per pupil funding (using the statewide average).



As illustrated in the above two charts, one could characterize the Department's proposed funding in a number of ways, depending on what baseline one chooses. Thus, members will likely hear the Department's proposal described using different dollar amounts and/or different percent changes. The following four examples characterize the proposal using four different baselines:

- *Baseline: Final appropriation for FY 2008-09.* Compared to the final appropriation for FY 2008-09, the proposed funding for FY 2010-11 represents an increase of \$89 million (1.7 percent) in total state and local funding. However, on a unit basis, it represents an average decrease of \$58 per pupil (0.8 percent).
- *Baseline: FY 2009-10 appropriation, less \$110 million rescission.* Assume that the General Assembly rescinds \$110 million in FY 2009-10, as contemplated in S.B. 09-256. The proposed funding for FY 2010-11 represents an additional \$150 million reduction (2.7 percent) in total state and local funding, and a 3.8 percent reduction in average per pupil funding.
- *Baseline: FY 2009-10 appropriation, with no mid-year rescission.* The proposed funding for FY 2010-11 represents a \$260 million reduction (4.6 percent) in total state and local funding compared to existing FY 2009-10 appropriations, and a 5.7 percent reduction in average per pupil funding.
- *Baseline: FY 2010-11 funding based on current law, assuming no mid-year rescission.* The proposed funding for FY 2010-11 represents a \$355 million reduction (6.1 percent) in total state and local funding compared to the amount districts would be eligible to receive under current law, and a 6.1 percent reduction in average per pupil funding.

Implementing the Governor's Proposal

For many years, the legislative deadline schedule has required that any bill prescribing all or a substantial portion of the total funding for public schools be passed prior to the Long Bill (*e.g.*, by March 19, 2010, ten days prior to the introduction deadline for the FY 2010-11 Long Bill). However, the annual school finance bill has passed both houses prior to the Long Bill in only four of the last 12 years; in six of the last 12 years, the annual school finance bill has not passed until May.

Given the magnitude of the General Fund revenue shortfall projected for FY 2010-11 by Legislative Council staff (\$1.3 billion based on the September 2009 revenue forecast), it appears likely that the General Assembly will need to make statutory changes to the School Finance Act to reduce the level of state General Fund appropriations otherwise required for FY 2010-11.

The Governor's budget request for FY 2010-11 includes a \$223 million reduction in General Fund appropriations for public school finance. If the Joint Budget Committee intends to include this proposal as part of its budget balancing plan for the General Assembly's consideration, the Committee should discuss this plan with leadership and members of the Education Committees to ensure that the necessary statutory changes can be enacted in a timely manner.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Status of *Anthony Lobato, et al., v. the State of Colorado, et al.*

In June 2005, a complaint was filed in Denver District Court alleging that current system of funding public schools violates three constitutional provisions. The plaintiffs ask the court to declare the current system unconstitutional and compel the State to design and implement a new system. The Supreme Court recently ruled that the plaintiffs' claims are justiciable and the plaintiffs must be given an opportunity to prove their claim.

SUMMARY:

- ❑ In January 2003, Augenblick & Myers, Inc., conducted an educational funding adequacy cost analysis for Colorado, defining "adequacy" based on state and federal law. The study suggested setting base per pupil funding at \$4,798 in FY 2001-02, and, in addition to annual inflationary increases, increasing it incrementally each year as the federal performance benchmarks increase from 70 percent proficiency to 100 percent in FY 2013-14. This would require increasing base per pupil funding by 62.2 percent over a twelve year period, plus annual inflationary and enrollment increases. Based on current enrollment levels, this \$2,613 increase in base per pupil funding would require an additional \$2.1 billion.
- ❑ In June 2005 a complaint was filed that alleges that the Colorado Constitution guarantees the fundamental right to an adequate, quality education, and the current system of funding public schools does not provide the financial resources necessary to meet this qualitative mandate. The complaint further alleges that the TABOR and Gallagher provisions of the Constitution are in conflict with and must yield to the "thorough and uniform" provision. The complaint also alleges that the current system of funding public schools does not fairly allocate the property tax burden among Colorado citizens.
- ❑ The Plaintiffs ask the Court to declare the entire existing system of funding public schools (including the School Finance Act, categorical programs, and funding for districts' capital needs) unconstitutional, and to force the General Assembly to enact and fund a new system of public school finance.
- ❑ The district court ruled that the question of whether the current system of funding public schools is adequate is a non-justiciable political question which the General Assembly has the sole authority to answer. The Court of Appeals affirmed this ruling. The Supreme Court recently ruled, however, that the plaintiffs' claims are justiciable and it is the responsibility of the judiciary to determine whether the existing funding system is rationally related to the constitutional mandate to provide for a thorough and uniform system of public schools. This case will now proceed to trial.

DISCUSSION:

BACKGROUND INFORMATION: EDUCATIONAL FUNDING ADEQUACY

Adequacy Lawsuits

Since the early 1970's, 45 states have been involved in some form of school finance litigation. Initially, lawsuits generally concerned issues of funding *equity* among school districts. Following the standards-based reform movement of the 1980s, litigation shifted to issues of funding *adequacy* and the state's responsibility for providing a quality education. Plaintiffs are attempting to link funding levels to educational achievement levels. Thirty-eight states have faced or are facing adequacy lawsuits. To date, 20 of these states (53 percent) have lost such suits, 11 (29 percent) have won, and seven are still pending.⁷

The financial impact on some states of losing an adequacy lawsuit have been significant, both in terms of additional funding for school districts and the actual costs of litigating. For example, in New York, a trial court judge ordered the state to increase New York City's school operating budget by \$5.6 billion over the next four years -- a 44 percent increase⁸. A study commissioned by the state of Arkansas after it lost a lawsuit found that a 33 percent funding increase was needed⁹. In South Carolina, it is estimated that the plaintiffs spent \$6.8 million litigating the case and the state spent \$3.7 million defending itself -- a total of \$10.5 million in legal costs¹⁰.

Adequacy Cost Studies

At least 30 states have conducted studies to determine what an adequate education costs, and at least 14 states have conducted studies to estimate the costs of the federal No Child Left Behind Act¹¹. There have been four primary approaches to define "adequacy":

- the professional judgement model;
- the evidence or best-practice model;
- the successful schools model; and
- the advanced statistical model¹².

⁷ National Access Network, "Education Adequacy Liability Decisions Since 1989 (November 2009). [Please note that this document lists Colorado as one of 21 states with a plaintiff victory. Given the status of the *Lobato* lawsuit, staff has listed Colorado as one of seven states in which cases are still pending.]

⁸ David J. Hoff. "States Resist Meeting K-12 Spending Levels Ordered by Courts". Education Week (April 6, 2005).

⁹ Ibid.

¹⁰ Ibid.

¹¹ National Conference of State Legislatures, "Education Finance Litigation", Legisbrief: Volume 13, No. 26 (June/July 2005).

¹² Paul Teske, Professor, Graduate School of Public Affairs, CU Denver and Health Sciences, and Director, Center for Education Policy Analysis. "Stepping Up or Bottoming Out: Funding

Recent adequacy studies in contested states argue that educational funding needs to be increased anywhere from 20 to 40 percent¹³.

In January 2003, Augenblick & Myers, Inc., conducted an adequacy cost analysis for Colorado¹⁴. This study includes two different approaches: (1) the professional judgement model; and (2) the successful school district model. The study defined "adequacy" based on state and federal law, setting a standard that requires districts to: teach to and assess all Colorado content standards; prepare students sufficiently to achieve on year's academic growth in one year of schooling; comply with state accreditation standards; comply with federal law, which requires 100 percent of students to meet state standards in reading and mathematics proficiency by 2013-14; and (for purposes of the successful districts model only) meet a certain level of performance with respect to dropout and graduation rates.

The professional judgement approach asks experienced educators to identify the resources that need to be in place in a district in order for students to achieve a specific set of objectives. These resources, which include: personnel, professional development, student activities, assessment, instructional supplies and materials, equipment, technology, and other services (e.g., full-day kindergarten, preschool, extended-day and summer programs) are then costed out. The study asked panels of educators to identify necessary resources for five prototype districts, ranging in size from very small to very large. The study identified base per pupil spending levels ranging from \$6,815 per pupil (for large districts) to \$16,373 (for very small districts). The study indicated that additional funding would then be required when serving at-risk students, students with disabilities, and students who are English language learners. The study notes that these amounts represent the costs of achieving 100 percent proficiency in reading and math. In 2002, the average performance benchmark was about 70 percent of the FY 2013-14 goal. Thus, the study indicates that \$4,798 (70 percent of \$6,815) is the basic per pupil amount needed to achieve 2002 performance benchmarks.

The successful school district approach involves an examination of actual spending in a set of school districts that are considered successful based on their performance. A total of 27 districts were selected because: at least 95 percent of students took assessments (CSAPs) in FY 2001-02; the percent of students that were at least partially proficient in reading and math met the baselines established by the Department for FY 2001-02 (these baselines vary for each subject and grade level); and the graduation rate was at least 85 percent. The study indicates that the pupil-weighted average base revenue amount for these successful districts was \$4,654 per pupil in FY 2000-01. [The study indicates that this amount would be \$4,794 if one inflates this amount by 3.0 percent -- and this is the number that would be comparable to the \$4,798 identified above.

Comparing the basic per pupil amount identified through the professional judgement approach (\$4,798) to the base per pupil funding amount for FY 2001-02 (\$4,202), it appears that base per pupil

Colorado's Schools" (January 2005).

¹³ Ibid.

¹⁴ Augenblick, John, and John Myers. "Calculation of the Cost of an Adequate Education in Colorado Using the Professional Judgement and the Successful School District Approaches". Prepared for the Colorado School Finance Project (January 2003).

funding would have to have been 14.2 percent higher to be "adequate" in FY 2001-02. **The study suggests** setting base per pupil funding at \$4,798 in FY 2001-02, and, in addition to annual inflationary increases, increasing it incrementally each year as the performance benchmarks increase from 70 percent proficiency to 100 percent in FY 2013-14. This would require **increasing base per pupil funding by 62.2 percent over a twelve year period** (\$6,815 compared to \$4,202), **plus annual inflationary and enrollment increases**. Based on current enrollment levels, this \$2,613 increase in base per pupil funding would require an additional \$2.1 billion. Under the current School Finance Act, once the various factors are applied, the additional amount required would be even higher.

BACKGROUND INFORMATION: RECENT LEGISLATION, LAWSUITS, AND INITIATIVES

Colorado's current system of financing public schools is the result of several legislative measures, court decisions, and voter-approved measures. Since 1970, the General Assembly has adopted three different School Finance Acts. The **1973 Act** was generally intended to address issues of funding equity among school districts, providing greater funding increases for lower spending districts and capping increases in per pupil funding without approval. In 1977, 16 school districts sought a ruling that the 1973 Act was unconstitutional (*Lujan v. Colorado State Board of Education*). The Denver District Court found that the Act violated the equal protection provisions of the U.S. and Colorado Constitutions and it violated the "thorough and uniform" provision of the Colorado Constitution. However, in 1982 the Colorado Supreme Court reversed the trial court decision and found the 1973 Act constitutional¹⁵.

Also in 1982, the General Assembly referred a property tax reform measure that was approved by the voters. This measure included the **Gallagher Amendment**, which capped the share of residential share of property taxes.

In 1987, another lawsuit was filed in Denver District Court (*Hafer v. Colorado State Board of Education*) on behalf of several children and taxpayers. The *Hafer* suit again challenged the constitutionality of the 1973 Act. Defendants filed a motion to dismiss, and the Court dismissed one of three claims. Prior to trial on the remaining two claims, the General Assembly enacted the **1988 Act** and the Plaintiffs voluntarily dismissed the *Hafer* suit¹⁶. The 1988 Act categorized similar districts for purposes of funding, and it reduced the local share of funding to approximately 50 percent. In addition, it introduced a uniform mill levy, phasing in both increases and decreases in districts' mill levies. By 1991, this phase-in was complete, with most districts levying 40.080 mills.

In the early 1990s, following the General Assembly's adoption of the **Arveschoug-Bird limit** on General Fund appropriations in 1991 and voter approval of the **TABOR** initiative in 1992, the General Assembly adopted the **1994 Act**. This Act moved away from categorizing districts for purposes of funding, and instead established the same base funding for every pupil. The 1994 Act

¹⁵ Christy Chase, Office of Legislative Legal Services. Presentation to the 2005 Interim Committee on School Finance (July 21, 2005).

¹⁶ Ibid.

continued to recognize cost differences and differences in economies of scale, and it included a broader recognition of the costs associated with educating at-risk pupils¹⁷.

In 1998 a class action complaint was filed in Denver District Court (*Giardino v. State Board of Education*) alleging that the State had not fulfilled its constitutional responsibility to provide for the establishment and maintenance of a thorough and uniform system of free public schools because of conditions existing in public schools. Defendants filed a motion to dismiss, and the Court denied the motion on all claims save one. In April 2000, a few days after the *Giardino* trial began, the parties agreed to settle the action. The Settlement Agreement was contingent upon the General Assembly adopting legislation (**S.B. 00-181**) that would provide a mechanism for funding capital construction, repair and maintenance in public schools, and provide a total of \$190 million state funds over eleven years to address the most serious needs.

Also in 2000, voters approved **Amendment 23**, requiring the General Assembly to increase base per pupil funding and state funding for categorical programs by the rate of inflation plus one percent for ten years, and by the rate of inflation annually thereafter. The stated intent of this initiative was to restore and then maintain inflation-adjusted base per pupil funding to 1988 levels.

Finally, in 2002, a complaint was filed in Denver District Court on behalf of students with disabilities in four districts and their parents (*Haley v. Colorado Department of Education*). Plaintiffs alleged that special needs students were not receiving an "adequate" education, and the system of funding special education services violates the Colorado Constitution. Defendants filed a motion to dismiss, and the Court granted the motion based on two of the six arguments raised by Defendants.

ANTHONY LOBATO, ET AL., V. THE STATE OF COLORADO, ET AL.

Complaint Filed

On June 23, 2005, Kathleen J. Gebhardt LLC and Alexander Halpern LLC filed a complaint in Denver District Court on behalf of taxpayers, parents, and students in eight school districts¹⁸. The student plaintiffs range from a one-year-old future student to high school seniors. Plaintiffs also include 14 school districts¹⁹. The defendants include the State of Colorado, the Colorado State Board of Education, the Commissioner of Education, and the Governor. In addition, several education and other advocacy groups are part of the case as "friends of the court", including: Colorado League of Charter Schools, Colorado Association of School Boards, Colorado Association of School Executives, Colorado Education Association, Education Justice, Colorado Lawyers Committee,

¹⁷ Deb Godshall, Legislative Council Staff. Presentation to the 2005 Interim Committee on School Finance (July 21, 2005).

¹⁸ Individual plaintiffs reside in the following school districts: Adams – Commerce City (14), Adams/Arapahoe - Aurora (28J), Boulder Valley, Saguache - Center (26JT), El Paso - Harrison, Pueblo - Rural (70), Adams - Westminster (50), and Washington - Woodlin.

¹⁹ School district plaintiffs include: Alamosa - Alamosa (11J), Costilla - Centennial, Saguache - Center (26JT), Mineral - Creede, Rio Grande - Del Norte, Saguache - Moffat, Rio Grande - Monte Vista, Saguache - Mountain Valley, Conejos - North Conejos, Conejos - Sanford, Alamosa - Sangre de Cristo, Rio Grande - Sargent, Costilla - Sierra Grande, and Conejos - South Conejos.

Allegations

The Complaint alleges that the current statutory scheme for funding public schools in Colorado violates three state constitutional provisions:

1. *Article IX, Section 2 (thorough and uniform)*: The Complaint argues that this constitutional provision guarantees to each and every school-age Colorado resident the "fundamental right to attend free public schools that provide an equal opportunity to obtain a constitutionally adequate, quality education" [Complaint, ¶ 4]. The Complaint further argues that an education is constitutionally inadequate unless it "prepare[s] residents to participate meaningfully in the civic, political, economic, social and other activities of our society and the world, and to exercise the basic civil and other rights of a citizen of the State of Colorado and the United States of America" [Complaint, ¶ 5]. Plaintiffs argue that this provision imposes a duty upon the State to provide the financial resources necessary and appropriate to meet this "qualitative mandate" [Complaint, ¶ 6]
2. *Article IX, Section 15 (local control)*: The Complaint argues that control of instruction by locally elected school boards in an integral component of a thorough and uniform system of public education, and a system of public school finance that fails to provide sufficient financial resources to permit local boards to provide services, materials, and facilities necessary to meet the "qualitative mandate" is unconstitutional [Complaint, ¶ 7].
3. *Article X, Section 3 (1) (a) (uniform taxation)*: The Complaint alleges that Colorado's use of property taxes to partially fund public schools does not fairly allocate the tax burden among Colorado citizens, resulting in taxpayers in property poor districts paying significantly higher mill levies and bearing a greater individual tax burden than similarly situated property owners in high wealth districts [Complaint, ¶ 27].

The Complaint alleges that education reform legislation adopted since the early 1990's, along with the Consolidated State Plan that was adopted by the State Board of Education pursuant to the federal No Child Left Behind Act of 2001, assist in defining the "qualitative mandate", measuring whether the State has fulfilled its constitutional responsibilities, and determining whether there are sufficient resources [Complaint, ¶ 14]. The Complaint alleges that the current base per pupil funding amount was based on historical funding levels and political compromise, and not on the basis of an analytical determination of the actual costs to provide an adequate, quality education [Complaint, ¶ 21]. Further, the Complaint alleges that assessment data demonstrates that children are not being provided with an adequate, quality education [Complaint, ¶ 119], and funding currently available to school districts is not sufficient to cover the costs of providing an adequate, quality education [Complaint, ¶ 16].

The Complaint also alleges that the Public Schools of Choice law was enacted without making provision for funding the additional costs of compliance and it impedes the ability of districts to provide all students with an adequate, quality education [Complaint, ¶ 167].

Finally, the Complaint includes allegations concerning funding for categorical programs and for districts' capital needs, alleging that:

- the current school finance system (including funding for various categorical and other programs) "fails to meet the constitutional rights of and discriminates against students from lower socio-economic backgrounds, ethnic and racial minorities, non-English speaking families, and students with disabilities" [Complaint, ¶ 25]; and
- the current system of financing capital outlay expenditures does not provide sufficient funding for adequate facilities, "contravenes the constitutional mandate of local control", and does not allocate the tax burden among citizens equally or uniformly [Complaint, ¶¶ 26, 175].

The Complaint includes several paragraphs concerning TABOR, the Gallagher amendment, and Amendment 23. The Plaintiffs argue that TABOR and Gallagher "prevent the state and school districts from raising and expending funds necessary to establish and maintain a thorough and uniform system of free public schools" [Complaint, ¶ 176]. The Plaintiffs also argue that Amendment 23 "does not address, amend, supplant, or diminish the qualitative mandate of the [thorough and uniform provision]; nor does it define or limit the level or method of funding necessary to fulfill that mandate" [Complaint, ¶ 194]. The Complaint alleges that TABOR and Gallagher are procedural amendments and "are in irreconcilable conflict with and must yield to the substantive rights guaranteed by the [thorough and uniform provision]" [Complaint, ¶ 213].

Relief Sought

Plaintiffs ask the Court to: (a) declare the entire existing system of public school finance in Colorado unconstitutional; and (b) enter interim and permanent injunctions compelling Defendants to design, enact, fund, implement, and maintain a new system of public school finance that "fulfills the qualitative mandate" [Complaint, ¶¶ 228 - 229]. The Plaintiffs also ask the Court to retain continuing jurisdiction over the matter and to award the Plaintiffs their costs, including reasonable attorneys' and expert witness fees, and "such other and further relief as the Court deems just and proper" [Complaint, ¶¶ 231 - 233].

Motion to Dismiss

On August 24, 2005, the Attorney General's Office filed a motion to dismiss the case "for lack of subjective matter jurisdiction and failure to state a claim upon which relief can be granted" [Motion to Dismiss, page 3]. The Motion included four arguments:

1. The people of the State of Colorado "have already determined the constitutionally-required minimum state-level contribution for funding public education by enacting Amendment 23". [Motion, page 5]. As the General Assembly has complied with Amendment 23, the Plaintiffs' first and second claims for relief should be dismissed (i.e., denial of the constitutional right to a quality education and violation of the constitutional authority to control of instruction) [Motion, page 8].
2. The Colorado Constitution commits the determination of educational adequacy to the legislative branch, and there are no judicial standards for measuring educational adequacy. Consequently, the Plaintiffs' first and second claims for relief are "not of the type that admit

judicial resolution, and therefore this Court lacks jurisdiction over the claims" [Motion, page 19]. Further, TABOR bars the relief requested by the Plaintiffs because only a vote of the people can create new taxes or approve spending of surplus tax revenues [Motion, page 22].

3. Property tax mill levies are local, not state, property taxes, and control over local property tax revenue is an integral part of local control. As property taxes levied by each school district fall evenly on classes of property within each district, the Plaintiffs' third claim for relief should be dismissed (i.e., violation of the uniform taxation guarantee).
4. Plaintiff school districts are political subdivisions and must be dismissed for lack of standing because they are political subdivisions and cannot challenge statutes that direct the performance of their duties.

Court Decisions to Date

In March 2006, without taking evidence, the *district court* granted the defendants' motion to dismiss, ruling that the plaintiffs failed to state a claim upon which relief could be granted. The court determined that Amendment 23 sets minimum standards for educational funding and that the question of whether Amendment 23 levels of funding are adequate is a non-justiciable political question which the General Assembly has the sole authority to answer. The court also ruled that plaintiff school districts lacked standing to challenge the constitutionality of school financing, but did not address the plaintiff parents' standing.

In January 2008, the *Court of Appeals* affirmed the district court's ruling that school districts lacked standing. It also affirmed the district court's holding that the plaintiffs' claims constituted a non-justiciable political question. The Court of Appeals did hold that plaintiff parents have standing.

The plaintiff school districts appealed their dismissal for lack of standing. Both plaintiff parents and plaintiff school districts appealed the holding that their claims present a non-justiciable political question.

On October 19, 2009, the *Supreme Court* announced its decision concerning the plaintiffs' appeal. The Supreme Court held that plaintiffs may challenge the State's current school financing system as violating the Colorado constitutional mandate that the General Assembly provide for a thorough and uniform system of public education. The Court held that the plaintiffs' claims are justiciable and the plaintiffs must be given an opportunity to prove their claim, and that it is the responsibility of the judiciary to determine whether the existing funding system is rationally related to this constitutional mandate.

The Supreme Court instructed the district court to "give substantial deference to the legislature's fiscal and policy judgments", and stated that the court "may appropriately rely on the legislature's own pronouncements concerning the meaning of a 'thorough and uniform' system of education" [Supreme Court opinion, page 10]. Further, the Supreme Court states that, "If the trial court finds the current system of public finance irrational and thus unconstitutional, then that court must permit the legislature a reasonable period of time to change the funding system so as to bring the system in compliance with the Colorado Constitution." [Supreme Court opinion, page 10].

The Supreme Court thus reversed the judgment of and remanded the case to the Court of Appeals to be returned to the district court.

Case Status

The *Lobato* case will now proceed to trial, where the plaintiffs will have an opportunity to prove their claim. Plaintiff lawyers involved in the case have indicated that they intend to file an amended complaint, and hope that the trial will begin within 12 to 18 months²⁰. The trial is expected to be lengthy and expensive.

²⁰ Education News Colorado, “High Court Revives Lobato ‘Adequacy’ Suit”, October 20, 2009.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

ISSUE: Consider Eliminating Minimum State Aid.

This issue brief describes the history and purpose of state public school lands, the methods used to allocate revenues earned on these lands among school districts, and the origin and current impact of the statutory minimum state aid provision.

SUMMARY:

- ❑ The federal government granted lands to the State for the support of public schools. While proceeds from the sale of these state public school lands is held in a permanent trust fund, interest and other income earned on these lands is to be used to support public schools, and distributed among school districts in a manner prescribed in statute.
- ❑ The General Assembly has historically used a variety of methods to distribute state support for public schools among school districts. When state support consisted solely of state public school lands revenues, state funding was allocated based on the number of school-aged children. Today, state support for public schools is primarily provided from General Fund revenues and the level and proportion of state funding varies significantly among districts.
- ❑ While revenues related to state public school lands continue to provide a portion of the state support for school finance, these funds are also used to support public schools in other ways, including providing financial assistance for capital construction projects and supporting districts' lunch programs.
- ❑ While annual revenues related to state public school lands and federal mineral leases now only account for 1.7 percent (\$62 million) of the State's \$3.7 billion appropriation for the School Finance Act, the statutory formula continues to require that each school district receive a minimum amount of state funding per pupil. This statutory provision is anticipated to require about \$750,000 additional state funds in FY 2009-10, and \$610,000 in FY 2010-11.

RECOMMENDATION:

The General Assembly should consider eliminating the statutory provision that requires that each school district receive a minimum amount of state funding per pupil through the School Finance Act, notwithstanding the application of the statutory formula. If the General Assembly elects to maintain the minimum state aid provision, it should statutorily clarify its intent concerning the annual calculation of this amount.

DISCUSSION:

Background Information: State Public School Lands

When the original 13 states formed the United States of America, each state had sovereign authority over the lands within its borders. Those lands created a tax base for the support of education and other government activities. Subsequent states admitted to the union encountered a different situation in that large portions of the proposed states belonged to the federal government - lands which these states would not be able to tax. In order to place these states on equal footing with the original 13 states, Congress granted each state a portion of the lands within its borders for the support of public education.

In Colorado, two sections of land in each township were granted to the State “for the support of the common schools”. The Colorado Constitution requires that proceeds from the sale of “state public school lands” be deposited into the Public School Fund (often referred to as the “Permanent Fund”). Interest and other income earned on these lands is to be “expended in the maintenance of the schools of the state”, and “distributed amongst the several counties and school districts of the state, in such manner as may be prescribed by law” [Article IX, Section 3].

Historically, the General Assembly has utilized interest earned on the Permanent Fund, as well as rental and lease income earned on state public school lands, to support public schools. Bonus and royalty income associated with mineral extraction on these lands was generally credited to the Permanent Fund. More recently, a portion of bonus and royalty revenues has been made available to the State Land Board for investment and development of state public school lands, and another portion has been made available to provide financial support for school districts’ capital construction projects.

Allocation of State Funds Among School Districts

When the General Assembly initially established a public school system in Colorado (in 1877), it allocated state support for public schools in proportion to the number of school-aged children. In 1952, the General Assembly established a “minimum equalization program”, whereby state funds were used to make up for any deficiency between the amount required for each district’s operations (defined in statute based on student attendance and classroom units) and local property tax revenues. The state share of the cost of this public school finance program was provided from state public school lands income, a portion of Colorado’s share of federal mineral lease revenues, and “such moneys as may be appropriated to the State Public School Fund from time to time”.

Subsequently, the General Assembly modified this statutory school finance formula several times. Each of the three most recent School Finance Acts have established a minimum amount of *state* funding for every district:

- The 1973 School Finance Act established a minimum amount of state funding for each district.
- The 1988 School Finance Act maintained the concept of a minimum amount of state aid for every district (i.e., \$68.78 per pupil in 1989, and set by the General Assembly annually thereafter). The Act’s legislative declaration indicated that school lands and mineral lease moneys “are intended for the use of the State of Colorado and, therefore, such moneys shall

be shared by all school districts in the state regardless of the amount of state aid otherwise available to such districts” pursuant to the statutory formula.

- Finally, the 1994 School Finance Act directly tied minimum state funding to school lands and federal mineral lease revenues. Specifically, this act stated that no district shall receive less in state aid than an amount established annually by the General Assembly based on the amount of school lands and mineral lease moneys received, multiplied by the district’s funded pupil count. This provision has not changed since 1994.

Calculation of Minimum State Aid

The FY 2009-10 Long Bill includes the following footnote to establish the minimum state aid for the current budget year:

Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- The minimum state aid for fiscal year 2009-10 is established at \$96.37 per student.

Section 22-54-106 (1) (b), C.R.S., states that “no district shall receive less in state aid than an amount established by the general assembly in the annual general appropriation act based upon the amount of school lands and mineral lease moneys received pursuant to the provisions of article 41 of [Title 22] and section 34-63-102 (2), C.R.S., multiplied by the district's funded pupil count”. Thus, the minimum per pupil state aid amount identified in this footnote is used by both the Department of Education and Legislative Council staff in calculating the amount of state aid for which each district is eligible based upon annual public school finance legislation. Staff calculated the minimum per pupil state aid for FY 2009-10 as follows:

Interest/investment earnings on the Permanent Fund that are credited to the State Public School Fund	\$0
Rental income earned on state public school lands that is credited to the State Public School Fund	11,000,000
Mineral lease moneys allocated to State Public School Fund	<u>65,000,000</u>
Total estimated revenues	\$76,000,000
Divided by: Projected statewide funded pupil count (Long Bill)	<u>788,648.3</u>
Minimum per pupil state aid	\$96.37

Pursuant to H.B. 08-1335, interest and investment income earned on the Permanent Fund is no longer credited to the State Public School Fund. Thus, no interest income is reflected above. Further, pursuant to S.B. 08-218, the amount of federal mineral lease revenues credited to the State Public School Fund is now capped; the applicable cap for FY 2009-10 is \$65.0 million. [Please note that subsequent projections indicate that it is unlikely the federal mineral lease revenues will be sufficient to make \$65 million available for education purposes.]

Staff has included rental income that is earned on state public school lands in the above calculation for a number of years. The statutory provision concerning minimum per pupil state aid does not reference the statutory section that allocates rental income earned on state public school lands to the

State Public Income Fund [Section 36-1-116, C.R.S.]. However, given that the above statutory provision references "school lands and mineral lease moneys", staff assumes that it is appropriate to continue to include the rental income earned on state public school lands that is available for appropriation.

Impact of Minimum State Aid

In FY 2008-09, no school district was affected by the minimum state aid factor. Based on recently available assessed valuation data, it appears that nine school districts will be affected by this factor in FY 2009-10, and eight districts are anticipated to be affected in FY 2010-11. The following table details the amount of state aid these districts are estimated to receive in FY 2009-10 and FY 2010-11, under current law, as a result of this factor. The local property taxes that these districts are required to collect and spend for school finance will thus be lower than otherwise required under the school finance formula.

Estimated Minimum State Aid		
	FY 09-10	FY 10-11
Clear Creek	\$90,031	\$87,186
Grand - West Grand	45,653	42,874
Mesa - DeBeque	14,785	13,943
Park - Park	53,211	50,043
Pitkin - Aspen	156,265	160,005
Rio Blanco - Meeker	63,466	0
Routt - South Routt	38,082	37,176
Routt - Steamboat Springs	0	207,730
Summit	281,095	0
Weld - Pawnee	10,378	10,342
Total	\$752,964	\$609,299

Should Minimum State Aid be Continued?

There is a long legislative history of providing all school districts with a minimum level of state funding, notwithstanding the state and local shares of funding defined in the school finance formula. This minimum state aid appears to be based on the concept that every school district should receive some portion of revenues generated from state public school lands and federal mineral lease revenues.

Under current law, state public school lands revenues and federal mineral lease revenues are used to support a number of education-related programs and functions:

- Up to 35 percent of “public school lands income” (including interest and investment income earned on the Permanent Fund, rental income, and royalty income) is used to provide financial assistance for districts’ capital construction projects through the Building Excellent Schools Today (“BEST”) program.

- A portion of federal mineral lease revenues (up to \$65 million in FY 2009-10) are used to support two programs: (a) \$53,970,000 has been appropriated to provide a portion of the State Share of Districts' Total Program Funding; and (b) \$530,000 has been appropriated to support the provision of supplemental on-line education services.
- A total of \$11.0 million in rental income is used to support three programs/functions: (a) \$8,491,876 has been appropriated to provide a portion of the State Share of Districts' Total Program Funding; (b) \$2,472,644 has been appropriated to support districts' school lunch programs; and (c) \$35,480 has been appropriated to pay for reprinting and distributing education-related laws to interested persons (primarily Department and school district staff).

Since the 1994 School Finance Act was adopted, the General Assembly has elected to utilize school lands and federal mineral lease revenues to support a number of education programs and functions. Thus, these revenues are now allocated among school districts in a variety of ways, including the minimum state aid requirement within the School Finance Act.

The minimum state aid provision is estimated to require an additional \$750,000 state funds in FY 2009-10, and \$610,000 in FY 2010-11. If this provision were to be repealed, total program funding for the affected school districts would not change; rather, the state and local shares of funding would be adjusted based on the statutory school finance formula. The General Assembly should consider whether it makes sense to continue to require that each school district receive a minimum amount of state funding per pupil through the School Finance Act, notwithstanding the application of the statutory formula.

If the General Assembly elects to maintain the minimum state aid provision, it should statutorily clarify its intent concerning the annual calculation of this amount. Specifically, should rental income earned on state public school lands be included in the calculation? Should the calculation include the full amount of rental income and federal mineral lease revenues credited to the State Public School Fund, or only those amounts that are actually appropriated for school finance?

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

ISSUE: ARRA Funding Overview.

This briefing issue provides an overview of federal moneys allocated to Colorado by the American Recovery and Reinvestment Act (ARRA) of 2009 and makes recommendations for mid-year appropriations adjustments.

SUMMARY:

- ❑ Based on data received from the Colorado Department of Education, the ARRA allocated approximately \$312 million for the purposes of supplementing funding for K-12 education and prevent reductions to other auxiliary education services.
- ❑ Additional ARRA grant awards to Colorado, including approximately \$60 million to \$175 million related to Race to the Top, are expected.
- ❑ As a result of this large influx of federal moneys, the Department and school districts are requiring technical and financial assistance to mitigate the impact of the budgetary "cliff effect" that these additional moneys create.

RECOMMENDATION:

Staff recommends that mid-year appropriations adjustments be made to the Department's appropriation to better reflect the distribution of ARRA moneys that are anticipated to be received in FY 2009-10. Detailed recommendations, by line item, are provided in Appendix F. It is important to note that the recommendations provided are subject to change as federal awards for several grant programs are approximate.

DISCUSSION:

Purpose of ARRA Moneys. The overall goals of the ARRA are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. Four principles guide ARRA funds: (1) spend funds quickly to save and create jobs; (2) improve student achievement through school improvement and reform; (3) ensure transparency, reporting and accountability; and (4) invest one-time ARRA funds thoughtfully to minimize the funding "cliff".

K-12 Education-Related Allocations of Federal Stimulus Moneys. The following table exhibits the various grant programs that comprise the federal stimulus package impacting K-12 education in Colorado. The State anticipates receiving approximately \$312 million in federal ARRA assistance. Information is as of November 5, 2009.

ARRA K-12 Education-Related Allocations (\$ millions)		
Federal Stimulus Fund Source	Amount	Status/Uses/Information
ARRA State Fiscal Stabilization Fund (Total nationwide pot = \$53.6 billion)		
Government Services Grants: CO Allocation: \$138.3 million	\$6.6	The Governor has dedicated \$6.6 million to enhance the State's competitiveness to win Race to the Top funding. A table below details the planned expenditure of these moneys.
Education State Grants: CO Allocation: \$621.9 million	0.0	As of October 2009, the Governor has dedicated all moneys to funding higher education in fiscal years 08-09 through 10-11.
Race to the Top State Grants ("R2T"):	0.0	Makes available \$4 billion in two phases for states engaging in deep education reform and \$350 million for standards and assessments grants. Phase I awards due early 2010. Phase II and standards and assessments awards due late 2010. Colorado is considered a Category 4 state, which according to DOE R2T guidelines can anticipate approximately \$60 to \$175 million in grant moneys, a significant decrease than previously estimated (between \$200 and \$500 million).
Investing in Innovation State Grants ("i3"):	0.0	Makes available \$650 million to states and LEAs with a record of innovative improvement of student achievement. Awards due late 2010.
<i>Subtotal -- State Fiscal Stabilization Fund</i>	\$6.6	
Additional ARRA K-12 Funding		
IDEA, Part B -- Special Ed State Grants: CO Allocation: \$148,730,573 Total Applications to CDE: 61 Approved Applications: 61 Amt. Distributed: \$4,085,832	\$148.7	Allowable Uses: ARRA funds under the Individuals with Disabilities Education Act (IDEA) are being used in the following ways by local education agencies (LEAs): to reduce the amount of general fund support for special education; to provide early intervening services for students who are at risk of being identified for special education; to develop and enhance special education data and reporting systems, including student IEPs; to increase mandated transition services for students with disabilities; to enhance positive behavior support systems for children with disabilities; to retain and supplement special education staff; to develop or purchase special education curriculum, particularly in the areas of literacy and math; and to purchase assistive technology and other equipment for children with disabilities. To date ten LEA applicants have received funding.
Title 1, Part A -- Funding for the Disadvantaged: CO Allocation: \$108,049,857 Total Applications to CDE: 180 Approved Applications: 150 Amt. Distributed: \$278,962	108.1	Allowable Uses: Additional instructional opportunities for students at risk of not meeting State content standards and professional development in support of increased student achievement. To date six school district or administrative unit applicants have received funding.
Title 1 -- School Improvement Grants: CO Allocation: \$33,611,909	33.6	Five percent may be retained by the Department for administrative and grant-making purposes. To date, 95 percent has been identified for distribution to districts.
IDEA, Part B -- Special Ed for Preschool: CO Allocation: \$5,281,455 Total Applications to CDE: 57 Approved Applications: 57 Amt. Distributed: \$0	5.3	100 percent distributed to districts.

ARRA K-12 Education-Related Allocations (\$ millions)		
Federal Stimulus Fund Source	Amount	Status/Uses/Information
Title II, Part D -- Education Technology: CO Allocation: \$3,832,547 Total Applications to CDE: 180 Approved Applications: 125 Amt. Distributed: \$0	3.8	As of 9/16/09, \$3.4 million had been distributed to districts. Allowable Uses: Purchase of computer hardware and software, development of technology infrastructure, and support of professional development for teachers in how to utilize technology to deliver instruction.
Title II, Part D -- Education Technology (Competitive): CO Allocation: \$2,901,908 Total Applications to CDE: 20 Approved Applications: 12 Amt. Distributed: \$0	2.9	Allowable Uses: Purchase of computer hardware and software, development of technology infrastructure, and support of professional development for teachers in how to utilize technology to deliver instruction.
Impact Aid Construction:	1.0	El Paso County District 8 (Fountain) won a \$1.0 million award. These funds are directly distributed to districts from the U.S. DOE and are not placed in the custody of the CDE.
Child Nutrition Equipment Assistance: CO Allocation: \$935,988 Total Applications to CDE: 24 Approved Applications: 24 Amt. Distributed: \$13,511	0.9	Allowable Uses: Competitive grant awards were made to "School Food Authorities" to make one-time investments of equipment intended to meet one or more of the following focus areas: (I) improve the quality of food service meals that meet the applicable dietary guidelines, (ii) improve the safety of food served in the school meal program, (iii) improve overall energy efficiency of the food service operations, or (iv) support expanded participation in a school meal program.
Title X McKinney-Vento Homeless Assistance CO Allocation: \$924,815 Total Applications to CDE: 17 Approved Applications: 17 Amt. Distributed: \$0	0.9	Allowable Uses: The intent of the McKinney Vento ARRA funding is to remove all educational barriers facing homeless children and youth with emphasis on educational enrollment, attendance and success. In all, the approved grants will provide \$924,815 over the next two years. The grants will provide a variety of support, including tutoring and academic enrichment programs, professional development for teachers and others who work with homeless populations, early childhood education programs, mentoring, summer programs, clothing and school supplies.
State Longitudinal Data Systems:	0.0	Awards from \$2 million to \$20 million Awards due mid-2010.
Teacher Incentive Fund:	0.0	Federal guidance expected. Awards from \$100,000 to \$10 million. Awards due mid-2010.
<i>Subtotal -- Additional K-12 Funding</i>	\$305.2	
Total K-12 ARRA Funding	\$311.8	

Distributions to Districts. To date only a small percentage of funds placed in the Department's custody have been distributed to school districts and authorized administrative units (BOCES). In discussions with Department officials, staff has learned that there are number of barriers that the Department has confronted as a result of the influx of ARRA moneys. Some of these barriers are as follows:

- Timing. When ARRA was passed by Congress in February 2008, the legislation was then passed along to the U.S. Department of Education (DOE), which took some time to determine how it would administer the distribution of ARRA funds. After some deliberation, the DOE

determined it would allocate ARRA moneys through existing program channels (i.e., IDEA, Title 1, etc.), however this pushed back the timetable for distribution.

- Duplicating Applications and Reviews. The DOE mandated that the distribution of ARRA flow through existing programs, however required that a separate application and review process be used specifically for ARRA funds. Thus, this requirement nearly doubled the amount of time and resources necessary for LEAs to prepare, but also the Department to review applications.
- New Uses. While in some instances, many school districts and administrative units were requesting that ARRA moneys be used to supplement existing programs, many were requesting that the moneys be used for innovative purposes, for which the DOE had not provided guidance as to whether these new uses were appropriate. Only recently has the DOE provided this guidance, thus enabling the Department to review applications in earnest.
- State Procurement Process. In some instances, the State's procurement process requires further guidance that the DOE has not yet formalized, thus contributing to further delays with distributing funds to districts.
- Online Processing. The Department utilizes an online program for processing districts applications and reimbursement requests for federal funds. This online application was to be fully implemented prior to the influx of ARRA moneys, but due to project interruptions, the rollout of this online program was delayed from becoming functional until a later point in time, delaying application processing.

The "cliff effect". The majority of federal ARRA funds that will be expended by school districts are being distributed through two existing federal programs: IDEA, Part B Special Education State Grants (\$149 million); and Title 1, Part A - Funding for the Disadvantaged (\$108 million). This ARRA funding represents a significant short-term increase in funding for both programs. Specifically, for Special Education and for Title I, this funding represents nearly an extra year of funding. Administrative units and school districts will be required to obligate these funds by September 2011.

In their application for both Special Education and Title I ARRA funds, administrative units and districts are required to respond to five guiding questions concerning the proposed use of ARRA funds for reform and school improvement, including one concerning the potential "cliff effect" of the ARRA funding. They are asked to describe their plan for longer-term productivity and sustainability when the ARRA funds are no longer available. They are directed to avoid spending these federal funds on recurring costs that they are unprepared to assume when this funding ends, and instead to use the funds as "bridge funding" to help transition to more effective and efficient approaches to improving outcomes for students. The Department has also provided districts and administrative units with extensive federal guidance and suggestions on the appropriate use of ARRA funds, including using the funds to increase teacher effectiveness, to adopt rigorous standards and high quality assessments, and to establish data systems to support a continuous improvement process.

Race to the Top. The Department is optimistic that Colorado will win federal ARRA Race to the Top (R2T) grant moneys which could help to offset state education costs. However, recent news released by the U.S. Department of Education (DOE) providing guidance documents for R2T, indicated that the state may not be awarded as much as Colorado officials had previously estimated, which was between \$200 million and \$500 million. To support states in planning their budgets, the DOE has developed nonbinding budget ranges for each state; which are provided in the following table below. These are to be used as rough blueprints to guide states as they prepare their budgets. The categories were developed by ranking every state according to its share of the national population of children ages 5 through 17, and identifying the natural breaks. Then, based on population, overlapping budget ranges were developed for each category. Colorado was listed in Category 4 (\$60 million to \$175 million), reflecting a significant decrease in the amount of moneys once anticipated by Colorado officials.

DOE ARRA Race to the Top Budget Ranges	
Category 1: \$350-700 million	California, Texas, New York, Florida
Category 2: \$200-400 million	Illinois, Pennsylvania, Ohio, Georgia, Michigan, North Carolina, New Jersey
Category 3: \$150-250 million	Virginia, Arizona, Indiana, Washington, Tennessee, Massachusetts, Missouri, Maryland, Wisconsin
Category 4: \$60-175 million	Minnesota, Colorado , Alabama, Louisiana, South Carolina, Puerto Rico, Kentucky, Oklahoma, Oregon, Connecticut, Utah, Mississippi, Iowa, Arkansas, Kansas, Nevada
Category 5: \$20-75 million	New Mexico, Nebraska, Idaho, West Virginia, New Hampshire, Maine, Hawaii, Rhode Island, Montana, Delaware, South Dakota, Alaska, North Dakota, Vermont, Wyoming, District of Columbia

Discretionary Allocation for Race to the Top. As a part of the Governor's \$138.3 million allocation of discretionary moneys from the General Services Grants subaccount of the State Fiscal Stabilization Fund, \$6.6 million has been allotted to the Department to enhance the State's proposal for Race to the Top Grant awards. The following table details planned expenditures.

Department R2T Project	Award Amount
Colorado Growth Model SchoolView Enhancements	\$2,500,000
National Board Certification Teacher Compensation Stipends to Districts	1,336,541
Alternate Teacher Compensation Act Grants	1,000,000
Educator Identifier System	500,000
Additional Administrative Staffing (described below)	450,000
Office of Dropout Prevention and Student Reengagement	307,944
National Board Certification Assessment Stipends to Districts	200,000
CAP4K Implementation	200,000
Concurrent Enrollment ASCENT Program	52,926
Preschool Identifiers (Record Integration Tracking System 'RITS' and Advisory Board)	50,000

Department R2T Project	Award Amount
Principal Leadership Academy	25,000
Total Allocation of General Services Grant moneys to the Department	\$6,622,411

Additional Administrative Staffing. Of the \$6.6 million of General Services Grant moneys the Governor is awarding to the Department, \$450,000 is for additional administrative staffing to support a team that would provide special technical support to process the additional ARRA revenue and extensive expenditure tracking required to meet federal requirements. Other purposes include making available a help desk to rural districts to help maximize their use of ARRA funds. These moneys would support approximately 6.0 federally funded FTE. These positions are anticipated to be as follows: Grants Consultant (1.0 FTE), Information Technology Support (1.0 FTE), Accountant (0.5 FTE), Accounting Technician (0.5 FTE), Purchasing Agent (1.0 FTE), Public School Finance Consultant (1.0 FTE), and Title 1 Grant Consultant (1.0 FTE).

FY 2009-10 Supplemental Adjustments to the Long Bill. In January 2010, staff will present to the JBC recommendations to reflect ARRA moneys that are anticipated to be received by the Department in FY 2009-10. Appendix F provides a crosswalk showing anticipated ARRA funds by Long Bill line item.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

INFORMATIONAL ISSUE: State Standards and Assessments Update.

This issue brief provides a status update of the ongoing modifications to state standards and assessments and includes a discussion related to the significant anticipated out-year costs associated with the implementation of a new standards and assessments system.

SUMMARY:

- ❑ Senate Bill 08-212 (CAP4K) required a fundamental redesign of the States academic standards and assessments for students progressing from preschool into college or the workforce. Staff reviews the progress made to date related to the requirements of this legislation.
- ❑ The new standards and assessments system as required by S.B. 08-212 have not yet been determined but are estimated to be approximately \$80 million, approximately five times the resources currently appropriated for these purposes.
- ❑ Costs, benefits, and alternative funding sources for the new standards and assessments system are discussed.

DISCUSSION:

OVERVIEW

Standards & Assessments. Content standards are the foundation of a state's education system, articulating the knowledge and skills that students should acquire at each grade level. Superintendents, principals, and teachers develop curricula and make program decisions based on those standards. Assessments intend to measure how well students have achieved these standards.

CAP4K. Senate Bill 08-212, a.k.a the Preschool to Postsecondary Education Alignment Act, a.k.a the Colorado Achievement Plan for Kids ("CAP4K"), expands and connects instructional standards and assessments from preschool into college. The bill required the following steps:

1. Definitions. Define "school readiness" and "postsecondary and workforce readiness";
2. Updated Standards. Expands and revises P-13 standards so they incorporate 21st Century skills, are internationally competitive, and reflect postsecondary and workforce readiness (PWR);
3. Realign Assessments. Updated standards require assessments that measure the newly defined knowledge and skill proficiency set forth by the new standards. This process includes launching

a high school PWR assessments pilot program to identify the most appropriate and valid assessment tools;

4. Local Integration. Require all school boards to adopt pathways that lead to PWR and create endorsements for high school diplomas; and
5. Higher Education Integration. Revise higher education admission requirements as necessary to incorporate the use of newly created standards and assessments that reflect college and workforce readiness.

Timeline. A timeline for the implementation of all of these required steps set in motion by S.B. 08-212 can be resourced in Appendix G²¹.

DEFINITIONS

Definition of School Readiness. School Readiness describes both the preparedness of a child to engage in and benefit from learning experiences, and the ability of a school to meet the needs of all students enrolled in publicly funded preschool or kindergarten. School Readiness is enhanced when schools, families, and community service providers work collaboratively to ensure that every child is ready for higher levels of learning in academic content. This definition was approved by the State Board of Education in December 2008 in accordance with the requirements of S.B. 08-212.

Definition of 21st Century Skills & Postsecondary and Workforce Readiness (PWR). Per S.B. 08-212, the definition for PWR was jointly adopted by the State Board of Education and the Colorado Commission on Higher Education in June 2009. "Postsecondary and workforce readiness" describes the knowledge, skills, and behaviors essential for high school graduates to be prepared to enter college and the workforce and to compete in the global economy. The description assumes students have developed consistent intellectual growth throughout their high school career as a result of academic work that is increasingly challenging, engaging, and coherent. Postsecondary education and workforce readiness assumes that students are ready and able to demonstrate proficiency in the following without the need for remediation:

- Content Knowledge -- reading and writing, mathematical sciences, sciences, social sciences, the arts and humanities; and
- Learning and Life Skills -- critical thinking and problem-solving, find and use information/information technology, creativity and innovation, global and cultural awareness, civic responsibility, work ethic, personal responsibility, communication, and collaboration.

STANDARDS

State Model Content Standards. Content standards are the foundation of a state's education system, articulating the knowledge and skills that students should acquire at every grade level.

²¹ Also at the following URL: <http://www.cde.state.co.us/cdegen/downloads/SB08212TimelineGRAPHwithlegend.pdf>

The State's thirteen draft model content standards are as follows: World Languages, Social Studies, Science, Reading, Writing, Communicating, Mathematics, English Language Development, Comprehensive Health and Physical Education, Visual Arts, Music, Drama/Theater Arts, and Dance. According to the Department, each of the draft standards contains “five muscles,” including: (1) critical thinking and reasoning; (2) information literacy; (3) collaboration; (4) self-direction; and (5) invention.

Model Content Revision. The Colorado Model Content Standards are currently being revised through an iterative process that includes gap analysis between current standards and 21st Century standards (performed by WestEd), subcommittee revision, national expert review, and public feedback. The standards have been designed to: (1) include 21st century skills; (2) ensure fewer, clearer, and higher standards; (3) include the addition of early childhood, postsecondary and workforce readiness expectations; and (4) the mastery of concepts and skills. In an effort to benchmark its work, the State has turned to several leading states (Massachusetts and Virginia) and countries (Singapore and Finland) that have performed highly on international assessments.

Common Core. In any discussion related to standards, it is important to address the "Common Core" standards initiative, a state-led effort guided by the National Governors Association and the Council of Chief State School Officers. This initiative emphasizes fewer, clearer, and higher standards, and is a major part of the national conversation related to a common set of standards that is influencing federal education policy.

According to the Department, Colorado's college- and career-readiness standards match well with draft national "Common Core" standards initiative, positioning the state well for opportunities to secure competitive Race to the Top grants. However, the Commissioner noted a few differences between national common core standards and those set by the State in a press release (September 22, 2009). The most notable difference is that Colorado's standards are based on a mastery of concepts whereas the national Common Core standards are aspirational. In other words, this means that under the common core it is *hoped* that students can demonstrate knowledge and skills, whereas in Colorado it is *expected* that students can demonstrate content standards by the time they exit high school. Other differences include details related to the timing, degree of comprehension demonstrated by students, and mastery of content matter. However, the Commissioner indicates that the national common core and the State's standards are in close harmony with regards to yielding students who are fully prepared to compete at a rigorous, international level.

Status. The final draft of the newly refurbished model content standards were reviewed by the State Board of Education (SBE) on November 11, 2009. The SBE is expected to adopted the new model content standards next week, on December 11, 2009.

ASSESSMENTS

State Assessments. Assessments indicate what students know and how well they know it.

Colorado Student Assessment Program (CSAP). Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in thirteen subject areas and, each year since 1997, has administered student assessments in several subject areas and grades.

The costs associated with administering the assessments include scoring and reporting, manufacturing, initial and ongoing development of the exams, and teacher training related to exam administration. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. For FY 2009-10, the Department was appropriated \$20.3 million, consisting of \$15.7 million cash funds from the State Education Fund and \$4.6 million in federal funds to administer the CSAP. More detail is provided below in the "Cost Analysis" section of this issue brief.

No Child Left Behind. The federal No Child Left Behind Act (NCLB), passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third grade and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado chose tenth grade). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the No Child Left Behind Act. The table in Appendix H provides a summary of the assessments administered pursuant to state law, and those required by federal law.

Postsecondary and Workforce Readiness (PWR) Assessments Pilot Program. Senate Bill 08-212 (CAP4K) required the implementation of a pilot program for the purpose of evaluating various assessment tools and collecting data regarding student performance on postsecondary and workforce planning, preparation, and readiness assessments in an effort to identify the next generation of tests for grades eight through eleven. In the Spring and Fall of 2009, approximately 22,000 students will be administered a variety of tests that will be eventually considered to help determine students' PWR. Once all the data from these assessments are collected, the National Center for the Improvement of Educational Assessment has been contracted by the Department to analyze this data and make recommendations about what mix of assessment tools best measures students' proficiency in the State's new model content standards.

Next Generation Assessment System. Senate Bill 08-212 (CAP4K) requires that the State Board of Education adopt a fundamentally new testing system by December 2010. Based on rough estimates that were necessary as a part of Colorado's proposal for Race to the Top funds, the Department anticipates that the launching of a new assessment system could initially cost upwards of \$80 million (estimate detail is provided below). Currently, a 35-member stakeholder team consisting of educators and business representatives has been convened to help shape a new system of tests. The stakeholder group has selected a preliminary set of desired design features. These features will be refined in January 2010, and final work on the request for proposals will be done in February and March. The preliminary list of desired design features is as follows:

- ✓ Purpose is to gauge student knowledge and skill & inform teaching and learning
- ✓ Includes summative and intermediate or interim assessments used formatively
- ✓ Internationally benchmarked
- ✓ Lends itself to analysis of yearly growth
- ✓ Is relevant to students, staff, and parents
- ✓ Administered online or electronically
- ✓ Computer adapted
- ✓ Reduces time needed to complete the test
- ✓ Allows multiple possibilities for the student to take equated forms within the same year
- ✓ Meets requirements of federal peer review
- ✓ Administered at time of the learning rather than at a prescribed time each year
- ✓ Gauges mastery
- ✓ Has real-time turnaround of results
- ✓ Includes a mix of item type
- ✓ Incorporates artificial intelligence-aided scoring of open ended test items
- ✓ Accessible to all (includes English language development and also alternative assessment)
- ✓ Includes provisions for preschool assessment and postsecondary/workforce readiness assessment
- ✓ Gauges student skills, not just content

COST ANALYSIS

Current Year Appropriation for Standards and Assessments. The following table exhibits the FY 2009-10 appropriation for standards and assessments made to the Department of Education.

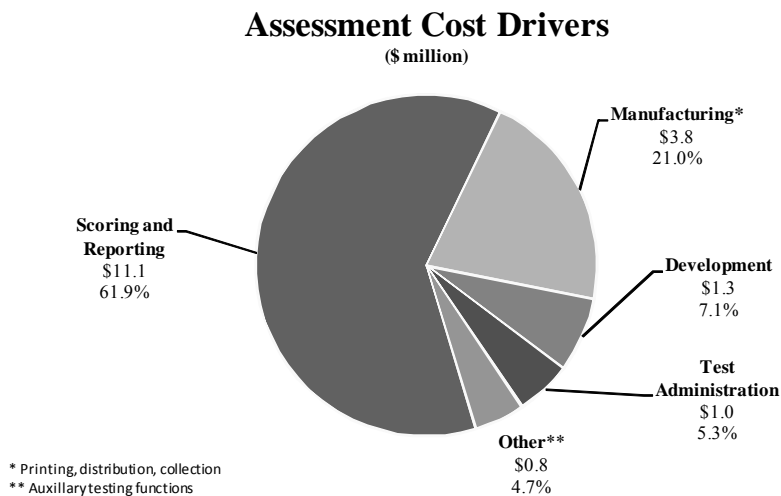
Current FY 2009-10 Appropriation for Standards and Assessments		
Long Bill Line Item	Appropriation	FTE
Colorado Student Assessment Program (CSAP) (exams, CELA, ACT)	\$20,332,451	7.0
Federal Grant for State Assessments and Related Activities	2,161,644	5.7
Preschool to Postsecondary Education Alignment*	<u>758,074</u>	<u>5.0</u>
Total FY 2009-10 Appropriation	\$23,252,169	17.7
Cash Funds (State Education Fund)	16,485,618	10.0
Federal Funds	6,766,551	7.7

* The appropriation reflects an interim supplemental increase of \$184,367 cash funds from the State Education Fund for the Postsecondary Workforce Readiness Pilot Program approved by the JBC in September 2009.

CSAP: Expenditure Detail. The following table exhibits current year appropriations by assessment expenditure.

Current FY 2009-10 Appropriation for Assessments	
Assessment Expenditure	Appropriation
Contract with CTB-McGraw Hill for developing, scoring, and reporting CSAP exams	\$15,777,492
Contract with CTB-McGraw Hill for developing, scoring, and reporting Colorado English Language Assessment (CELA)	2,151,384
ACT test for 55,766 (est.) 11th grade students	1,709,270
Personal Services for 7.0 FTE	<u>694,305</u>
Total FY 2009-10 appropriation	\$20,332,451
Cash Funds (State Education Fund)	15,719,422
Federal Funds	4,604,907

Assessment Cost Drivers. The following pie chart exhibits staff's estimate of the current year appropriation of \$17.9 million for the CSAP exams and CELA exam by cost driver.



New Assessment System: Cost Study. Senate Bill 08-212 (CAP4K) requires the Department to hire an outside contractor to investigate the costs of implementing the standards and assessments. At the time of this presentation, the Department has hired Augenblick, Palaich, and Associates, Inc., a Denver-based education policy consulting firm to perform the study. There are three reports that will be prepared estimating the cost to implement a new assessment system. The date of issuance and what these reports will assess and estimate are as follows:

March 15, 2010	The costs associated with implementing the new "school readiness" and "postsecondary workforce readiness" descriptions, as well as the revised model content standards.
October 1, 2010	Implementing the assessment (not including designing and building).
October 1, 2011	Overall implementation including professional development.

New Assessment System: Cost Drivers. As mentioned above in the Assessment section of this briefing issue, the Department has informally calculated that the cost to the state of fully launching a new standards and assessments system could be as much as \$80 million. The estimate is based on the following envisioned capabilities:

- Online system;
- Provide multiple opportunities within a given year to take the assessments;
- Tests would be scored in real time delivering teachers results much more quickly; and
- Include summative and formative assessments providing teachers and parents much more useful information related to student progress and achievement.

Further, It is important to caveat this estimate by stating that this is a high-level evaluation is based on an understanding that S.B. 08-212 called for a *fundamental redesign* of the State's assessments. New elements that are required of the system include the following:

- An assessment of school readiness;
- An assessment of 21st Century skills and postsecondary workforce readiness; and
- An assessment of grades not currently measured (K-2, 11-12).

Comparative Analysis. The following table exhibits a comparison of states by student enrollment and annual cost of state assessment as furnished by the Department.

Comparison of State Assessments			
State	Students	Cost	Features*
Texas	4,600,000	\$86M	Summative and formative, ELL and alternate assessments
Virginia	1,222,000	\$50M	Online, summative assessment
Indiana	1,045,000	\$30M	Summative and formative, ELL and alternate assessments
Minnesota	840,000	\$30M	Online, summative, ELL, innovative science assessment
Colorado	794,000	\$20M	Summative CSAP, CELA, CSAP-A, ACT
Oregon	562,000	\$12M	Online, summative and formative

* Summative assessments measure progress at the conclusion of a time period whereas formative assessments are carried out during the instructional process. ELL refers to English Language Learners.

Previously Proposed Alternative Cost Savings Measures to State Assessments. During the 2009 Session, legislation was introduced which sought to suspend the CSAP writing tests for grades 3 through 8 and all tests in grades in 9 and 10. The intent of H.B. 09-1304 was to suspend the tests that aren't required by the federal No Child Left Behind Act (NCLB) in an effort to avoid incurring any associated costs. In a fiscal analysis of the bill provided by the Department, one of the key fiscal impacts identified is that NCLB requires assessments for reading, math, and science in 10th, 11th, or 12th grades. Colorado administers these tests in 10th grade. Thus, the proposed legislation, if it had been enacted, would have put the state's school districts at risk of not receiving a portion of their federal Title 1 funding which was estimated at that time to be approximately between \$4 million and \$8 million, amounts exceeding any possible savings generated from not administering the identified exams in the bill. Further, this action could have put the state at significant risk of receiving federal funds made available through the American Reinvestment and Recovery Act of 2009 (ARRA), which can now be calculated to be approximately \$312 million awarded (as of November 5, 2009). Other ramifications include the disruption of longitudinal data used by the Colorado Growth Model in assessing student achievement and weakening the state's accountability efforts. For reference, the table in Appendix H provides a summary of the assessments administered pursuant to state law, and those required by federal law.

Alternate Funding Sources. In light of the State's nearly \$2 billion revenue drop resulting in subsequent budgetary shortfalls, the State's ability to pay for the impending and significant change to the standards and assessments system is at the very least uncertain. The Department is optimistic that Colorado will win federal ARRA Race to the Top (R2T) grant moneys which could help to offset the costs of implementing such a system. However, recent news released by the federal Department of Education (DOE) providing guidance documents for R2T, indicated that the state may

not be awarded as much as Colorado officials had previously estimated, which was between \$200 million and \$500 million.

The new DOE guidelines included a grid of five non-binding budget range categories for states, based on the population of children age 5 through 17, as a means of assisting states think through their budgets. The highest awards, Category 1 (\$300 million to \$700 million), lists California, Texas, New York, and Florida. Colorado was listed in Category 4 (\$60 million to \$175 million). Thus, while Colorado does stand a good chance of receiving R2T funding that could be applied towards implementing a new standards and assessments system, JBC staff questions whether these funds, if awarded, will still be set aside for supporting this new system or allocated in another fashion due to unforeseen budgetary pressures. Further, it is important to note that half of a state's R2T is supposed to go directly to participating local education agencies (LEAs), therefore leaving between \$30 million and \$87.5 million available for standards and assessments purposes. Staff assumes that there will be competing interests in receiving portions of this an award granted, requiring State funding to offset the balance of what is not covered by federal R2T moneys.

Cost Offsets. When implementing a new standards and assessments system, it is important to mention that the new system may offer efficiencies and cost-avoidance measures that the current brick-and-mortar system can not afford. Staff was unable to quantify all of these savings (including costs to districts and administrative units) but was able to identify where some savings could be generated. Among other possible cost savings, based on the preliminary set of design features identified by the 35-member stakeholder team, the new assessment system may be: (1) online; (2) computer-adapted; and (3) incorporate artificial intelligence-aided scoring of open ended test items. If the new system does include these design features, staff presumes that the new system will offer instant scoring, reporting, and would eliminate a large portion of costs associated with printing, distribution, and collection. For FY 2009-10, the General Assembly appropriated approximately \$15 million for these purposes or approximately 83 percent of the cost drivers associated with assessments (see Assessment Cost Drivers pie chart above).

Another benefit relates the decreased seat-time that students would be required to spend taking assessments. A 2007 Piton Foundation study (performed by Augenblick, Palaich, and Associates, Inc.), estimated that most Colorado students spend at least 12 hours each year on academic assessments. Eighth grade students spend the most time on tests (17.5 hours per pupil per year on average) and kindergarten, first, and eleventh grade students the least (2 to 3 hours). As has been relayed to staff by the Department, seat time should decrease, thus allowing for more instruction time, which in turn will likely yield improved results.

CONCLUSION

Cost to Districts. This analysis has primarily focused on the cost of a standards and assessments as it relates to the State. It is important to include in the discussion the cost of implementing a new standards and assessments system to school districts. While the cost study due in October 2011 will offer details related to this, for the purposes of this briefing issue, members of the General Assembly should be reminded that the \$80 million cost estimate presented by the Department does not include costs to school districts. Many school districts have a wide variation in computer equipment available and broadband access is very spotty in parts of the state. In order to be compliant with the requirements of S.B. 08-212, school districts may have to make significant investments in their

information technology capacity. Another more uniform cost that all districts will likely encounter are costs related to training teachers, administrators, and parents about how to use and make sense of the new system and the information it will generate.

Feasibility. Senate Bill 08-212 has set in motion a tremendous overhaul of the State's standards and assessments. However, much of what's been done involves defining and planning. Some of the most critical evaluations have yet to be done, namely concerning the overall cost to implement the new standards and assessments systems. Once the cost study is finalized in October 2011, the State will have a much better vantage point to assess the costs of this new system than is now possible.

It is evident to staff that the out-year costs of launching a new standards and assessments system will be substantial, approximately five times of the State's current investment. Staff had difficulty identifying any viable alternative funding sources other than federal ARRA Race to the Top grant awards. However, should the State's economy begin to flourish between now and when development of a new standards and assessments system is initiated, perhaps other funding mechanisms will become available.

Other concerns that JBC staff has involves the requirement by S.B. 08-212 to assess postsecondary workforce readiness (PWR). Currently the definition includes "Content Knowledge" (reading, writing, math, science) and "Learning and Life Skills" (including find and use information/information technology, global and cultural awareness, civic responsibility, work ethic, personal responsibility, communication, and collaboration). It is staff's understanding that there are a myriad of assessments that are successful in measuring content knowledge, but measuring various learning and life skills may be very hard to capture with existing off-the-shelf assessments, and thus would require customized assessments to be designed and built, which would likely drive up costs.

Questions the Department Can't Answer at this Time. In a formal letter addressed to JBC staff from the Department, staff was clearly informed that there were three questions that remain and can not yet be answered. They are as follows:

- Will Colorado secure Race to the Top funding in round one (and if so how will that affect this work)?
- What is the total cost for a revised state assessment system (as well as separate costs for each design element)?
- How will the revised system be funded?

Staff recommends that the JBC ask the Department to provide justification as to why these questions can not be answered at the Department's hearing on December 11, 2009. This may initiate a necessary dialogue between the General Assembly and the Department given the anticipated resources that are estimated to be needed to implement a new standards and assessments system.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

ISSUE: Colorado School for the Deaf and Blind Teacher Compensation.

This issue brief describes the statutory requirement that teachers at the Colorado School for the Deaf and Blind (CSDB) be compensated in accordance with the same salary scale adopted by the El Paso School District 11 and makes a recommendation eliminating this requirement.

SUMMARY:

- ❑ Pursuant to Section 22-80-106.5, C.R.S., teachers, special services providers, and principals at the CSDB are required to be compensated in accordance with the salary scale adopted by the El Paso School District 11 school board.
- ❑ State personnel will be not receive salary increases or performance-based pay bonuses in FY 2009-10, however teachers at the CSDB will receive a 1.65 percent pay increase.
- ❑ CSDB teachers are employees of the State, however the authority to determine their compensation is currently delegated to a school district school board and not to the General Assembly.

RECOMMENDATION:

Staff recommends that the JBC sponsor legislation which would modify statute by adding permissive language such that if the JBC does not approve a salary survey or performance-based pay increase common policy, or both, that the statutory increase to CSDB teacher compensation would not be required.

DISCUSSION:

Overview. The 1996 School Finance Act (H.B. 96-1354) determined that teachers, special services providers, and principals at the Colorado School for the Deaf and Blind (CSDB) be paid on the same salary scale as do the teachers in which the main campus is located, which is El Paso School District 11 (Colorado Springs). The intent was to for CSDB to be able to recruit and retain teachers with the special skills necessary for teaching students who are deaf, hard of hearing, blind, or visually impaired.

Teacher Recruitment and Retention. Officials at the Colorado School for the Deaf and Blind have reiterated that the purpose of this section of statute is to provide the CSDB leverage with recruiting and retaining their highly specialized teachers. School officials have indicated that any statutory change that weakens current law would put the CSDB at risk of not being perceived as providing competitive compensation to its current and prospective teaching staff as compared to the school district in which it operates.

One-Year Lag. House Bill 96-1354 required that the teachers be compensated in accordance with the salary scale adopted by District 11 as of January 1 of the previous fiscal year. It was determined at that time that the one year lag in compensation was adequately competitive.

Current Appropriation. For FY 2009-10, the statutory increase for the CSDB teachers' compensation was \$157,279. This reflects an increase of 1.65 percent over the previous year's teacher salary scale in El Paso School District 11.

FY 2010-11 Pay Scales. In January 2009, the El Paso School District 11 school board adopted the proposal to freeze current teacher compensation pay scales. Thus, for FY 2010-11 there will not be a required increase for CSDB teacher compensation.

Intra-Agency Pay Inequity Issues. Pursuant to Governor executive order, during FY 2009-10 state employees have been required to take eight mandatory furlough days in order to meet the 1.82 percent reduction to the personal services line item contained in the 2009 Long Bill. Because only a portion of the state workforce can be furloughed without disrupting essential state services, just over half of state employees have shouldered the burden of this budget cutting measure. In the case of any non-essential CSDB teachers and staff whom were affected by the mandated furlough days, their mandated pay increase of 1.65 percent assists with mitigating any lost compensation as a result of being furloughed. Other state agency personnel did not receive any such subsidy.

Of the 205 staff whom are either permanent or non-permanent (i.e., "substitute" teachers), 151 (74 percent) of the employees are exempt from mandatory furloughs, however only 54 are not. Thus, the majority of CSDB employees are not impacted by the State's sanctioned furloughs.

With CSDB teachers receiving a mandated pay increase coupled with the fact that the majority of employees are exempt from mandatory furloughs, CSDB teachers could be grouped among the more recession-resistant personnel in the State system.

Policy Options. The following table details four policy options the JBC could take to address the issue described and offers a staff recommendation on how to

Policy Option	Description and Course of Action
Option 1: Status Quo	No changes made. Continue the requirement that CSDB teachers be compensated based on the salary scale adopted by El Paso School District 11.
Option 2: Eliminate requirement	<i>Staff Recommendation.</i> The JBC sponsor legislation which would modify statute by adding permissive language such that if the JBC does not approve a salary survey or performance-based pay increase common policy, or both, that the statutory increase to CSDB teacher compensation would not be required.
Option 3: Eliminate requirement based on the March Revenue Forecast	The JBC sponsor legislation which would modify statute by adding permissive language such that if based on the Legislative Council Staff's March Economic and Revenue Forecast of any fiscal year, the JBC determines that the amount of General Fund revenues for the fiscal year will be insufficient, the JBC would have full authority to adjust the Long Bill appropriation to the CSDB for teacher compensation as necessary.

Policy Option	Description and Course of Action
Option 4: Reallocate Department Long Bill Appropriation	When determining the Department's current year appropriation and for each year thereafter, the JBC could, where not in conflict with current law, make a reduction to all General Funded line items in the Department's Long Bill budget by a proportionate amount equal to the required pay increase for CSDB teachers.

Staff Recommendation. Staff recommends Policy Option #2, to modify statute by adding permissive language such that if the JBC does not approve a salary survey or performance-based pay increase common policy, or both, that the statutory increase to CSDB teacher compensation would not be required. Staff's justification for this recommendation is as follows:

- While recruitment and retention issues are important in terms of securing teachers and principals with specialized training, the fact remains that these personnel are employees of the State, and thus staff questions why their compensation is fully delegated to a school district school board, and not appropriated by the General Assembly.
- Given that state personnel will be not receive salary increases or performance-based pay bonuses in FY 2009-10, eliminating the pay increase requirement would enable an equitable pay system within the statewide personnel system.
- Although in recent years the school board of El Paso School District 11, has made only modest compensatory increases for its teachers (and by proxy CSDB teachers), there are no restrictions in statute prohibiting this school board from approving a very aggressive salary scale, thus obligating the State to compensate CSDB teachers at this established level.
- By only modifying statute to add permissive language and not fully removing this special accommodation for CSDB teachers, special education staff, and principals, the sixty-eighth General Assembly will respect the intent of the original implementing legislation, H.B. 96-1354.

Supplemental Correction Required. For FY 2009-10, the statutory increase for the CSDB teachers' compensation was \$157,279. The 2009 Long Bill inadvertently appropriated these moneys to the Salary Survey and Senior Executive Service line item in the Management and Administration section. Pursuant to Section 22-80-106.5 (1), C.R.S., "funding for the compensation of teachers employed by the [CSDB] shall be included in the line item appropriation to the school in the general appropriation bill." Thus, a supplemental appropriation will be presented to the JBC for their consideration in January 2010 in order to be in compliance with current law.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Seek, Accept, and Expend Grants and Donations.

This issue brief discusses the Department's restricted ability to spend grants and donations that they are otherwise permitted to seek and accept.

SUMMARY:

- The amount of grants and donations received by the Department has increased significantly over the last five years.
- In most instances, the Department does not have the authority to expend grants and donations received without legislative appropriation however, there is a group of state agencies which are authorized to expend any grants and donations received.
- Policy considerations are offered.

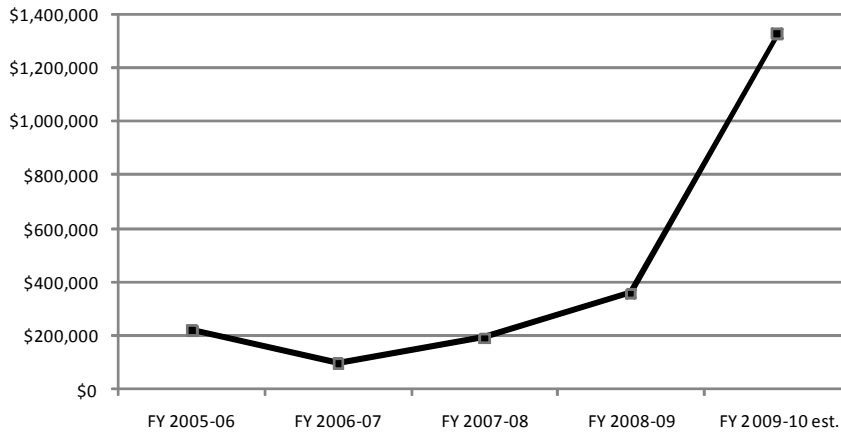
DISCUSSION:

Overview. The Department has been receiving increasing amounts of gifts, grants, and donations over a period of few years requiring supplemental increases to its spending authority when moneys received exceed the current spending authority.

Spending Authority for Gifts, Grants, and Donations. The 2009 Long Bill (S.B. 09-259), authorized the Department to spend up to \$2,447,000 from various grants and donations received in FY 2009-10. The majority of the spending authority is for grants and donations for a variety of purposes, however \$20,000 is for grants and donations received related to the Colorado Virtual Library. In previous years, the Department had been appropriated \$447,000 for this purpose, however this amount was increased by \$2 million in the Long Bill to accommodate a grants related to combating childhood obesity and making enhancements to the Colorado Growth Model and the SchoolView website and its back-end systems.

Trend Analysis. Over the last five years, the amount in grants and donations received by the Department has increased significantly. The amount of grants and donations the Department anticipates receiving in FY 2009-10 will be nearly three times more than was received in FY 2008-09. The following chart exhibits this trend.

Grants and Donations Received



Other State Agencies. There are a multitude of other programs in state government where authority has been granted to the entity to seek, accept, and spend any received gifts, grants, or donations, however nearly all of these instances require that this authority be limited to the "purposes of this article" in which the language is in statute.

There are however, some instances where a state agency is provided far reaching authority to seek, accept, and spend any received gifts, grants, or donations without limitations. This authority is provided to the state agencies listed in the following table. Please note that this list is not exhaustive.

Department/Branch	Statutory Authority
Legislative Branch	Section 2-2-1601, C.R.S.
Department of Public Safety	Section 16-11.3-104, C.R.S.
Department of Corrections	Section 17-1-107, C.R.S.
Department of Public Health and Environment	Section 25-1.5-101, C.R.S.
Department of Human Services	Section 27-1-108, C.R.S.
Department of Military Affairs	Section 28-3-106, C.R.S.
Department of Agriculture	Section 35-1-107, C.R.S.
Department of Natural Resources	Section 36-20-108 (8), C.R.S.

Haves versus Have-Nots. Including the Legislative Branch, only eight State agencies have this authority, leaving fourteen others without the same spending authority.

Ability to accept, but not to spend. The Department has twenty-three instances in statute providing either limited or unlimited spending authority. Of these instances, five enable the Department to spend these moneys as the funds that are donated are deposited into a continuously appropriated cash fund. The following table lists all instances. Please note that this list is not exhaustive.

Department of Education Statutory Citations Related to Gifts, Grants, and Donations			
Program	Permits the Department to seek and accept gifts, grants, and donations for the program	Requires Annual Appropriation	Statutory Citation
Quality Teachers Program	Yes	No*	Section 22-68-105, C.R.S.
Educator Identifier Program	Yes	No*	Section 22-68.5-103, C.R.S.
Colorado Teacher of the Year Program	Yes	No*	Section 22-61.5-105, C.R.S.
Regional Service Areas	Yes	Yes**	Section 22-5.5-106, C.R.S.
Closing the Achievement Gap	Yes	No*	Section 22-7-613, C.R.S.
School Awards Program	Yes	Yes	Section 22-11-605, C.R.S.
Dropout Prevention Activity Program	Yes	Yes	Section 22-27.5-105, C.R.S.
Principal Development Scholarship Program	Yes	Yes	Section 22-9.5-104, C.R.S.
Start Smart Nutrition Program	Yes	Yes	Section 22-82.7-104, C.R.S.
School Leadership Academy Program	Yes	Yes**	Section 22-13-102, C.R.S.
Healthy Choices Dropout Prevention Pilot Program	Yes	Yes	Section 22-82.3-107, C.R.S.
Colorado Comprehensive Health Education Program	Yes	Yes	Section 22-25-109, C.R.S.
Learning Improvement Grants Program	Requires	Yes	Section 22-7-507, C.R.S.
Child Nutrition School Lunch Protection Program	Yes	Yes**	Section 22-82.9-105, C.R.S.
Information Technology Education Grants Program	Yes	Yes	Section 22-81.5-107, C.R.S.
Science and Technology Education Center Grant Program	Requires	Yes	Section 22-81-205, C.R.S.
Financial Literacy Program	Yes	Yes	Section 22-2-127, C.R.S.
STEM Education Improvement Plan Program	Yes	Yes	Section 22-83-103, C.R.S.
Student Re-engagement Grant Program	Yes	Yes	Section 22-14-109, C.R.S.
Alternative teacher compensation plan grant program	Yes	Yes	Section 22-69-105, C.R.S.
Gifted and Talented Educational Opportunity Program	Yes	Yes	Section 22-26-106, C.R.S.
Character Education Program	Yes	No*	Section 22-29-106, C.R.S.
Parent Involvement in Education Grant program	Requires	Yes	Section 22-7-305, C.R.S.

* Moneys in the associated program fund are continuously appropriated to the Department or the applicable authorized entity.

** Statute is silent as to this requirement.

Issue with FTE. Whenever new programs are created and initially funded with non-state funds, if the Department hires FTE to implement the program, when or if the funding is suspended or ends, the question of whether the State is then responsible for funding the program arises. It is often the responsibility of the JBC analyst charged with analyzing the particular state agency's budget to ensure that when non-state funded FTE are increased with the influx of new non-state moneys, that when these moneys go away, so too should the FTE. However, in many cases these FTE are "grand fathered" in or the reason why they were first authorized was forgotten and thus are not always reduced at some point in the future when the money they were established with terminates. In other cases, sometimes the non-state funded FTE are providing highly-valued services and the State may be in some capacity obligated to ensure their employability to continue providing the services they are rendering and thus must fund these positions, using State funds.

Policy Considerations. Given the state's difficulty generating enough revenues to continue existing programs and can be expected to have difficulty funding new program initiatives. As can be interpreted from the trend analysis provided above, the Department has received increasingly more amounts of grants and donations over the last few years to fund selected programs. Staff anticipates even more grants and donations to be received to help offset decreased state support for various Department prioritized programs. However, the General Assembly should consider whether the State wants education programs to be implemented without legislative oversight. Further, the General Assembly should also question whether the should have more restrictive oversight of grants and donations received.

Staff has observed that the General Assembly has been selective about what programs and agencies have this authority and those which don't. However, staff is unable to determine the justification for having or not having this authority. Staff questions why some Departments are provided some latitude with which it can spend funds received and others lack this spending authority. Thus, it is suggested to revise statute to make law more uniform in this regard.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Status of the “BEST” Capital Construction Assistance Program.

This issue brief summarizes a 1998 lawsuit filed against the State concerning public school facilities and the resulting settlement agreement, describes the program that was established in 2008 to increase the amount and timeliness of state assistance, and provides a status update on the implementation of this program.

SUMMARY:

- ❑ In 1998, a class action complaint was filed alleging that the State had not fulfilled its constitutional responsibility to provide a thorough and uniform system of public schools because of conditions existing in public school facilities. The parties settled the action, and the Settlement Agreement required the General Assembly to appropriate \$190 million General Fund over 11 years to assist school districts with capital improvements.
- ❑ House Bill 08-1335 replaced the financial assistance programs that were established in response to the lawsuit with the Building Excellent Schools Today (BEST) grant program. This program was designed to increase the amount and timeliness of state financial assistance. Rather than relying on General Fund appropriations, this program is supported by income earned on state public school lands and lottery proceeds. These moneys are used both for direct grants and to make lease payments on certificates of participation that are used to finance certain projects.
- ❑ The BEST Program has established public school facility construction guidelines for use in assessing and prioritizing district needs and it has contracted for an assessment of every public school facility in the state (to be completed next month). To date, the program has approved over \$200 million in state financial assistance for district capital improvement projects.

DISCUSSION:

Background Information: *Giardino* Lawsuit Settlement

Section 2 of Article IX of the Colorado Constitution requires that the General Assembly “provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state, wherein all residents of the state, between the ages of six and twenty-one years, may be educated gratuitously.” In other states, courts have determined that similar constitutional provisions require school finance laws to ensure equitable *capital* funding, not just operational funding. For example, the Wyoming court determined that, “deficient physical disparities deprive students of an equal educational opportunity and any financing system that allows such deficient facilities to exist is unconstitutional.”

Capital construction for K-12 public schools in Colorado has historically been considered a local school district issue. Prior to 1988, Colorado’s school finance legislation authorized districts to impose a mill levy (up to four mills) for capital construction needs. Subsequently, school finance

legislation required each district to reserve a minimum amount of funding each year for district capital construction needs (for FY 2008-09, the minimum capital reserve amount was \$298 per pupil). However, for most districts, this set-aside amount was inadequate and they rely on general district revenues and/or voter-approved debt instruments to meet their capital construction needs. A school district's ability to meet their capital demands is limited by both the district's assessed value per pupil (which affects the size of the mill levy required to raise a given amount of revenue) and the willingness of a district's voters to approve mill levy increases.

In 1998 a class action complaint was filed in Denver District Court (*Alec Giardino, et al. v. the Colorado State Board of Education, et al.*) alleging that the State had not fulfilled its constitutional responsibility to provide for the establishment and maintenance of a thorough and uniform system of free public schools because of conditions existing in public schools, including:

- condemned portions of schools;
- leaking and failing roofs;
- over-crowded facilities;
- substandard plumbing and wiring;
- asbestos-containing materials requiring abatement;
- inadequate access for the disabled;
- inadequate technology infrastructure; and
- inadequate heating and cooling equipment.

The complaint alleged that the districts have insufficient funding to support needed capital improvements. The class action requested relief, including requiring the State to designate a "permanent source or sources of funding" for capital requirements that is separate and distinct from operational funding, as well as court costs and attorney fees.

In April 2000, a few days after the *Giardino* trial began, the parties agreed to settle the action. The Settlement Agreement was contingent upon the General Assembly adopting legislation that would provide a mechanism for funding capital construction, repair and maintenance in public schools, and provide a total of \$190 million state funds over eleven years to address the most serious needs.

The General Assembly subsequently adopted, and the Governor signed, S.B. 00-181 to implement the terms of the Settlement Agreement. This bill required the General Assembly to appropriate a total of \$190.0 million from the General Fund over an eleven-year period to provide grants and matching funds to districts for capital projects that would address immediate safety hazards or health concerns, relieve excessive operating costs created by insufficient maintenance or construction spending; or relieve conditions that detract from an effective learning environment.

A statutory provision was included in S.B. 00-181 prohibiting the General Assembly from making the General Fund appropriations set forth in the act in a fiscal year in which General Fund revenues do not exceed certain annual obligations by more than \$80.0 million²². Due to revenue shortfalls, the

²² Through H.B. 06-1375, the General Assembly amended this language to allow (but not require) the General Assembly to make a General Fund appropriation even if the threshold is not met [see Section 24-75-201.1 (4) (c) (II), C.R.S.].

General Assembly was not statutorily obligated to appropriate General Fund moneys for school capital construction from FY 2001-02 through FY 2006-07. However, the General Assembly elected to waive this provision for certain fiscal years. The General Assembly also appropriated moneys from the State Education Fund for capital construction purposes. In addition, lottery proceeds have been available for capital construction needs. The following table provides a summary of funding required by S.B. 00-181 (given sufficient revenues) and funding made available through FY 2007-08 for capital construction programs (excluding funding specifically for charter schools).

Fiscal Year	Appropriations Required Pursuant to S.B. 00-181 if General Fund Revenues are Sufficient	Funding Made Available To Date for Capital Construction			
		General Fund	State Education Fund	Lottery Proceeds	Total
00-01	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000
01-02	10,000,000	10,000,000	6,471,052	0	16,471,052
02-03	15,000,000	0	6,500,060	8,499,940	15,000,000
03-04	20,000,000	0	10,000,000	3,690,377	13,690,377
04-05	20,000,000	0	5,000,000	2,396,438	7,396,438
05-06	20,000,000	25,000,000	5,000,000	1,691,454	31,691,454
06-07	20,000,000	15,000,000	0	12,545,316	27,545,316
07-08	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>	<u>8,219,905</u>	<u>28,219,905</u>
Subtotal	130,000,000	75,000,000	32,971,112	37,043,430	145,014,542
08-09	20,000,000				
09-10	20,000,000				
10-11	<u>20,000,000</u>				
Total	\$190,000,000				

Building Excellent Schools Today (BEST) Program

House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the Building Excellent Schools Today (BEST) grant program. The BEST program was designed to increase the amount of state financial assistance provided and allow projects to be completed more quickly. Rather than relying on annual General Fund appropriations, this new program is supported by royalty and rental income earned on state trust lands, interest earned on the Public School Fund, and lottery proceeds. Specifically, the act requires the following moneys to be credited to the Public School Capital Construction Assistance (PSCCA) Fund beginning in FY 2008-09:

- 35 percent of the gross amount of income received during the fiscal year from income, mineral royalties, and interest derived from state public school lands (or more if required to make lease payments under the terms of lease-purchase agreements);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements;

- all local matching moneys; and
- lottery proceeds that would otherwise be transferred to the General Fund.

These state revenues, along with local matching funds, are to be used to finance projects directly and to make lease payments on certificates of participation (COPs) used to finance construction projects.

The act created a PSCCA Board and Division within the Department of Education to administer the grant program. The PSCCA Board is required to:

- establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs;
- conduct or contract for a financial assistance priority assessment of public school facilities throughout the state;
- prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and
- annually submit a prioritized list of projects recommended for financial assistance to the State Board.

Subject to State Board authorization, the PSCCA Board may provide financial assistance to applicants as matching grants or by instructing the State Treasurer to enter into lease-purchase agreements on behalf of the State to finance public school facility capital construction. The act limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above lower specified limits to be made only from applicant matching moneys. Financial assistance is awarded based on specified statutory criteria, as well as the results of a statewide assessment of public school facilities. This assessment will cover building conditions and space requirements in all 178 school districts, charter schools, State Charter School Institute schools, boards of cooperative services, and the Colorado School for the Deaf and Blind.

Status of the BEST Program

The PSCCA Board has established public school facility construction guidelines, and it has contracted with a vendor (Parsons) to conduct the financial assistance priority assessment. Parsons has gathered information for each facility related to four areas: (1) physical condition; (2) code compliance; (3) energy usage; and (4) suitability. Parsons is currently finalizing its data collection, review, and validation, and preparing report templates. In January 2010, Parsons anticipates publishing a preliminary state report. The database constructed by Parsons will provide assessment information for each school, each district, and the state as a whole. The database will also allow the Division to prioritize projects based on weighing various parameters.

Following the first round of grant applications, in March 2009 the State Board of Education approved the following 11 capital improvement projects under the BEST program:

- Alamosa: two new elementary schools to replace three elementary schools;
- Logan - Buffalo: junior/senior high school renovation/addition;
- Costilla - Centennial: a new pr-K-12 school;
- El Paso - Edison: a new elementary school;

- Prowers - Holly: partial roof replacement;
- Saguache - Mountain Valley: roofing and repair under designed structure;
- Pueblo City: final phase to district-wide fire and security;
- Alamosa - Sangre De Cristo: a new pre-K-12 school;
- Rio Grande - Sargent: a new junior/senior high school and elementary school renovation;
- Routt - South Routt: district-wide HVAC replacement with renewable technology; and
- Morgan - Weldon Valley: core area remodel, physical education and athletic facilities upgrade.

These projects are estimated to cost \$98.5 million at completion, requiring a total of \$76.5 million in state financial assistance and \$22.0 million in local matching funds. Three of the approved projects (Alamosa, Sangre de Cristo, and Sargent) were initially anticipated to be financed primarily through COPs. In August, the State Treasurer announced that these projects will instead be financed using the Qualified School Construction Bond program (QSCB), a new financing structure that allows public entities to borrow at zero percent interest to finance K-12 capital construction. The federal government pays the interest on the projects, lowering the costs of these projects by approximately \$45 million when compared to traditional tax-exempt financing.

For FY 2009-10, the State Board approved BEST cash grants totaling \$14.9 million for 43 projects; these grants will be matched with \$18.7 million in local funds. The State Board also approved BEST lease-purchase funding for 12 projects. These projects are estimated to cost \$169.4 million at completion, requiring \$112.5 million in state financial assistance and \$56.9 million in local matching funds. It is anticipated that these lease-purchase projects will be financed using a combination of QSCBs and interest-bearing COPs.

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(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 and the primary source of reappropriated funds consist primarily of 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	273,461	237,412	294,991	294,991
FTE	<u>2.0</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>
General Fund	273,461 a/	237,412	294,991	294,991
FTE	2.0	1.9	2.0	2.0
Cash Funds (State Education Fund)	0	0	0	0
 General Department and Program Administration b/ c/	 7,476,851	 3,539,338	 3,755,560	 4,100,649
FTE	<u>80.0</u>	<u>39.9</u>	<u>42.0</u>	<u>42.0</u>
General Fund	5,413,557	2,173,312	2,163,292	2,205,758
FTE	57.9	25.9	26.0	26.0
Cash Funds	369,308	98,109	99,778	101,625
FTE	4.0	1.5	1.5	1.5
Cash Funds Exempt/Reappropriated Funds	1,693,986	1,267,917	1,492,490	1,793,266
FTE	18.1	12.5	14.5	14.5
 Office of Professional Services - CF d/	 1,502,563	 1,711,574	 1,854,773	 1,886,967
FTE	17.7	19.9	23.0	23.0
 Teaching and Learning Conditions Survey - CF (SEF)	 0	 85,000	 0	 0

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Division of On-line Learning	228,904	310,698	376,817	376,817	
FTE	<u>1.9</u>	<u>3.2</u>	<u>3.5</u>	<u>3.5</u>	
Cash Funds (On-line Education Cash Fund)	0	310,698	280,368	0	
FTE	0.0	3.2	2.6	0.0	
Cash Funds (State Education Fund)	0	0	96,449	376,817	
FTE	0.0	0.0	0.9	3.5	
Cash Funds Exempt	228,904	0	0	0	
FTE	1.9	0.0	0.0	0.0	
Health, Life, and Dental	<u>1,882,977</u>	<u>2,323,089</u>	<u>2,661,462</u>	<u>2,791,298</u>	
General Fund	1,041,804	1,226,239	1,444,951	1,217,285	
Cash Funds	64,203	78,978	84,288	341,934	
Cash Funds Exempt/Reappropriated Funds	48,346	138,156	193,362	235,586	
Federal Funds	728,624	879,716	938,861	996,493	
Short-term Disability	<u>31,875</u>	<u>34,573</u>	<u>49,539</u>	<u>48,409</u>	
General Fund	15,428	16,669	22,141	21,111	
Cash Funds	1,344	1,259	3,424	5,930	
Cash Funds Exempt/Reappropriated Funds	1,040	2,582	4,801	4,086	
Federal Funds	14,063	14,063	19,173	17,282	
S.B. 04-257 Amortization Equalization Disbursement	<u>291,195</u>	<u>425,246</u>	<u>658,751</u>	<u>749,527</u>	
General Fund	138,433	198,152	292,454	326,869	
Cash Funds	12,402	15,501	45,023	91,817	
Cash Funds Exempt/Reappropriated Funds	10,551	26,161	64,386	63,260	
Federal Funds	129,809	185,432	256,888	267,581	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>56,521</u>	<u>199,473</u>	<u>408,620</u>	<u>546,536</u>	
General Fund	24,724	90,684	179,686	238,344	
Cash Funds	2,584	7,266	28,139	66,951	
Cash Funds Exempt/Reappropriated Funds	2,169	14,602	40,241	46,128	
Federal Funds	27,044	86,921	160,554	195,113	

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Salary Survey and Senior Executive Service	<u>982,803</u>	<u>910,214</u>	<u>157,279</u>	<u>0</u>	
General Fund	487,114	468,087	157,279	0	
Cash Funds	39,407	35,413	0	0	
Cash Funds Exempt/Reappropriated Funds	29,112	20,000	0	0	
Federal Funds	427,170	386,714	0	0	
Performance-based Pay Awards	<u>336,053</u>	<u>336,590</u>	<u>0</u>	<u>0</u>	
General Fund	134,965	123,091	0	0	
Cash Funds	16,377	14,928	0	0	
Cash Funds Exempt/Reappropriated Funds	13,099	20,000	0	0	
Federal Funds	171,612	178,571	0	0	
Workers' Compensation	<u>148,486</u>	<u>182,598</u>	<u>293,550</u>	<u>306,448</u>	
General Fund	68,193	82,471	142,939	133,642	
Cash Funds	0	0	11,625	37,540	
Cash Funds Exempt/Reappropriated Funds	0	0	22,741	25,864	
Federal Funds	80,293	100,127	116,245	109,402	
Legal Services for 7,768 hours	<u>329,748</u>	<u>381,671</u>	<u>585,499</u>	<u>570,478</u>	
General Fund	168,562	175,454	212,507	207,625	
Cash Funds	130,689	161,869	248,851	248,851	
Cash Funds Exempt/Reappropriated Funds	30,497	44,348	114,002	114,002	
Federal Funds	0	0	10,139	0	
Hours c/	0	0	7,768	7,568	
Administrative Law Judge Services	<u>44,357</u>	<u>42,623</u>	<u>72,864</u>	<u>80,901</u>	
Cash Funds	9,314	15,653	26,759	34,796	
Cash Funds Exempt/Reappropriated Funds	35,043	26,970	46,105	46,105	

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Payment to Risk Management and Property Funds	<u>79,193</u>	<u>131,213</u>	<u>113,088</u>	<u>5,721</u>	
General Fund	70,412	114,999	99,114	5,721	
Cash Funds	3,613	5,987	5,160	0	
Cash Funds Exempt/Reappropriated Funds	5,168	10,227	8,814	0	
Federal Funds					
Leased Space	<u>0</u>	<u>0</u>	<u>11,500</u>	<u>11,500</u>	
General Fund	0	0	0	0	
Cash Funds (State Education Fund)	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	0	0	11,500	11,500	
Federal Funds	0	0	0	0	
Capitol Complex Leased Space	<u>230,947</u>	<u>265,419</u>	<u>565,238</u>	<u>547,414</u>	
General Fund	161,857	179,166	170,473	103,534	
Cash Funds	43,720	47,383	61,860	55,898	
Cash Funds Exempt/Reappropriated Funds	25,370	38,870	39,427	114,263	
Federal Funds	0	0	293,478	273,719	
Communication Services Payments - GF	0	0	0	0	
Reprinting and Distributing Laws Concerning	<u>35,019</u>	<u>33,608</u>	<u>35,480</u>	<u>35,480</u>	
Cash Funds (SPSF)	0	33,608	35,480	35,480	
Cash Funds Exempt (SPSF)	35,019	0	0	0	
Emeritus Retirement - GF	12,273	8,578	10,875	10,875	
Feasibility Study Concerning Creation and Operation of State Residential Schools - GF	0	0	55,706	0	

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(B) Information Technology					
Information Technology Services	Included in the	901,339	1,477,012	1,477,012	
FTE	General Department	<u>9.7</u>	<u>17.0</u>	<u>17.0</u>	
General Fund	and Program Mgmt	801,339	849,866	849,866	
FTE	line item above	8.6	10.1	10.1	
Reappropriated Funds		100,000	627,146	627,146	
FTE		1.1	6.9	6.9	
School Accountability Reports and State Data Reporting System	1,366,441	1,318,734	1,295,224	1,300,244	
FTE	<u>2.8</u>	<u>3.4</u>	<u>5.7</u>	<u>6.0</u>	
General Fund	1,274,795	1,318,734	1,295,224	1,300,244	
FTE	2.8	3.4	5.7	6.0	
Cash Funds Exempt (State Public School Fund)	91,646	0	0	0	
Purchase of Services from Computer Center - GF	648	47,628	47,628	45,657	
Multiuse Network Payments - GF	34,639	35,952	35,952	0	
Information Technology Asset Maintenance	<u>306,812</u>	<u>89,224</u>	<u>303,830</u>	<u>303,830</u>	
General Fund	140,696	89,224	303,830	303,830	
Cash Funds Exempt (State Public School Fund)	166,116	0	0	0	
Disaster Recovery - GF	15,667	19,238	19,722	19,722	

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(C) Assessments and Data Analyses					
Colorado Student Assessment Program	20,765,557	20,893,265	20,332,451	20,332,451	
FTE	<u>7.6</u>	<u>13.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	14,909,506	0	0	0	
FTE	5.5	0.0	0.0	0.0	
Cash Funds (State Education Fund)	0	15,719,422	15,727,544	15,727,544	
FTE	0.0	5.3	5.0	5.0	
Federal Funds	5,856,051	5,173,843	4,604,907	4,604,907	
FTE	2.1	7.7	2.0	2.0	
Federal Grant for State Assessments and Related Activities - FF	164,148	0	2,161,644	2,161,644	
FTE	1.6	0.0	5.7	5.7	
Longitudinal Analyses of Student Assessment Results - GF	295,757	280,395	292,820	292,820	
FTE	2.0	2.1	3.0	3.0	
Preschool to Postsecondary Education Alignment - CF (SEF)	0	542,451	573,707	573,707	
FTE	0.0	1.6	5.0	5.0	
Postsecondary and Workforce Readiness Assessments Pilot Program - CF (SEF)	0	17,120	0	0	
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management - CFE/RF (via SCSI Fund)	829,433	1,187,252	1,764,044	1,764,044	
FTE	4.6	8.3	16.5	16.5	

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Direct Administrative and Support Services Provided by the Department to the State Charter School Institute - CFE/RF (from above line item)	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Other Transfers to Institute Charter Schools - CFE/RF (via SCSF Fund)	936,015	1,572,253	2,013,615	2,013,615	
Transfer of Federal Moneys to Institute Charter Schools - RF	0	0	5,200,000	5,200,000	
FTE	0.0	0.0	6.0	6.0	
Department Implementation of Section 22-30.5-501 et seq., C.R.S. - CFE/RF (transfer from State Share line item)	351,480	303,444	210,014	210,014	
FTE	2.9	3.1	2.6	2.6	
Other					
Civic Education - CFE (SEF)	199,881	See Assistance to Public Schools			
Financial Literacy - CFE (SEF)	22,645				

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					<i>Request v. Appropriation</i>
SUBTOTAL - MANAGEMENT AND ADMINISTRATION	39,232,349	38,367,212	47,689,255	48,058,771	0.8%
FTE	<u>123.1</u>	<u>106.1</u>	<u>139.0</u>	<u>139.3</u>	<u>0.2%</u>
General Fund	24,682,491	7,686,824	8,091,450	7,577,894	-6.3%
FTE	70.2	41.9	46.8	47.1	0.6%
Cash Funds	2,195,524	18,902,219	19,183,228	19,585,857	2.1%
FTE	23.6	31.5	38.0	38.0	0.0%
<i>CF (State Education Fund)</i>	<i>0</i>	<i>16,363,993</i>	<i>16,397,700</i>	<i>16,678,068</i>	<i>1.7%</i>
<i>FTE</i>	<i>0.0</i>	<i>1.6</i>	<i>5.0</i>	<i>5.0</i>	<i>0.0%</i>
<i>CF (State Public School Fund)</i>	<i>0</i>	<i>33,608</i>	<i>35,480</i>	<i>35,480</i>	<i>0.0%</i>
Cash Funds Exempt/Reappropriated Funds	4,755,520	4,772,782	11,852,688	12,268,879	3.5%
FTE	25.6	25.0	46.5	46.5	0.0%
<i>CFE (State Education Fund)</i>	<i>222,526</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<i>FTE</i>	<i>0.0</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<i>CFE (State Public School Fund)</i>	<i>292,781</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Federal Funds	7,598,814	7,005,387	8,561,889	8,626,141	0.8%
FTE	3.7	7.7	7.7	7.7	0.0%

a/ As reported in the Statewide Single Audit of the State of Colorado for the fiscal year ended June 30, 2008 dated February 17, 2009 (page 50).

b/ This consolidated line item provides funding for the majority of state-funded staff, who are responsible for supporting the State Board of Education, administering a variety of library and education-related programs, as well as general department administration.

c/ Prior to FY 2008-09, this consolidated program line item funded a myriad of functions related to the following: supporting the State Board of Education; the administration of a variety of education- and library-related programs; and general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. In FY 2008-09, the Long Bill was reorganized in an effort to group like line items which included transferring certain FTE and the associated funding from the existing consolidated line item to separate line items.

d/ This consolidated line item provides funding for staff who are responsible for administering educator licensure programs and for related expenditures, including the purchase of legal services.

e/ On September 21, 2009, the JBC approved a request for a \$184,367 cash funds (SEF) appropriation for costs associated with the postsecondary workforce readiness pilot assessments program. This has not yet been considered by the General Assembly, and is excluded from the above figures.

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(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	Included in the	1,434,916	1,501,773	1,501,773	
FTE	General Department	<u>16.1</u>	<u>18.0</u>	<u>18.0</u>	
General Fund	and Program Mgmt	0	0	0	
FTE	line item above	0.0	0.0	0.0	
Cash Funds (State Education Fund)		0	0	0	
FTE		0.0	0.0	0.0	
Reappropriated Funds (off-the-top of State Share)		1,434,916	1,501,773	1,501,773	
FTE		16.1	18.0	18.0	
Accelerating Students Through Concurrent Enrollment Program (ASCENT) Administration	n/a	n/a	19,892	19,892	
FTE			<u>0.3</u>	<u>0.3</u>	
General Fund			0	19,892	
FTE			0.0	0.3	
Cash Funds (State Education Fund)			0	0	
Federal Funds			19,892	0	
FTE			0.3	0.0	
Declining Enrollment Study - CF (SEF)	n/a	0	200,000	200,000	

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Funded Pupil Count (FTE)	760,884.0	778,108.4	788,648.3	797,780.4	BR#1
<i>Percent Change</i>	<i>1.0%</i>	<i>2.3%</i>	<i>1.4%</i>	<i>1.2%</i>	
<i>Denver-Boulder Inflation Rate (prior CY)</i>	<i>3.6%</i>	<i>2.2%</i>	<i>3.9%</i>	<i>-0.4%</i>	
Statewide BASE Per Pupil Funding	\$5,087.61	\$5,250.41	\$5,507.68	\$5,540.73	
<i>Percent Change</i>	<i>4.6%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>0.6%</i>	
Statewide AVERAGE Per Pupil Funding	\$6,661.05	\$6,874.39	\$7,225.40	\$6,816.78	
<i>Percent Change</i>	<i>4.7%</i>	<i>3.2%</i>	<i>5.1%</i>	<i>-5.7%</i>	
Total Program	5,068,284,706	5,349,019,294	5,698,295,823	5,438,295,823	BR#1
<i>Percent Change</i>	<i>5.8%</i>	<i>5.5%</i>	<i>6.5%</i>	<i>-4.6%</i>	
Local Share of Total Program Funding	1,915,971,895	1,956,083,870	2,002,007,038	2,039,203,866	BR#1
<i>Percent Change</i>	<i>10.7%</i>	<i>2.1%</i>	<i>2.3%</i>	<i>1.9%</i>	
State Share of Districts' Total Program Funding	<u>3,152,312,811</u>	<u>3,392,935,424</u>	<u>3,696,288,785</u>	<u>3,399,091,957</u>	
General Fund	2,790,148,902	2,930,064,429	3,076,577,922	2,853,235,024	BR#1
<i>General Fund Exempt Account (included above)</i>	<i>327,600,000</i>	<i>39,251,792</i>	<i>0</i>	<i>0</i>	
Cash Funds (State Education Fund)		362,223,212	505,248,987	483,608,470	BR#1
Cash Funds (State Public School Fund)	9,491,876	100,647,783	114,461,876	62,248,463	BR#1
CFE (State Education Fund)	259,063,033				
CFE (State Public School Fund)	93,609,000				
Additional State Aid Related to Locally Negotiated Business Incentive Agreements (BIAs) - GF	0	0	0	0	
State Share Correction for Local Share Overpayments in Prior Fiscal Years - CF (SPSF)	n/a	0	0 a/	0	
Appropriation to State Education Fund - GF	0	120,964,055	0	0	

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Military Dependent Supplemental Pupil Enrollment Aid - GF	1,818,517	0	0	0	
Hold-harmless Full-day Kindergarten Funding - CF (SEF)	n/a	7,321,864	7,705,498	7,277,246	BR#1
				<i>Request v.</i>	<i>Appropriation</i>
Subtotal - Public School Finance	3,154,131,328	3,522,656,259	3,705,715,948	3,408,090,868	-8.0%
FTE	0.0	16.1	18.3	18.3	0.0%
General Fund	2,791,967,419	3,051,028,484	3,076,577,922	2,853,254,916	-7.3%
<i>General Fund Exempt Acct. (incl. above)</i>	327,600,000	39,251,792	0	0	0.0%
FTE	0.0	0.0	0.0	0.3	0.0%
Cash Funds	9,491,876	470,192,859	627,616,361	553,334,179	-11.8%
FTE	0.0	0.0	0.0	0.0	0.0%
<i>CF (State Education Fund)</i>		369,545,076	513,154,485	491,085,716	-4.3%
FTE		0.0	0.0	0.0	0.0%
<i>CF (State Public School Fund)</i>	9,491,876	100,647,783	114,461,876	62,248,463	-45.6%
Cash Funds Exempt/Reappropriated Funds	352,672,033	1,434,916	1,501,773	1,501,773	0.0%
FTE	0.0	16.1	18.0	18.0	0.0%
<i>CFE (State Education Fund)</i>	259,063,033	n/a	n/a	n/a	
FTE	0.0	n/a	n/a	n/a	
<i>CFE (State Public School Fund)</i>	93,609,000	n/a	n/a	n/a	
Federal Funds	0	0	19,892	0	-100.0%
FTE	0.0	0.0	0.3	0.0	-100.0%
<i>State Share</i>	3,152,312,811	3,392,935,424	3,696,288,785	3,399,091,957	
<i>Change in State Share</i>	3.0%	7.6%	8.9%	-8.0%	
<i>General Fund Appropriation for State Share</i>	2,790,546,868	2,930,074,211	3,076,577,922	2,853,235,024	
<i>Change in General Fund Portion of State Share</i>	5.0%	5.0%	5.0%	-7.3%	
<i>State Aid as Percent of Districts' Total Program Funding</i>	62.2%	63.4%	64.9%	62.5%	

a/ On September 21, 2009, the Joint Budget Committee approved a request for a \$3,684,365 cash funds appropriation to provide additional state funding to Steamboat Springs RE-2 school district due to an erroneous over-collection of local revenues in the last two fiscal years. This appropriation has not yet been considered by the General Assembly, and is excluded from the above figures.

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
(B) Categorical Programs					
(I) District Programs Required by Statute					
Special Education - Children with Disabilities	282,426,975	284,228,028	377,620,446	333,041,849	
FTE	<u>56.7</u>	<u>64.5</u>	<u>65.0</u>	<u>65.0</u>	
General Fund	99,011,021	71,572,347	71,572,347	71,572,347	
Cash Funds (State Education Fund)		55,789,778	55,789,778	55,789,778	
Cash Funds (local funds) a/	561,355	0			
Cash Funds Exempt/Reappropriated Funds	153,010	0	101,812	101,812	
FTE	0.5	0.0	1.0	1.0	
Cash Funds Exempt (State Education Fund)	22,408,062				
Federal Funds	160,293,527	156,865,903	250,156,509	205,577,912	
FTE	56.2	64.5	64.0	64.0	
<i>State Funding Portion of Appropriation</i>	<i>121,419,083</i>	<i>127,362,125</i>	<i>127,362,125</i>	<i>127,362,125</i>	
<i>Annual Change in State Funding</i>	<i>4.7%</i>	<i>4.9%</i>	<i>0.0%</i>	<i>0.0%</i>	
English Language Proficiency Program	20,462,733	18,429,452	23,421,597	23,941,874	
FTE	<u>4.6</u>	<u>4.8</u>	<u>4.6</u>	<u>4.6</u>	
General Fund	4,643,799	3,101,598	3,101,598	3,101,598	
FTE	0.0	0.0	0.0	0.0	
Cash Funds (State Education Fund)		5,510,459	9,019,602	9,539,879	DI#1
Cash Funds (local funds) a/	13,845	0			
Cash Funds Exempt (State Education Fund)	2,561,953				
Federal Funds	13,243,136	9,817,395	11,300,397	11,300,397	
FTE	4.6	4.8	4.6	4.6	
<i>State Funding Portion of Appropriation</i>	<i>7,205,752</i>	<i>8,612,057</i>	<i>12,121,200</i>	<i>12,641,477</i>	DI#1
<i>Annual Change in State Funding</i>	<i>17.5%</i>	<i>19.5%</i>	<i>40.7%</i>	<i>4.3%</i>	

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(II) Other Categorical Programs					
Public School Transportation	45,658,521	45,833,107	49,656,915	49,997,119	
FTE	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	38,864,807	36,896,492	36,919,504	36,922,227	
FTE	0.0	2.0	2.0	2.0	
Cash Funds (State Education Fund)		8,486,615	12,287,411	12,624,892	DI#1
Cash Funds (local funds) a/	208,322	0			
Cash Funds (Public School Transportation Fund)		450,000	450,000	450,000	
Cash Funds Exempt (State Education Fund)	6,135,392				
Cash Funds Exempt (Public School Transportation Fund)	450,000				
<i>State Funding Portion of Appropriation</i>	<i>45,000,199</i>	<i>45,383,107</i>	<i>49,206,915</i>	<i>49,547,119</i>	
<i>Annual Change in State Funding</i>	<i>4.8%</i>	<i>0.9%</i>	<i>8.4%</i>	<i>0.7%</i>	
Transfer to the Department of Higher Education for Distribution of State Assistance for Vocational Education					
	<u>21,208,319</u>	<u>21,672,472</u>	<u>23,189,191</u>	<u>23,296,092</u>	
General Fund	18,228,679	17,792,850	17,792,850	17,792,850	
Cash Funds (State Education Fund)		3,879,622	5,396,341	5,503,242	DI#1
Cash Funds (local funds) a/	120,369	0			
Cash Funds Exempt (State Education Fund)	2,859,271				
<i>Annual Change in State Funding</i>	<i>2.8%</i>	<i>2.2%</i>	<i>7.0%</i>	<i>0.5%</i>	
Special Education - Gifted and Talented Children	<u>7,997,177</u>	<u>8,394,542</u>	<u>9,003,120</u>	<u>9,205,320</u>	
General Fund	7,027,087	5,498,443	5,500,000	5,500,000	
Cash Funds (State Education Fund)		2,896,099	3,503,120	3,705,320	DI#1
Cash Funds (local funds) a/	22,913	0			
Cash Funds Exempt (State Education Fund)	947,177				
<i>State Funding Portion of Appropriation</i>	<i>7,974,264</i>	<i>8,394,542</i>	<i>9,003,120</i>	<i>9,205,320</i>	
<i>Annual Change in State Funding</i>	<i>2.1%</i>	<i>5.3%</i>	<i>7.2%</i>	<i>2.2%</i>	
		14,348			

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Expelled and At-risk Student Services Grant Program	6,329,236	6,341,714	7,343,560	7,557,846	
FTE	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	5,832,872	5,789,845	5,788,807	5,788,807	
FTE	0.8	1.0	1.0	1.0	
Cash Funds (State Education Fund)		551,869	1,554,753	1,769,039	DI#1
Cash Funds Exempt (State Education Fund)	496,364				
<i>Annual Change in State Funding</i>	<i>1.2%</i>	<i>0.2%</i>	<i>15.8%</i>	<i>2.9%</i>	
Small Attendance Center Aid	<u>943,333</u>	<u>943,333</u>	<u>959,379</u>	<u>959,379</u>	
General Fund	767,755	787,645	787,645	787,645	
Cash Funds (State Education Fund)		155,688	171,734	171,734	
Cash Funds (local funds) a/	66,724	0			
Cash Funds Exempt (State Education Fund)	108,854				
<i>State Funding Portion of Appropriation</i>	<i>876,609</i>	<i>943,333</i>	<i>959,379</i>	<i>959,379</i>	
<i>Annual Change in State Funding</i>	<i>-8.9%</i>	<i>7.6%</i>	<i>1.7%</i>	<i>0.0%</i>	
Comprehensive Health Education	599,347	688,246	1,005,396	1,005,396	
FTE	<u>0.0</u>	<u>0.1</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	300,000	0	0	0	
Cash Funds (State Education Fund)		105,396	805,396	1,005,396	
Cash Funds (Comprehensive Health Education)	299,347	582,850	200,000	0	
FTE	0.0	0.1	1.0	1.0	
Cash Funds Exempt (State Education Fund)	0				
<i>Annual Change in State Funding</i>	<i>-0.1%</i>	<i>14.8%</i>	<i>46.1%</i>	<i>0.0%</i>	
<i>Minimum Inflationary Increase for Categorical Programs Required by Section 17 of Article IX of the State Constitution</i>				<i>\$1,381,145 included in above line items</i>	

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					<i>Request v. Appropriation</i>
Subtotal - Categorical Programs	385,625,641	386,530,894	492,199,604	449,004,875	-8.8%
FTE	<u>62.1</u>	<u>72.4</u>	<u>73.6</u>	<u>73.6</u>	<u>0.0%</u>
General Fund	174,676,020	141,439,220	141,462,751	141,465,474	0.0%
FTE	0.8	3.0	3.0	3.0	0.0%
Cash Funds	1,292,875	78,408,376	89,178,135	90,559,280	1.5%
FTE	0.0	0.1	1.0	1.0	0.0%
<i>CF (local funds) a/</i>	993,528	0	0	0	0.0%
<i>CF (State Education Fund)</i>		77,375,526	88,528,135	90,109,280	1.8%
Cash Funds Exempt/Reappropriated Funds	36,120,083	0	101,812	101,812	0.0%
FTE	0.5	0.0	1.0	1.0	0.0%
<i>CFE (State Education Fund)</i>	35,517,073	n/a	n/a	n/a	
Federal Funds	173,536,663	166,683,298	261,456,906	216,878,309	-17.1%
FTE	60.8	69.3	68.6	68.6	0.0%
<i>State Funding for Categorical Programs</i>	210,492,440	219,397,596	230,190,886	231,574,754	
<i>Annual Change in State Funding</i>	4.6%	4.2%	4.9%	0.6%	

a/ In some districts, local tax revenues more than offset the amount needed for total program funding pursuant to the school finance formula. In these cases, pursuant to Section 22-54-107 (2), C.R.S., the excess tax revenues are used to offset state funding programs (referred to as "categorical buyout"). For FY 2007-08, affected districts (Gunnison and Routt - Steamboat) spent a total of \$993,528 in local tax revenues for various categorical programs; the General Fund appropriation for each of these programs was reduced by the same amount, and these state funds were instead distributed to districts to offset public school transportation expenses.

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs	127,364,851	108,640,202	108,639,751
FTE	<u>7.6</u>	<u>9.0</u>	<u>9.0</u>
General Fund	76,668	84,847	84,396
FTE	0.9	0.9	0.9
Federal Funds	127,288,183	108,555,355	108,555,355
FTE	6.7	8.1	8.1

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State Match for School Lunch Program - CF (SPSF)	2,472,644	2,472,644	2,472,644	2,472,644	
Child Nutrition School Lunch Protection Program - CF (SEF)		697,071	850,000	850,000	
School Breakfast Program - GF	442,142	498,500	500,000	500,000	
Start Smart Nutrition Program Fund	<u>1,236,272</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	
General Fund	700,000	700,000	700,000	700,000	
Reappropriated Funds	536,272	0	0	0	
Start Smart Nutrition Program - RF	0	654,458	670,000	670,000	
S.B. 97-101 Public School Health Services - RF	136,490	138,893	211,311	211,311	
FTE	1.4	1.3	1.4	1.4	
(II) Capital Construction					
Division of Public School Capital Construction Assistance - CF (Public School Capital Construction Assistance Fund)	n/a	461,528	921,702	921,702	
FTE		4.3	9.0	9.0	
Public School Capital Construction Assistance Board - Lease Payments - CF (Public School Capital Construction Assistance Fund)	n/a	0	20,000,000	20,000,000	
Financial Assistance Priority Assessment - CF (Public School Capital Construction Assistance Fund)	n/a	4,450,000	7,850,000	7,850,000	
Full-day Kindergarten Facility Capital Construction Fund - CF (SEF)	n/a	0	0	0	

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Charter School Capital Construction	<u>5,000,000</u>	<u>5,135,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	
General Fund	0	0	0	0	
Cash Funds (SEF)	5,000,000	5,135,000	5,000,000	5,000,000	
State Charter School Institute Capital Construction Assistance - CF (SCSI CC Assistance Fund)	0	0	365,226	365,226	
(III) Reading and Literacy					
Federal Title I Reading First Grant - FF	10,574,499	8,336,811	10,962,813	300,000	
FTE	12.9	11.1	15.4	0.0	
Read-to-Achieve Grant Program - CF	4,479,589	5,918,882	4,509,704	6,675,000	
FTE	0.0	0.0	1.0	1.0	
Family Literacy Education Fund	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	200,000	0	0	
Cash Funds (SEF)	200,000	0	0	0	
Family Literacy Education Grant Program - RF	200,000	200,000	130,000	130,000	
(IV) Professional Development and Instructional Support					
Closing the Achievement Gap	<u>0</u>	<u>1,701,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	
General Fund	0	0	0	0	
Cash Funds (SEF)	0	1,701,000	1,800,000	1,800,000	
Content Specialists	0	404,539	448,250	448,250	
FTE	<u>0.0</u>	<u>3.6</u>	<u>5.0</u>	<u>5.0</u>	
General Fund	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Cash Funds (SEF)	0	404,539	448,250	448,250	
FTE	0.0	3.6	5.0	5.0	

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Office of Drop-out Prevention and Student Re-engagement - CF	0	0	157,772	150,172	
FTE	0.0	0.0	2.0	2.0	
School Leadership Academy Program	0	0	75,000	75,000	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>0.7</u>	
General Fund	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Cash Funds (SEF)	0	0	75,000	75,000	
FTE	0.0	0.0	0.7	0.7	
Cash Funds (gifts, grants, and donations)	0	0	0	0	
Stipends for Nationally Board Certified Teachers - CF (SEF)	0	0	0	0	
National Credential Fee Assistance - CF (SEF)	70,000	125,000	0	0	
Science and Technology Education Fund - CF (SEF)	0	0	0	0	
Science and Technology Center Grant Program - RF	0	0	0	0	
Boards of Cooperative Services - GF	210,000	210,000	0	0	
Civic Education - CF (SEF)	199,881	2,305	0	0	
Financial Literacy - CF (SEF)	22,645	15,533	40,000	0	BR#2
Colorado History Day - CF (SEF)	10,000	10,000	10,000	0	BR#2
Innovative Schools Act of 2008 - GF	0	78,811	0	0	
FTE	0.0	0.5	0.0	0.0	

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(V) Summer and After-school Programs					
Summer School Grant Program	998,715	27,026	1,000,000	0	
FTE	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	
Cash Funds (SEF)	998,715	27,026	1,000,000	0	BR#2
FTE	0.3	0.3	0.3	0.0	BR#2
Cash Funds (Read-to-Achieve Cash Fund)	0	0	0	0	
STEM After-school Education Pilot Grant Program - CF (SEF)	0	0	0	0	
Dropout Prevention Activity Grant Program - CF	0	55,074	0	0	
Healthy Choices Dropout Prevention	0	0	7,477	14,953	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.2</u>	
General Fund	0	0	7,477	0	
FTE	0.0	0.0	0.1	0.0	
Cash Funds	0	0	0	14,953	
FTE	0.0	0.0	0.0	0.2	
(VI) Facility Schools					
Facility Schools Unit and Facility Schools Board	n/a	155,786	261,403	261,403	
FTE		<u>0.9</u>	<u>3.0</u>	<u>3.0</u>	
Cash Funds (State Education Fund)		155,786	0	0	
FTE		0.9	0.0	0.0	
Reappropriated Funds		0	261,403	261,403	
FTE		0.0	3.0	3.0	
Facility School Funding - CF (SEF)	n/a	16,584,920	20,817,769	20,817,769	
Hold-harmless Facility School Student Funding - CF (SEF)	n/a	587,504	n/a	n/a	
Facility Summer School Grant Program - CF (SEF)	434,500	n/a	n/a	n/a	

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(VII) Other Assistance					
Appropriated Sponsored Programs	327,869,032	215,207,645	225,611,615	285,553,247	
FTE	<u>94.7</u>	<u>67.9</u>	<u>73.3</u>	<u>73.3</u>	
Cash Funds	459,425	518,973	3,237,000	3,237,000	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	5,089,933	4,710,538	4,484,871	4,484,871	
FTE	8.4	6.0	6.0	6.0	
Federal Funds	322,319,674	209,978,134	217,889,744	277,831,376	
FTE	86.3	61.9	67.3	67.3	
School Counselor Corps Grant Program - CF (SEF)	0	4,970,559	5,000,000	5,000,000	
FTE	0.0	0.7	1.0	1.0	
Contingency Reserve Fund	<u>156,248</u>	<u>1,532,288</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	0	0	0	0	
Cash Funds	156,248	1,532,288	500,000	500,000	
Alternative Teacher Compensation Plan Grants - CF (SEF)	0	0	0	0	
Regional Service Cooperatives - CF (SEF)	0	145,135	1,067,182	0	BR#2
FTE	0.0	0.7	1.0	0.0	BR#2
First Responder School Mapping System - CF (SEF)	0	150,000	0	0	
Supplemental On-line Education Services - CF (SPSF)	530,000	480,000	480,000	480,000	
Supplemental On-line Education Grant Program - CF (SPSF)	0	50,000	50,000	50,000	
School Awards Program Fund - GF	0	0	0	0	

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School Awards Program - CF (School Awards Program Fund)	0	0	250,000	250,000	
Interstate Compact on Educational Opportunity for Military Children - CF (SEF)	0	0	30,185	30,185	
					<i>Request v. Appropriation</i>
Subtotal - Grant Programs, Distributions, and Other Assistance	355,242,657	399,721,763	421,390,255	470,716,613	11.7%
FTE	<u>109.3</u>	<u>98.9</u>	<u>122.2</u>	<u>105.6</u>	<u>-13.6%</u>
General Fund	1,352,142	1,763,979	1,292,324	1,284,396	-0.6%
FTE	0.0	1.4	1.0	0.9	-10.0%
Cash Funds	15,033,647	46,650,767	76,932,434	76,987,901	0.1%
FTE	0.3	10.5	20.0	18.9	-5.5%
<i>CF (State Education Fund)</i>	n/a	30,555,592	36,138,386	34,021,204	-5.9%
<i>FTE</i>	n/a	6.2	8.0	6.7	-16.3%
<i>CF (State Public School Fund)</i>	n/a	3,002,644	3,002,644	3,002,644	0.0%
Cash Funds Exempt/Reappropriated Funds	5,962,695	5,703,889	5,757,585	5,757,585	0.0%
FTE	9.8	7.3	10.4	10.4	0.0%
<i>CFE (State Education Fund)</i>	6,935,741	n/a	n/a	n/a	
<i>FTE</i>	0.0	n/a	n/a	n/a	
<i>CFE (State Public School Fund)</i>	3,002,644	n/a	n/a	n/a	
Federal Funds	332,894,173	345,603,128	337,407,912	386,686,731	14.6%
FTE	99.2	79.7	90.8	75.4	-17.0%

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					<i>Request v. Appropriation</i>
SUBTOTAL - ASSISTANCE TO PUBLIC					
SCHOOLS	3,894,999,626	4,308,908,916	4,619,305,807	4,327,812,356	-6.3%
FTE	<u>171.4</u>	<u>187.4</u>	<u>214.1</u>	<u>197.5</u>	<u>-7.8%</u>
General Fund	2,967,995,581	3,194,231,683	3,219,332,997	2,996,004,786	-6.9%
<i>General Fund Exempt Account (included above)</i>	<i>327,600,000</i>	<i>39,251,792</i>	<i>0</i>	<i>0</i>	<i>0.0%</i>
FTE	0.8	4.4	4.0	4.2	5.0%
Cash Funds	25,818,398	595,252,002	793,726,930	720,881,360	-9.2%
FTE	0.3	10.6	21.0	19.9	-5.2%
<i>CF (State Education Fund)</i>	<i>n/a</i>	<i>477,476,194</i>	<i>637,821,006</i>	<i>615,216,200</i>	<i>-3.5%</i>
FTE	<i>n/a</i>	<i>6.2</i>	<i>8.0</i>	<i>6.7</i>	<i>-16.3%</i>
<i>CF (State Public School Fund)</i>	<i>n/a</i>	<i>103,650,427</i>	<i>117,464,520</i>	<i>65,251,107</i>	<i>-44.5%</i>
Cash Funds Exempt/Reappropriated Funds	394,754,811	7,138,805	7,361,170	7,361,170	0.0%
FTE	10.3	23.4	29.4	29.4	0.0%
<i>CFE (State Education Fund)</i>	<i>301,515,847</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
FTE	<i>0.0</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<i>CFE (State Public School Fund)</i>	<i>96,611,644</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Federal Funds	506,430,836	512,286,426	598,884,710	603,565,040	0.8%
FTE	160.0	149.0	159.7	144.0	-9.8%

a/ Includes a \$3,684,365 cash funds appropriation approved by Joint Budget Committee on 9/21/09.

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
(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 are reflected as reappropriated funds.					
Administration	Included in the	826,736	1,017,367	1,017,367	
FTE	General Department	<u>12.7</u>	<u>12.8</u>	<u>12.8</u>	
General Fund	and Program Mgmt	738,698	767,367	767,367	
FTE	line item above	11.7	11.8	11.8	
Cash Funds		88,038	250,000	250,000	
FTE		1.0	1.0	1.0	
Federal Library Funding - FF	Included in Approp.	2,543,810	3,061,505	3,061,505	
FTE	Sponsored Programs	21.1	23.8	23.8	
Colorado Library Consortium - GF	1,000,000	1,000,000	1,000,000	1,000,000	
Colorado Virtual Library	<u>359,728</u>	<u>1,359,731</u>	<u>379,796</u>	<u>379,796</u>	
General Fund	359,728	1,359,731	359,796	359,796	
Cash Funds	0	0	20,000	20,000	
Colorado Talking Book Library, Building Maintenance and Utilities Expenses - GF	61,023	58,728	70,660	70,660	
Reading Services for the Blind	<u>200,000</u>	<u>550,000</u>	<u>250,000</u>	<u>250,000</u>	
General Fund	0	300,000	0	0	
Cash Funds Exempt/Reappropriated Funds	200,000	250,000	250,000	250,000	

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
					<i>Request v. Appropriation</i>
SUBTOTAL - LIBRARY PROGRAMS	1,620,751	6,339,005	5,779,328	5,779,328	0.0%
FTE	<u>0.0</u>	<u>33.8</u>	<u>36.6</u>	<u>36.6</u>	<u>0.0%</u>
General Fund	1,420,751	3,457,157	2,197,823	2,197,823	0.0%
FTE	0.0	11.7	11.8	11.8	0.0%
Cash Funds	0	88,038	270,000	270,000	0.0%
FTE	0.0	1.0	1.0	1.0	0.0%
Cash Funds Exempt/Reappropriated Funds	200,000	250,000	250,000	250,000	0.0%
Federal Funds	0	2,543,810	3,061,505	3,061,505	0.0%
FTE	0.0	21.1	23.8	23.8	0.0%

(4) SCHOOL FOR THE DEAF AND THE BLIND

This section provides operational funding for the Colorado School for the Deaf and the Blind, which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is 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 reflects 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	9,582,831	8,547,644	8,940,256	9,258,317
FTE	<u>139.8</u>	<u>140.6</u>	<u>141.3</u>	<u>141.3</u>
General Fund	8,343,521	7,218,419	7,553,344	7,871,405
FTE	121.7	118.7	120.4	120.4
Cash Funds Exempt/Reappropriated Funds	1,239,310	1,329,225	1,386,912	1,386,912
FTE	18.1	21.9	20.9	20.9
Early Intervention Services - GF	1,213,542	1,240,980	1,178,934	1,183,641
FTE	10.0	10.0	10.0	10.0
Shift Differential - GF	82,047	84,932	65,638	87,492

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
Operating Expenses - GF	388,967	417,277	417,277	417,277	
Vehicle Lease Payments - GF	22,744	19,151	23,727	31,747	NP-1
Utilities - GF	489,223	457,103	554,810	554,810	
Allocation of State and Federal Categorical Program Funding - CFE/RF	147,797	160,135	150,000	150,000	
FTE	0.2	0.2	0.4	0.4	
Medicaid Reimbursements for Public School Health Services - CFE/RF	81,580	76,887	85,000	85,000	
FTE	1.1	1.0	1.5	1.5	
					<i>Request v. Appropriation</i>
Subtotal - School Operations	12,008,731	11,004,109	11,415,642	11,768,284	3.1%
FTE	<u>151.1</u>	<u>151.8</u>	<u>153.2</u>	<u>153.2</u>	<u>0.0%</u>
General Fund	10,540,044	9,437,862	9,793,730	10,146,372	3.6%
FTE	131.7	128.7	130.4	130.4	0.0%
Cash Funds Exempt/Reappropriated Funds	1,468,687	1,566,247	1,621,912	1,621,912	0.0%
FTE	19.4	23.1	22.8	22.8	0.0%

(B) Special Purpose

Fees and Conferences - CF	71,137	77,030	120,000	120,000	
Outreach Services	489,223	489,308	1,024,836	1,024,836	
FTE	<u>2.8</u>	<u>2.2</u>	<u>5.4</u>	<u>5.4</u>	
Cash Funds	0	0	755,836	755,836	
FTE	0.0	0.0	2.6	2.6	
Cash Funds Exempt/Reappropriated Funds	489,223	489,308	269,000	269,000	
FTE	2.8	2.2	2.8	2.8	
Tuition from Out-of-state Students - CF	56,836	53,236	200,000	200,000	

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
Summer Olympics Housing - CF	800	840	10,000	10,000	
Grants - CFE/RF	844,746	900,505	1,403,608	1,403,608	
FTE	6.9	6.4	9.0	9.0	
					<i>Request v. Appropriation</i>
Subtotal - Special Purpose	1,462,742	1,520,919	2,758,444	2,758,444	<i>0.0%</i>
FTE	<u>9.7</u>	<u>8.6</u>	<u>11.8</u>	<u>11.8</u>	<i>0.0%</i>
Cash Funds	128,773	131,106	1,085,836	1,085,836	<i>0.0%</i>
Cash Funds Exempt/Reappropriated Funds	1,333,969	1,389,813	1,672,608	1,672,608	<i>0.0%</i>
FTE	9.7	8.6	11.8	11.8	<i>0.0%</i>
					<i>Request v. Appropriation</i>
SUBTOTAL - SCHOOL FOR THE DEAF AND THE BLIND	13,471,473	12,525,028	14,174,086	14,526,728	<i>2.5%</i>
FTE	<u>160.8</u>	<u>160.4</u>	<u>167.6</u>	<u>167.6</u>	<i>0.0%</i>
General Fund	10,540,044	9,437,862	9,793,730	10,146,372	<i>3.6%</i>
FTE	131.7	128.7	130.4	130.4	<i>0.0%</i>
Cash Funds	128,773	131,106	1,085,836	1,085,836	<i>0.0%</i>
FTE	0.0	0.0	2.6	2.6	<i>0.0%</i>
Cash Funds Exempt/Reappropriated Funds	2,802,656	2,956,060	3,294,520	3,294,520	<i>0.0%</i>
FTE	29.1	31.7	34.6	34.6	<i>0.0%</i>

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APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 OSPB Request	Change Requests
					<i>Request v. Appropriation</i>
TOTAL - DEPARTMENT	3,949,324,199	4,366,140,161	4,686,948,476	4,396,177,183	-6.2%
FTE	<u>455.3</u>	<u>487.7</u>	<u>557.3</u>	<u>541.0</u>	<u>-2.9%</u>
General Fund	3,004,638,867	3,214,813,526	3,239,416,000	3,015,926,875	-6.9%
FTE	202.7	186.7	193.0	193.5	0.3%
<i>General Fund Exempt Account (included above)</i>	<i>327,600,000</i>	<i>39,251,792</i>	<i>0</i>	<i>0</i>	<i>0.0%</i>
Cash Funds	28,142,695	614,373,365	814,265,994	741,823,053	-8.9%
FTE	23.9	43.1	62.6	61.5	-1.8%
<i>CF (State Education Fund)</i>	<i>n/a</i>	<i>493,840,187</i>	<i>654,218,706</i>	<i>631,894,268</i>	<i>-3.4%</i>
FTE	<i>n/a</i>	<i>7.8</i>	<i>13.0</i>	<i>11.7</i>	<i>-10.0%</i>
<i>CF (State Public School Fund)</i>	<i>n/a</i>	<i>103,684,035</i>	<i>117,500,000</i>	<i>65,286,587</i>	<i>-44.4%</i>
Cash Funds Exempt/Reappropriated Funds	402,512,987	15,117,647	22,758,378	23,174,569	1.8%
FTE	65.0	80.1	110.5	110.5	0.0%
<i>CFE (State Education Fund)</i>	<i>301,738,373</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
FTE	<i>0.0</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<i>CFE (State Public School Fund)</i>	<i>96,904,425</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Federal Funds	514,029,650	521,835,623	610,508,104	615,252,686	0.8%
FTE	163.7	177.8	191.2	175.5	-8.2%

a/ Includes a \$3,684,365 cash funds appropriation approved by Joint Budget Committee on 9/21/09.

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 09-163 (Hudak/Middleton): Educational Accountability System.** Aligns accountability and accreditation measures and procedures, and adopts the Colorado growth model for measuring student longitudinal academic growth. Replaces school accountability reports (SARs) with school performance reports, and requires the Department to create and maintain a data portal for making school performance reports and other education accountability data publicly available. Redirects existing appropriations for printing and postage costs associated with the distribution of SARs to support development of the data portal and legal services expenses, reducing General Fund appropriations to the Department for FY 2009-10 by \$1,779 and increasing FTE authorizations by 2.7 FTE.

- ❑ **S.B. 09-215 (Keller/Pommer): Appropriations for Financing Public Schools.** In order to address the revenue shortfall, makes several modifications to the Public School Finance Act of 1994, including the following:
 - Specifies that for FY 2008-09, the *statewide base per pupil funding* shall be \$5,250.41, eliminating \$19.72 of the amount previously authorized that is not constitutionally required.
 - Allows the Department of Education to transfer its direct and indirect costs for administering the School Finance Act from the annual appropriation for the State Share of Districts' Total Program Funding. Directs the Department to reduce the state aid for each school district and Institute charter school accordingly. As a result of this *"off-the-top" funding mechanism*, reduces General Fund appropriations by \$1,345,439 and State Education Fund appropriations by \$348,071, and reappropriates \$1,693,510 from the State Share line item.
 - Reduces the appropriation for *charter school capital construction* for FY 2008-09 from \$10,000,000 to \$5,135,000.
 - Eliminates an appropriation of \$82,545 from the State Education Fund and 1.0 FTE to the Department for FY 2008-09 to administer the full-day kindergarten capital construction grant program.

- ❑ **S.B. 09-256 (Romer/Pommer): School Finance Act.** Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2009-10, making the following changes:

- Increases the statewide *base per pupil funding* from \$5,250.41 to \$5,507.68 (4.9 percent) to account for inflation plus one percent. Maintains funding for supplemental kindergarten enrollment at an amount equal to 8.0 percent of a full-day pupil, thereby funding each kindergarten pupil based on 0.58 FTE.
- For FY 2009-10, requires each school district and the State Charter School Institute to create and budget an amount, equivalent to about 1.9 percent of total program funding (a total of \$110 million statewide), to a *fiscal emergency restricted reserve*. Allows the reserved amount to be spent on or after January 29, 2010, unless a negative supplemental appropriation requiring a rescission of a portion or all of the reserved amount is enacted and becomes law by such date.
- Provides districts with additional financial flexibility in two ways. First, beginning in FY 2009-10, eliminates the requirement that each school district and each charter school allocate minimum amounts to separate accounts designated for *instructional supplies/materials* and for *capital needs/risk management*. Second, authorizes local boards of education to designate real property as all or a portion of the district's 3.0 percent emergency reserve required by Section 20 (5) of Article X of the Colorado Constitution (the *district's TABOR reserve*).
- Authorizes districts to raise additional local revenues in two ways. First, increases the *override cap*, allowing a district to seek voter approval to retain and spend additional property tax revenue equivalent to 25 percent (rather than 20 percent) of the district's total program funding. Second, modifies provisions authorizing a school district to seek voter approval to impose a *mill levy for the payment of excess transportation costs*, allowing a district to include transportation-related capital outlay expenditures.
- Requires the Department to submit a request for a supplemental appropriation in any fiscal year in which the *State share of funding* for an accounting district of an *Institute charter school* is insufficient to fully fund the total program of an Institute charter school.
- For FY 2008-09, requires each district to return any moneys it received for full-day kindergarten programs that was not expended or encumbered. [Note: Districts returned a total of \$446,915 in *unspent full-day kindergarten funds*, thereby increasing the balance in the State Education Fund.] For FY 2009-10, allows districts that do not report any full-day kindergarten pupils to use the moneys received for full-day kindergarten for planning and facility preparation for a full-day kindergarten program in subsequent years.
- Requires the Commissioner of Education to study the feasibility of operating one or more state schools to serve students who may be at risk of academic failure. Directs

the Department to submit the feasibility study and any legislative recommendations by February 1, 2010, and authorizes the Commissioner to contract for the *creation and operation of one or more state residential schools* if he concludes that it would be beneficial to the State. Declares that it is the intent of the General Assembly to appropriate up to \$3.0 million from the State Education Fund for the creation of state residential schools or the provision of technical assistance to improve secondary-level math and science curricula. Appropriates \$55,706 General Fund for the preparation of the feasibility study.

- Modifies the *Closing the Achievement Gap Program*. Transfers \$1,750,000 from the Read-to-achieve Cash Fund to the Closing the Achievement Gap Cash Fund; these moneys are continuously appropriated to the Department.
 - Modifies the Schools Awards Program, requiring that \$250,000 of the moneys available for the Program be used to provide *Centers of Excellence awards* to public schools that enroll at least 75 percent at-risk pupils and that demonstrate the highest rates of student academic growth. Transfers \$250,000 from the Read-to-achieve Cash Fund to the Schools Awards Program Fund, and appropriates this amount to the Department for FY 2009-10 for Centers of Excellence awards.
 - In connection with the above transfers from the Read-to-achieve Cash Fund, reverses the appropriation made in S.B. 09-269 that would allow \$1.0 million from the Read-to-achieve Cash Fund to be used for the Summer School Grant Program for FY 2009-10 in lieu of State Education Fund moneys. Decreases the FY 2009-10 appropriation from the Read-to-achieve Cash Fund for the Read-to-achieve Grant Program by \$2.0 million.
 - Requires the Department to use at least half of any increase in the appropriation for the *Expelled and At-risk Student Services Grant Program* for FY 2009-10 (\$500,000) to award grants for the purpose of reducing the number of truancy cases requiring court involvement. Authorizes and encourages the Department to retain up to an additional 2.0 percent of any moneys appropriated for the Program to partner with organizations to reduce the number of truancy cases requiring court involvement.
- **S.B. 09-260 (White/Pommer): Temporary Transfer of Public School Lands Moneys.** For FY 2008-09 and FY 2009-10 only, transfers certain moneys to the State Public School Fund rather than to the Public School “Permanent” Fund. Appropriates the moneys anticipated to be transferred in each fiscal year for public school finance (\$24.6 million in FY 2008-09 and \$37.0 million in FY 2009-10), and reduces appropriations from the State Education Fund for public school finance by the same amounts.

- ❑ **H.B. 09-1319 (Merrifield/Williams): Concurrent Enrollment Programs.** Repeals three existing concurrent enrollment programs and enacts the Concurrent Enrollment Programs Act to broaden access to, improve the quality of, and ensure financial transparency and accountability of concurrent enrollment programs. Creates the Accelerating Students Through Concurrent Enrollment Program (ASCENT) to allow certain students to continue concurrent enrollment after 12th grade. Creates the Concurrent Enrollment Advisory Board in the Department of Education to make recommendations concerning concurrent enrollment programs, among other duties. Appropriates a total of \$30,031 federal funds and 0.3 FTE to the Department of Education to administer the ASCENT Program, and reappropriates \$10,139 of this amount to the Department of Law for the provision of legal services to the Department of Education.

- ❑ **H.J.R. 09-1020 (Middleton/Romer): Interim Committee to Study the Financing of Public Schools.** Establishes an interim legislative committee to perform the following tasks: (a) study funding for Colorado public school students; (b) determine necessary modifications to the "Public School Finance Act of 1994" to fund education reform; (c) analyze the needs of public school facilities throughout the state; and (d) determine appropriate funding factors and formulas and the allocation of resources that will ensure that all students in public schools are receiving a thorough and uniform education. The Committee's final report to the Legislative Council is included in Appendix I.

- ❑ **S.B. 08-212 (Romer and Penry/Witwer and Scanlan): Alignment of Preschool to Post-secondary Education.** Directs the State Board of Education to adopt a description of school readiness by December 15, 2008, and to adopt assessments that are aligned with the school readiness description by December 15, 2010. Requires the State Board to adopt standards for preschool through elementary and secondary education by December 15, 2009, and to adopt a system of assessments that are aligned with such standards by December 15, 2010. Requires the Department of Education to implement, beginning in FY 2008-09, a pilot program for the purpose of evaluating standards and collecting data regarding student performance on postsecondary and workforce planning, preparation, and readiness assessments. Requires the General Assembly to appropriate moneys to the Department for distribution to local education providers who participate in the pilot program to help defray assessment costs. Requires the State Board and the Colorado Commission on Higher Education (CCHE) to negotiate a consensus and adopt a description of postsecondary and workforce readiness by December 15, 2009, and to adopt one or more postsecondary and workforce planning, preparation, and readiness assessments by December 15, 2010. Requires the Department of Education to submit to the federal Department of Education amendments to the state plan that incorporate the new standards and assessments. Requires each local education provider, by December 15, 2011, to revise its standards and curricula as necessary in response to the new standards adopted by the State Board.

Requires the State Board to adopt criteria that local school boards, boards of cooperative services, and Institute high schools may apply to endorse high school diplomas to indicate that a student has achieved postsecondary and workforce readiness. Allows the State Board to adopt additional endorsements.

Requires the Department of Education, by September 15, 2009, to contract for a study of the costs of implementing this act. Authorizes the Department of Education and CCHE to receive and expend gifts, grants, or donations to implement the act. Appropriates a total of \$792,453 cash funds from the State Education Fund and 5.0 FTE to the Department of Education for FY 2008-09, including: \$437,273 for the Department's administrative costs of implementing the act; \$250,000 for the postsecondary and workforce readiness assessments pilot program, and \$105,180 to be transferred to the Department of Higher Education to cover its administrative costs of implementing the act. Appropriates \$105,180 reappropriated funds and 1.0 FTE to the Department of Higher Education for FY 2008-09.

☐ **H.B. 08-1335 (Romanoff/Groff): Building Excellent Schools Today ("BEST").** In order to increase the amount and timeliness of state financial assistance for public school facility capital construction projects, replaces existing capital construction assistance programs with a new financial assistance program. Creates the Public School Capital Construction Assistance (PSCCA) Fund, and requires the following moneys to be credited to the PSCCA Fund beginning in FY 2008-09:

- 35 percent of the gross amount of income received during the fiscal year from income, mineral royalties, and interest derived from state public school lands (or more if required to make lease payments under the terms of lease-purchase agreements);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements;
- all local matching moneys; and
- lottery proceeds that would otherwise be transferred to the General Fund.

Requires an emergency reserve of at least \$1.0 million dollars to be maintained within the PSCCA Fund to address public school facility emergencies. Effective July 1, 2008, abolishes the School Construction and Renovation Fund, the School Capital Construction Expenditures

Reserve Fund, and the Lottery Proceeds Contingency Reserve Fund, and transfers their balances to the PSCCA Fund.

Creates the PSCCA Board and the Division of PSCCA within the Department of Education. Requires the PSCCA Board to: (a) establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs; (b) conduct or contract for a financial assistance priority assessment of public school facilities throughout the state; (c) prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board. Subject to State Board authorization, the PSCCA Board may provide financial assistance to applicants as matching grants or by instructing the State Treasurer to enter into lease-purchase agreements on behalf of the State to finance public school facility capital construction. Limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above lower specified limits to be made only from applicant matching moneys. Requires continued payment of specified capital construction assistance awarded to school districts or charter schools prior to the end of FY 2007-08.

Reduces the amount of school lands-related moneys that are annually credited to the State Public School Fund by \$20.0 million, including \$19.0 million in interest earned on moneys in the Public School Fund and \$1.0 million from rental income earned on public school lands.

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**APPENDIX C: UPDATE OF FY 2009-10
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 4 Department of Education, Management and Administration; and Library Programs** -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., up to 2.5 percent of the total General Fund appropriations for Management and Administration and Library Programs may be transferred between the line items in these two sections of the FY 2009-10 Long Bill.

Comment: The Department is in compliance with this footnote. This footnote provided the Department authority to transfer up to 2.5 percent (\$87,254) of its total FY 2009-10 appropriation (\$3,490,147) between these two sections of the FY 2009-10 Long Bill. In FY 2008-09, a total of \$12,831 (0.4 percent) was transferred between line items. The following table details the line items affected by such transfers.

Long Bill Line Item	Transfers In/ (Out)
Workers' Compensation	\$1,731
Capitol Complex	11,100
Salary Survey	(12,831)
Net Transfers	0

- 5 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding** -- The minimum state aid for fiscal year 2009-10 is established at \$96.37 per student.

Comment: The Public School Finance Act of 1994 indicates that “no district shall receive less in state aid than an amount established by the general assembly in the annual general appropriation act based upon the amount of school lands and mineral lease moneys received pursuant to the provisions of article 41 of [Title 22] and section 34-63-102 (2), C.R.S., multiplied by the district's funded pupil count” [see Section 22-54-106 (1) (b), C.R.S.]. [Please note that this is different than the *minimum per pupil funding* referenced in Section 22-54-104 (2) (a), C.R.S.]

The minimum per pupil state aid amount identified in this footnote is used by both the Department of Education and Legislative Council staff in calculating the amount of state aid for which each district is eligible based upon annual public school finance legislation. Staff calculated the *minimum per pupil state aid* for FY 2009-10 as follows:

Interest/investment earnings on the Public School "Permanent" Fund that are credited to the State Public School Fund	\$0
Rental income earned on state public school lands that is credited to the State Public School Fund	11,000,000
Mineral lease moneys allocated to State Public School Fund	<u>65,000,000</u>
Total estimated revenues	\$76,000,000
Divided by: Projected statewide funded pupil count (Long Bill)	<u>788,648.3</u>
Minimum per pupil state aid	\$96.37

Pursuant to H.B. 08-1335, interest and investment income earned on the Public School "Permanent" Fund is no longer credited to the State Public School Fund. Thus, staff has reflected \$0 from this funding source above. Further, pursuant to S.B. 08-218, the amount of federal mineral lease revenues credited to the State Public School Fund is now capped; the applicable cap for FY 2009-10 is \$65.0 million.

Please note that staff has included rental income that is earned on state public school lands in the above calculation for a number of years. Staff notes that the statutory provision concerning minimum per pupil state aid does not reference the statutory section that allocates (up to \$11 million in) rental income earned on state public school lands to the State Public Income Fund [Section 36-1-116, C.R.S.]. However, given that the above statutory provision references "school lands and mineral lease moneys", staff assumes that it is appropriate to continue to include the rental income earned on state public school lands that is available for appropriation.

In FY 2008-09, no school district was affected by the minimum state aid factor. Based on recently available assessed valuation data, it appears that nine school districts will be affected by this factor in FY 2009-10. The following table details the amount of state aid these districts are estimated to receive in FY 2009-10 as a result of this factor.

Estimated Minimum State Aid: FY 2009-10	
Clear Creek	\$90,031
Grand - West Grand	45,653
Mesa - DeBeque	14,785
Park	53,211
Pitkin - Aspen	156,265
Rio Blanco - Meeker	63,466
Routt - South Routt	38,082
Summit	281,095
Weld - Pawnee	10,378
Total	\$752,964

- 6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding** -- Of the amount appropriated for this line item, a portion, not to exceed \$250,000 for fiscal year 2009-10, shall 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: Pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S., the Legislative Council staff is required to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the current study will impact funding requirements for FY 2010-11 and FY 2011-12.

Prior to FY 2003-04, this biennial study was funded from the General Fund. Pursuant to a provision included in S.B. 03-248 [Section 22-54-104 (5) (c) (III) (B), C.R.S.], the costs of this study are now funded "off-the-top" of districts' total program funding. Thus, the Department of Education is to transfer a portion of the total amount appropriated for the State Share of Districts' Total Program Funding for FY 2009-10 to the Legislative Council to fund the statutorily required cost of living analysis. The amount transferred by the Department is not to exceed an amount specified in a Long Bill footnote. The 2009 study will reduce districts' funding by about \$0.32 per pupil.

The FY 2009-10 Long Bill included a \$250,000 appropriation to the Legislative Department from reappropriated funds to receive and spend funds transferred from the Department of Education. Legislative Council staff is working with two vendors to collect and analyze cost-of-living data. Specifically, Corona Research is performing most of the work related to data collection and compiling the results; Wildrose Appraisal, Inc. will be collecting housing value information. These two contracts will cost a total of \$217,035. Legislative Council staff anticipate that the results of the study should be available by February 1, 2010.

- 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 \$200,000 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 was vetoed by the Governor on the basis that: (1) it violates the separation of powers by attempting to administer the appropriation; and, (2) it runs a foul of H.B. 08-1321 (Long Bill Head note Definitions). In his May 1, 2009, letter to the General Assembly, however, the Governor indicated that he would instruct the Department to comply to the extent feasible.*

The Department of Education indicates that it is in compliance with this footnote. The Department annually contracts with Audio Information Network of Colorado (formerly known as Radio Reading Service of the Rockies) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The broadcast services were once embedded in analog television signals of Rocky Mountain PBS and were decoded with an analog radio tuned to the broadcast channel. The services are also made available through the internet, telephone, and podcasts. Due to the federal mandate in 2009 that all television stations in the U.S. broadcast in digital only, the services broadcast via television signals were encoded digitally and thus required a digital receiver to decode the signal. In FY 2008-09, the Department was appropriated \$300,000 General Fund in one-time funding to purchase 1,500 digital receivers to assist in this transition.

For FY 2009-10, the Department was appropriated \$250,000 total funds. Of this appropriation, \$200,000 will be used for contracts with Audio Information Network of Colorado for the purposes described above, and \$50,000 was used to purchase additional services from the National Federation for the Blind (NFB) for its Newsline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone. Newsline services now includes television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newsline service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database.

Requests for Information

- 1 All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2009, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2009-10, and that are not otherwise included in the Long Bill.

Comment: The Department provided the requested information, which is summarized in the table which follows:

Grant	Federal / Private	Amount	FTE	Detail* (If available)
Government Services Fund - Colorado Growth Model and SchoolView Enhancements	Federal	\$2,500,000	1.0	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness.
Title 1-A School Improvement Grants	Federal	1,500,000	4.0	Part of ARRA funds. Staff are included in the Department's Turnaround Unit
Healthy Schools	Private	651,027	1.0	

Grant	Federal / Private	Amount	FTE	Detail* (If available)
Title 1-A ARRA Administration	Federal	555,000	2.0	The Department has not yet determined staffing levels. Likely the staff will be contracted.
Government Services Fund - Additional Administrative Staffing	Federal	450,000	6.0	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness. Staffing levels not yet confirmed.
Government Services Fund - CAP4K Implementation	Federal	200,000	1.3	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness. Staffing level will range from 0.7 to 1.25 FTE.
Government Services Fund - Office of Dropout Prevention and Student Reengagement	Federal	157,722	1.0	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness.
IDEA ARRA Administration	Federal	148,000	1.0	Provide support for the additional volume of applications due to ARRA. Contracted services will be procured as well.
Government Services Fund - ASCENT Program (concurrent enrollment)	Federal	60,000	0.3	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness.
Government Services Fund - Preschool Identifiers (Record Integration Tracking System "RITS" and Advisory Board)	Federal	50,000	0.5	Part of Governor's discretionary ARRA allotment to enhance Race to the Top (R2T) competitiveness.
Total		\$6,271,749	18.1	

* ARRA refers to the American Reinvestment and Recovery Act of 2009.

- 3 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S. --** The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education - children with disabilities, English language proficiency programs, public school transportation, Colorado Vocational Act distributions, 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 2008-09 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 2007-08 and actual district expenditures for each program. The information for special

education services - 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 2007-08 and actual district expenditures.

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 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.

Statutory Reimbursement Formula. State funding is provided through a statutory formula for five categorical programs. Table I provides a comparison of the state funding available and the maximum statutory reimbursement for each of these programs for FY 2007-08. 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 is the least adequate, covering 14.8 percent of the statutory maximum.

TABLE I: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2007-08

Long Bill Line Item	Description of What Determines Maximum State Funding	Total State Funds	Maximum State Funding	Percent of Maximum Covered by State Funds	Estimated Increase Required to Fund Statutory Maximum
District Programs Required by Statute:					
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	\$142,704,774	\$217,652,500	65.6%	\$74,947,726
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	7,219,597	48,724,386	14.8%	41,504,789
Other Categorical Programs (with specified statutory reimbursement levels):					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	45,363,451	74,576,884	60.8%	29,213,433
Colorado Vocational Act Distributions c/	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each district's per pupil operating revenues	21,146,313	23,218,105	91.1%	2,071,792
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	943,333	943,333	100.0%	0
Total					\$147,737,740

a/ The estimated increase required to fund the statutory maximum for special education for children with disabilities is based on the following: \$104,032,500 (\$1,250 for each student with disabilities); \$111,120,000 (assuming districts received \$6,000 per student for 100 percent of the 18,520 students with specified disabilities, rather than for 11.8 percent of these students); \$2,000,000 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/ Maximum state funding for ELPA calculated by Joint Budget Committee staff.

c/ Data source: Memorandum from Marc Carey and Todd Herreid, Legislative Council Staff, to the Interim Committee on School Finance, dated July 22, 2009.

Percent of Actual Expenditures Covered by State and Federal Funds. Table I 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 II 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. Unless otherwise noted, data is derived from the Department's response to this request for information.

This analysis indicates that districts spent \$811 million in FY 2007-08 on five categorical programs, over and above state and federal funding made available for these programs – the equivalent of 16.0 percent of districts' total program funding for FY 2007-08. Districts spent the largest portion of their total program funding to provide special education services to children with disabilities (\$448 million), followed by public school transportation services (\$156 million), and English language proficiency programs (\$130 million).

TABLE II: Categorical Program Revenues and Expenditures: FY 2007-08

	(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
District Programs Required by Statute:						
Special Education - Children With Disabilities a/	\$142,704,774	\$144,897,264	\$287,602,038	\$735,986,651	39.1%	\$448,384,613
English Language Proficiency Program	7,219,597	9,432,506	16,652,103	146,175,652	11.4%	129,523,549
Other Categorical Programs:						
Public School Transportation	45,363,451	0	45,363,451	201,733,137	22.5%	156,369,686
Colorado Vocational Act Distributions	23,108,150	5,991,581	29,099,731	79,436,592	36.6%	50,336,861
Special Education - Gifted and Talented Children	7,917,204	0	7,917,204	34,515,931	22.9%	26,598,727
Total						\$811,213,436

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

- 12 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, 2009, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2008-09: (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.

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 CPP has increased from 32 in FY 1988-89 to 168 (of 178) in FY 2008-09; the State Charter School Institute also participates in CPP. Most districts that are not currently participating in CPP are small, rural districts. However, two non-participating districts have funded pupil counts in excess of 1,000: El Paso - Cheyenne Mountain (with a funded pupil count of 4,511 in FY 2008-09) and El Paso - Manitou Springs (with a funded pupil count of 1,311).

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 20,160 for FY 2008-09. Most recently, **the General Assembly increased the number of funded 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, beginning in FY 2008-09, none of the CPP slots may be used to provide a full-day kindergarten program (full-day kindergarten is now funded through another mechanism), thereby freeing up 2,454 slots to serve additional preschool children.

For FY 2008-09, participating districts received funding to serve a total of 20,160 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 63,167. Thus, on a statewide basis, **the total number of CPP preschool slots authorized for FY 2008-09 represented 31.9 percent of the total number of public school kindergarten students.**

For purposes of putting this ratio in perspective, please note that the proportion of the funded pupil count considered "at-risk" in FY 2008-09 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 32.1 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 the current year as a proxy), a total of 20,264 CPP slots would have been funded. This analysis implies that an additional 104 slots would have been necessary to provide half-day preschool to all at-risk children.

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 2005-06 through 2008-09.

Fiscal Year	(a) Number of Authorized CPP Half-Day Preschool Slots	(b) Number of Children in Kindergarten Funded Through School Finance Act	(c)=a/b Ratio	(d) Percent of Children Considered At- risk Under School Finance Formula	(e)=(b*d)-a 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	63,167	31.9%	32.1%	104

Please note that there are several possible proxies that one could use to estimate the total number of at-risk children. For example, if one used the percentage of students in grades one through eight who are eligible for free or reduced lunch (approximately 40 percent of children in FY 2008-09), the estimated shortfall would be higher than indicated in the above table (e.g., approximately 5,107 slots in FY 2008-09).

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 CPP preschool head count for those districts with more than 1,000 pupils in public kindergarten programs to the percent of each district's pupils that are considered "at-risk" for purposes of the School Finance Act (i.e., children who are eligible for the federal free lunch program or are English language learners). The last column (E) provides

an estimate of the gap between the number of CPP students and the number of at-risk pupils. For example, Aurora's 1,232 CPP students represent 39 percent of children who would be entering kindergarten the next school year. However, approximately 59 percent of Aurora's students are considered "at-risk" (for purposes of the School Finance Act), so the gap for Aurora is estimated at 649 students.

	(a)	(b)	(c)=a/b	(d)	(e)=(b*d)-a
Larger Districts (with 1,000+ kindergarten pupils) / Statewide	Total CPP Preschool Head Count (FY 08-09)	Kindergarten Funded Head Count (FY 08-09)	Ratio	Percent of Pupils "At-Risk" per School Finance Act (FY 08-09)	Estimated Number of At-Risk 4-year-olds Not Served
Arapahoe - Aurora	1,232	3,194	38.6%	58.9%	649
Denver	3,721	6,622	56.2%	63.4%	477
Arapahoe - Cherry Creek	268	3,722	7.2%	18.0%	403
El Paso - Colorado Springs	718	2,476	29.0%	43.4%	356
Weld - Greeley	488	1,652	29.5%	50.1%	339
El Paso - Harrison	324	1,011	32.0%	63.0%	313
Boulder - St. Vrain	283	2,126	13.3%	27.9%	311
Adams - Northglenn	537	2,801	19.2%	28.6%	264
Jefferson	1,124	6,046	18.6%	21.8%	193
Mesa - Mesa Valley	400	1,685	23.7%	34.9%	188
Douglas	127	4,568	2.8%	6.5%	170
Larimer - Thompson	121	1,126	10.7%	24.7%	157
Larimer - Poudre	345	1,962	17.6%	21.6%	79
Arapahoe - Littleton	129	1,063	12.1%	15.3%	34
El Paso - Academy	77	1,451	5.3%	7.2%	28
Boulder - Boulder	309	2,066	15.0%	16.1%	24
El Paso - Falcon	100	1,097	9.1%	10.9%	20
Adams - Brighton	434	1,232	35.2%	26.9%	(103)
Pueblo - Pueblo City	993	1,419	70.0%	58.4%	(164)

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. In addition, similar to the analysis of the total number of at-risk children, other proxies could be used to analyze the allocation of CPP slots (e.g., the percentage of students in grades one through eight who are eligible for free or reduced lunch). Finally, please note that 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 2008-09, **128** of 168 (76 percent) **of participating school districts chose to use CPP slots to serve children under age four.** This compares to 104 districts in FY 2007-08.

These districts used 4,620¹ CPP slots (23.7 percent of CPP preschool slots) to serve a total of 4,408 children under the age of four. This compares to 2,897 slots (20.8 percent) in FY 2007-08. The percent of CPP slots that these districts used to serve children younger than age four ranged from 0.2 percent (Adams - Northglenn) to 100 percent (Baca - Campo).

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 1,008 for FY 2008-09. A total of 29 school **districts** (compared to 17 in FY 2007-08) **used 1,005** (compared to 532 in FY 2007-08) **CPP slots to serve children through a full-day program.** The percent of CPP slots that these districts used to provide full-day preschool ranged from 1.6 percent (Conejos - North Conejos) to 47.3 percent (Arapahoe - Sheridan).

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 2008-09. **Statewide, \$66.0 million of districts' total program funding was earmarked for the CPP (1.2percent), including \$41.3 million in state funding (62.6 percent of total CPP funding).**

- 13 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, 2009, 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 year 2008-09.

¹ This figure includes 212 slots that were used to provide full-day preschool services for 3-year-olds, and 197 slots that were used to serve children younger than age three under a pilot waiver.

Comment: The Governor instructed the Department to comply with this request to the extent that the information can be compiled without jeopardizing the operation of the executive branch or the delivery of governmental services. The report was furnished by the Department and received by the Joint Budget Committee on November 13, 2009.

Pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants.

The following table details amounts allocated, by BOCES, since FY 2003-04. Primarily due to reductions in the amount of tobacco settlement moneys allocated to the Read-to-Achieve Grant Program, the total amount of funding allocated to BOCES dropped from nearly \$215,000 in FY 2005-06 to less than \$120,000 in FY 2006-07.

Allocations to BOCES, FY 2003-04 through FY 2007-08						
BOCES	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Centennial	\$11,260	\$14,809	\$20,548	\$11,392	\$12,333	\$17,610
East Central	21,269	31,263	31,613	17,963	19,449	27,768
Front Range	6,256	9,872	9,484	4,820	5,218	7,450
Mountain	10,009	13,163	12,645	6,134	6,641	9,482
Northeast	17,516	19,745	18,967	10,516	11,385	16,255
Northwest	7,507	9,873	9,484	6,134	6,641	9,482
Pikes Peak	15,013	19,745	17,387	7,887	7,590	10,837
Rio Blanco	2,502	3,291	3,161	1,753	1,897	2,709
San Juan	5,004	6,582	6,322	11,392	3,795	5,418
San Luis Valley	17,516	23,036	22,129	10,516	13,282	18,964
Santa Fe Trail	6,256	8,227	7,904	4,381	4,744	6,773
South Central	16,265	21,391	20,548	3,505	12,333	17,610
South Platte Valley	5,004	6,582	0	0	0	0
Southeastern	16,264	21,391	20,548	12,268	12,333	17,610
Southwest	5,004	6,582	6,322	3,505	3,795	5,418

Allocations to BOCES, FY 2003-04 through FY 2007-08						
BOCES	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Uncompahgre	6,256	8,227	7,904	4,381	4,744	6,773
Total	\$168,901	\$223,779	\$214,966	\$116,547	\$126,180	\$180,159

For FY 2008-09, \$66,752 (37.0 percent) of the funding was allocated from the Read-to-Achieve Grant Program, \$63,407 (35.2 percent) was allocated from appropriations for the Expelled and At-risk Student Services Grant Program, and the remaining \$50,000 of the funding was allocated from the State School Counselor Corps Grant Program (27.8 percent).

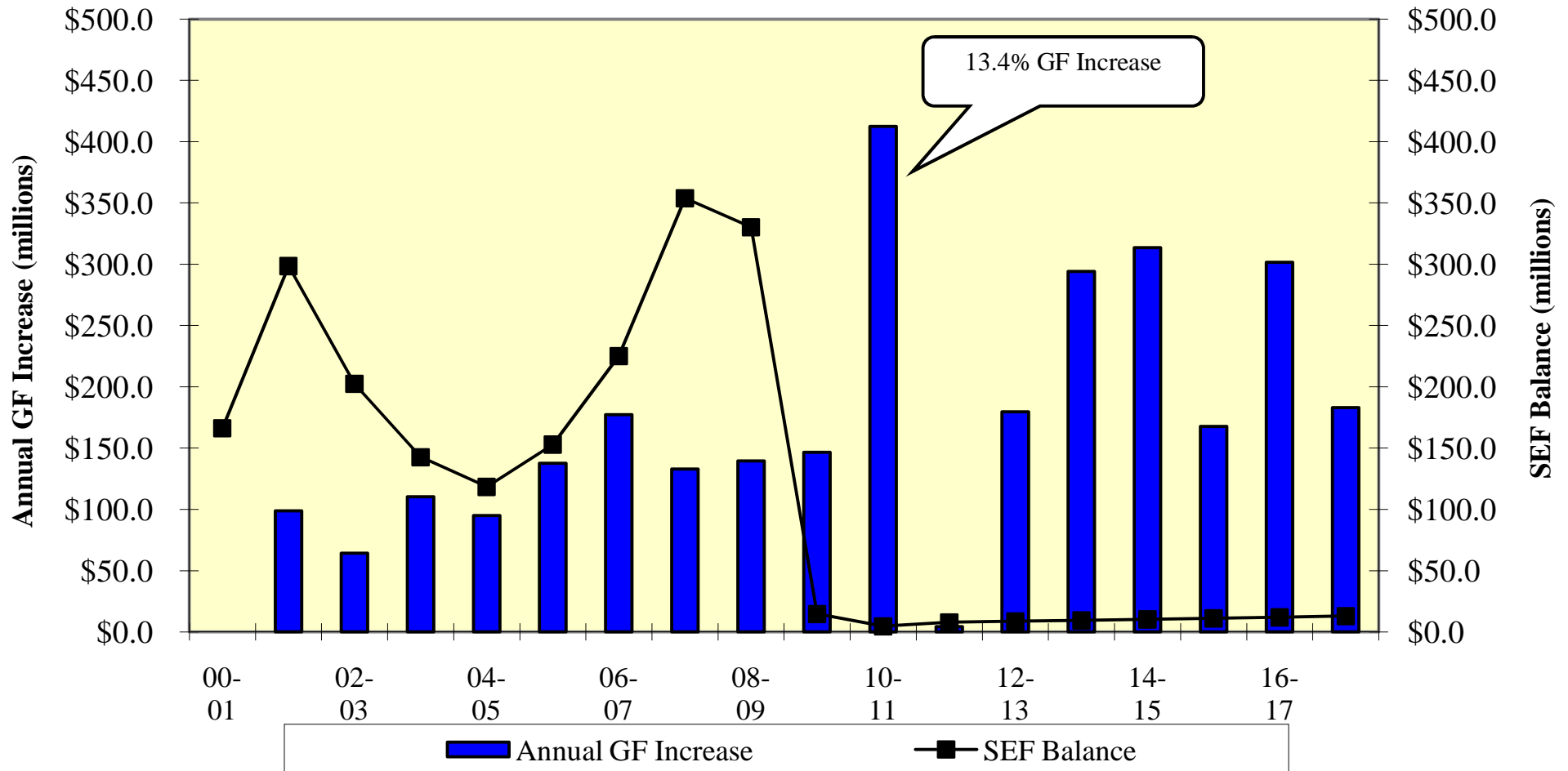
Projected State Education Fund Balance and Required General Fund Increases (\$ Millions)

Based on Current Law (EXCLUDES \$110M recision in FY 2009-10)

\$0M ARRA Funds Credited to SEF in FY 09-10 Through FY 11-12 Due to ARRA (based on 10/09 plan)

Fiscal Year	State Education Fund (SEF)					General Fund		
	Spending for School Finance & Category	Annual Amount of Optional Spending	Total SEF Spending	Change in Spending from Prior Year	State Education Fund Balance	General Fund Approp. For School Finance	Annual Dollar Increase	Annual % Increase
2000-01	N/A	\$0	\$0.0	N/A	\$166.2	\$1,974.7	N/A	N/A
2001-02	\$108.8	\$45.7	\$154.5	\$154.5	\$298.5	\$2,073.4	\$98.7	5.00%
2002-03	\$312.6	\$18.0	\$330.7	\$176.2	\$202.4	\$2,137.6	\$64.2	3.10%
2003-04	\$336.7	\$15.0	\$351.7	\$21.0	\$142.6	\$2,247.9	\$110.3	5.16%
2004-05	\$337.1	\$10.0	\$347.2	(\$4.6)	\$118.4	\$2,342.8	\$94.9	4.22%
2005-06	\$326.4	\$10.3	\$336.8	(\$10.4)	\$152.9	\$2,480.5	\$137.7	5.88%
2006-07	\$326.1	\$10.9	\$336.9	\$0.2	\$225.1	\$2,657.7	\$177.2	7.14%
2007-08	\$294.6	\$7.1	\$301.7	(\$35.3)	\$353.8	\$2,790.5	\$132.9	5.00%
2008-09	\$439.6	\$57.3	\$496.9	\$195.3	\$330.1	\$2,930.1	\$139.5	5.00%
2009-10	\$593.8	\$60.4	\$654.2	\$157.3	\$14.7	\$3,076.6	\$146.5	5.00%
2010-11	\$315.9	\$59.9	\$375.8	(\$278.4)	\$4.7	\$3,489.1	\$412.5	13.41%
2011-12	\$343.1	\$60.3	\$403.4	\$27.6	\$7.8	\$3,493.5	\$4.4	0.12%
2012-13	\$369.8	\$61.3	\$431.1	\$27.8	\$8.7	\$3,673.2	\$179.7	5.14%
2013-14	\$399.1	\$62.3	\$461.4	\$30.3	\$9.5	\$3,967.4	\$294.2	8.01%
2014-15	\$432.6	\$63.8	\$496.3	\$34.9	\$10.3	\$4,281.0	\$313.6	7.90%
2015-16	\$464.4	\$64.7	\$529.1	\$32.8	\$11.1	\$4,448.7	\$167.7	3.92%
2016-17	\$498.1	\$66.0	\$564.0	\$34.9	\$12.0	\$4,750.4	\$301.7	6.78%
2017-18	\$534.5	\$67.0	\$601.5	\$37.5	\$12.9	\$4,933.3	\$183.0	3.85%

Complying With Amendment 23: Scenario 1 Current Law, No Recision in FY 2009-10



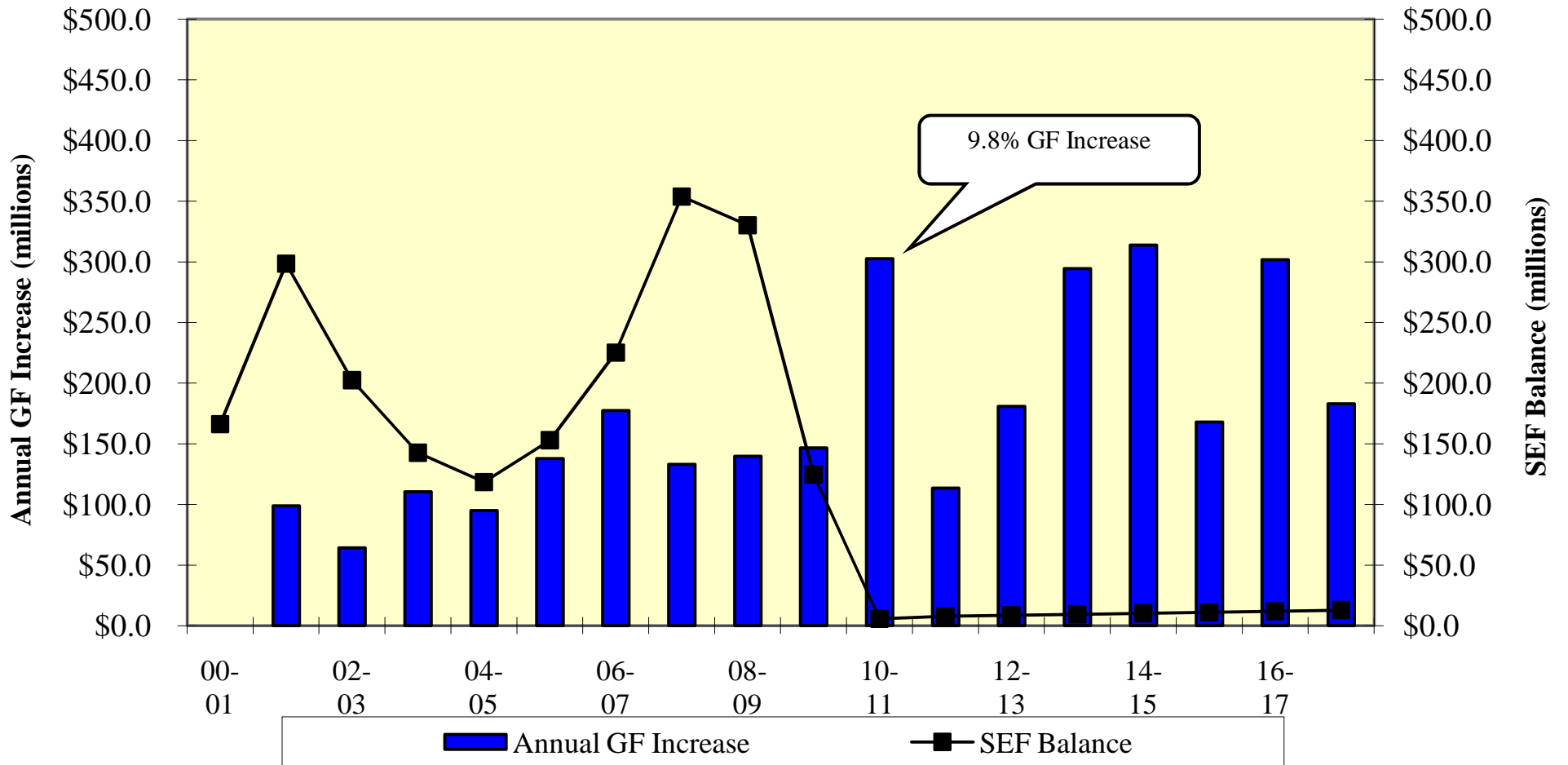
Projected State Education Fund Balance and Required General Fund Increases (\$ Millions)

Based on Current Law (INCLUDES \$110M recision in FY 2009-10)

\$0M ARRA Funds Credited to SEF in FY 09-10 Through FY 11-12 Due to ARRA (based on 10/09 plan)

Fiscal Year	State Education Fund (SEF)					General Fund		
	Spending for School Finance & Categoryicals	Annual Amount of Optional Spending	Total SEF Spending	Change in Spending from Prior Year	State Education Fund Balance	General Fund Approp. For School Finance	Annual Dollar Increase	Annual % Increase
2000-01	N/A	\$0	\$0.0	N/A	\$166.2	\$1,974.7	N/A	N/A
2001-02	\$108.8	\$45.7	\$154.5	\$154.5	\$298.5	\$2,073.4	\$98.7	5.00%
2002-03	\$312.6	\$18.0	\$330.7	\$176.2	\$202.4	\$2,137.6	\$64.2	3.10%
2003-04	\$336.7	\$15.0	\$351.7	\$21.0	\$142.6	\$2,247.9	\$110.3	5.16%
2004-05	\$337.1	\$10.0	\$347.2	(\$4.6)	\$118.4	\$2,342.8	\$94.9	4.22%
2005-06	\$326.4	\$10.3	\$336.8	(\$10.4)	\$152.9	\$2,480.5	\$137.7	5.88%
2006-07	\$326.1	\$10.9	\$336.9	\$0.2	\$225.1	\$2,657.7	\$177.2	7.14%
2007-08	\$294.6	\$7.1	\$301.7	(\$35.3)	\$353.8	\$2,790.5	\$132.9	5.00%
2008-09	\$439.6	\$57.3	\$496.9	\$195.3	\$330.1	\$2,930.1	\$139.5	5.00%
2009-10	\$483.8	\$60.4	\$544.2	\$47.3	\$124.8	\$3,076.6	\$146.5	5.00%
2010-11	\$426.0	\$59.9	\$485.9	(\$58.3)	\$5.7	\$3,379.0	\$302.4	9.83%
2011-12	\$344.1	\$60.3	\$404.4	(\$81.5)	\$7.8	\$3,492.4	\$113.4	3.36%
2012-13	\$369.8	\$61.3	\$431.1	\$26.7	\$8.6	\$3,673.2	\$180.7	5.17%
2013-14	\$399.0	\$62.3	\$461.4	\$30.2	\$9.4	\$3,967.5	\$294.3	8.01%
2014-15	\$432.5	\$63.8	\$496.3	\$34.9	\$10.3	\$4,281.0	\$313.6	7.90%
2015-16	\$464.3	\$64.7	\$529.0	\$32.8	\$11.1	\$4,448.7	\$167.7	3.92%
2016-17	\$498.0	\$66.0	\$564.0	\$34.9	\$11.9	\$4,750.4	\$301.7	6.78%
2017-18	\$534.5	\$67.0	\$601.5	\$37.5	\$12.9	\$4,933.4	\$183.0	3.85%

Complying With Amendment 23: Scenario 2 Current Law, \$110M Recision in FY 2009-10



County	District	Projected Funded Pupil Count FY2009-10 (A)	Original Total Program with \$110 Million Recission FY2009-10 (B)	FY 2009-10 Per Pupil Revenue with \$110 Million Recission (C)=B/A	Projected Funded Pupil Count FY2010-11 (D)	Current Law Total Program FY2010-11 Projected (E)	Current Law FY 2010-11 Per Pupil Revenue (F)=E/D	Current Law % Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (G)=F/C	Proposed FY 2010-11 Total Program with Cost of Living and Equity Adjustments (H)	Proposed FY 2010-11 Per Pupil Revenue (I)=H/D	% Change Per Pupil Revenue (Proposed to Current Law) FY 2010-11 (J)=I/F	% Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (K)=I/C
ADAMS	MAPLETON	5,372.6	\$ 38,924,737	\$ 7,245	5,365.2	\$ 39,801,786	\$ 7,419	2.4%	\$ 37,364,496	\$ 6,964	-6.12%	-3.88%
ADAMS	NORTHGLENN	41,615.1	286,761,315	6,891	42,071.1	296,926,449	7,058	2.4%	278,743,950	6,626	-6.12%	-3.85%
ADAMS	COMMERCE CITY	6,535.6	49,411,716	7,560	6,547.2	50,608,483	7,730	2.2%	47,509,437	7,256	-6.12%	-4.02%
ADAMS	BRIGHTON	14,408.3	98,290,554	6,822	15,302.6	106,854,690	6,983	2.4%	100,311,368	6,555	-6.12%	-3.91%
ADAMS	BENNETT	1,064.1	7,741,977	7,276	1,060.3	7,918,016	7,468	2.6%	7,433,151	7,010	-6.12%	-3.64%
ADAMS	STRASBURG	922.4	6,743,176	7,310	921.4	6,912,472	7,502	2.6%	6,489,182	7,043	-6.12%	-3.66%
ADAMS	WESTMINSTER	10,084.4	73,435,643	7,282	9,829.7	73,265,944	7,454	2.4%	68,779,452	6,997	-6.12%	-3.91%
ALAMOSA	ALAMOSA	2,158.6	14,901,524	6,903	2,148.2	15,246,154	7,097	2.8%	14,312,545	6,663	-6.12%	-3.49%
ALAMOSA	SANGRE DECRISTO	310.7	2,869,999	9,237	309.9	2,938,914	9,483	2.7%	2,758,948	8,903	-6.12%	-3.62%
ARAPAHOE	ENGLEWOOD	3,199.7	23,017,415	7,194	3,050.2	22,566,326	7,398	2.8%	21,184,461	6,945	-6.12%	-3.45%
ARAPAHOE	SHERIDAN	1,452.8	12,094,409	8,325	1,417.4	12,115,956	8,548	2.7%	11,374,027	8,025	-6.12%	-3.61%
ARAPAHOE	CHERRY CREEK	49,925.0	350,430,306	7,019	50,953.1	366,470,725	7,192	2.5%	344,029,633	6,752	-6.12%	-3.81%
ARAPAHOE	LITTLETON	15,142.9	103,457,722	6,832	14,948.2	104,726,565	7,006	2.5%	98,313,561	6,577	-6.12%	-3.73%
ARAPAHOE	DEER TRAIL	165.3	2,109,256	12,760	157.3	2,093,636	13,310	4.3%	1,965,431	12,495	-6.12%	-2.08%
ARAPAHOE	AURORA	33,863.0	250,712,896	7,404	34,292.6	259,664,542	7,572	2.3%	243,763,802	7,108	-6.12%	-3.99%
ARAPAHOE	BYERS	480.9	3,885,431	8,079	476.9	3,958,511	8,301	2.7%	3,716,109	7,792	-6.12%	-3.56%
ARCHULETA	ARCHULETA	1,576.9	11,216,100	7,113	1,553.8	11,355,710	7,308	2.7%	10,660,335	6,861	-6.12%	-3.54%
BACA	WALSH	143.3	1,746,676	12,189	137.0	1,727,118	12,607	3.4%	1,621,356	11,835	-6.12%	-2.91%
BACA	PRITCHETT	62.8	871,366	13,875	60.3	863,061	14,313	3.2%	810,211	13,436	-6.12%	-3.16%
BACA	SPRINGFIELD	274.3	2,556,427	9,320	266.4	2,595,836	9,744	4.6%	2,436,879	9,147	-6.12%	-1.85%
BACA	VILAS	491.0	3,279,071	6,678	494.5	3,391,392	6,858	2.7%	3,183,718	6,438	-6.12%	-3.60%
BACA	CAMPO	49.4	717,169	14,518	49.0	730,623	14,911	2.7%	685,883	13,998	-6.12%	-3.58%
BENT	LAS ANIMAS	532.2	4,039,489	7,590	529.6	4,143,515	7,824	3.1%	3,889,784	7,345	-6.12%	-3.23%
BENT	MCCLAVE	249.7	2,403,241	9,625	242.5	2,433,276	10,034	4.3%	2,284,272	9,420	-6.12%	-2.13%
BOULDER	ST VRAIN	24,618.5	171,092,966	6,950	25,180.9	179,477,828	7,128	2.6%	168,487,377	6,691	-6.12%	-3.72%
BOULDER	BOULDER	27,520.8	192,945,794	7,011	27,601.6	198,427,889	7,189	2.5%	186,277,018	6,749	-6.12%	-3.74%
CHAFFEE	BUENA VISTA	935.1	6,759,388	7,229	926.8	6,887,183	7,431	2.8%	6,465,441	6,976	-6.12%	-3.49%
CHAFFEE	SALIDA	1,069.1	7,528,320	7,042	1,053.8	7,623,001	7,234	2.7%	7,156,201	6,791	-6.12%	-3.56%
CHEYENNE	KIT CARSON	98.2	1,278,065	13,015	96.5	1,291,485	13,383	2.8%	1,212,400	12,564	-6.12%	-3.47%
CHEYENNE	CHEYENNE R-5	197.7	2,210,754	11,182	184.5	2,175,089	11,789	5.4%	2,041,896	11,067	-6.12%	-1.03%
CLEAR CREEK	CLEAR CREEK	941.4	7,000,673	7,436	922.3	7,010,559	7,601	2.2%	6,581,263	7,136	-6.12%	-4.04%
CONEJOS	NORTH CONEJOS	1,098.1	7,903,518	7,197	1,088.8	8,056,648	7,400	2.8%	7,563,293	6,946	-6.12%	-3.49%
CONEJOS	SANFORD	328.9	2,966,379	9,019	328.3	3,041,218	9,264	2.7%	2,854,986	8,696	-6.12%	-3.58%
CONEJOS	SOUTH CONEJOS	273.3	2,668,099	9,763	263.5	2,703,118	10,259	5.1%	2,537,590	9,630	-6.12%	-1.35%
COSTILLA	CENTENNIAL	219.1	2,366,255	10,800	214.9	2,406,387	11,198	3.7%	2,259,030	10,512	-6.12%	-2.67%
COSTILLA	SIERRA GRANDE	264.3	2,602,284	9,846	250.3	2,618,161	10,460	6.2%	2,457,836	9,820	-6.12%	-0.27%
CROWLEY	CROWLEY	515.4	3,980,803	7,724	504.8	4,017,292	7,958	3.0%	3,771,291	7,471	-6.12%	-3.27%
CUSTER	WESTCLIFFE	483.3	3,711,516	7,680	483.6	3,811,594	7,882	2.6%	3,578,189	7,399	-6.12%	-3.65%
DELTA	DELTA	5,204.0	35,103,594	6,746	5,271.8	36,483,493	6,921	2.6%	34,249,401	6,497	-6.12%	-3.69%
DENVER	DENVER	70,356.7	529,275,733	7,523	71,602.6	551,914,437	7,708	2.5%	518,117,569	7,236	-6.12%	-3.81%
DOLORES	DOLORES	265.6	2,668,315	10,046	265.0	2,737,907	10,332	2.8%	2,570,249	9,699	-6.12%	-3.46%
DOUGLAS	DOUGLAS	57,390.7	391,210,827	6,817	58,906.7	411,802,993	6,991	2.6%	386,585,948	6,563	-6.12%	-3.73%
EAGLE	EAGLE	6,127.0	45,553,932	7,435	6,442.2	48,778,113	7,572	1.8%	45,791,151	7,108	-6.12%	-4.40%
ELBERT	ELIZABETH	2,715.2	18,701,554	6,888	2,685.3	18,979,697	7,068	2.6%	17,817,462	6,635	-6.12%	-3.67%
ELBERT	KIOWA	353.5	3,243,821	9,176	345.8	3,285,297	9,501	3.5%	3,084,119	8,919	-6.12%	-2.81%
ELBERT	BIG SANDY	297.7	2,939,538	9,874	290.9	2,968,242	10,204	3.3%	2,786,480	9,579	-6.12%	-2.99%
ELBERT	ELBERT	253.5	2,641,225	10,419	251.2	2,698,561	10,743	3.1%	2,533,313	10,085	-6.12%	-3.21%
ELBERT	AGATE	61.7	933,533	15,130	59.4	928,871	15,638	3.4%	871,991	14,680	-6.12%	-2.98%
EL PASO	CALHAN	620.9	4,828,753	7,777	606.9	4,858,556	8,006	2.9%	4,561,039	7,515	-6.12%	-3.37%
EL PASO	HARRISON	10,223.9	74,023,601	7,240	10,060.6	74,712,619	7,426	2.6%	70,137,539	6,972	-6.12%	-3.71%
EL PASO	WIDEFIELD	7,980.1	53,645,446	6,722	7,964.0	54,873,553	6,890	2.5%	51,513,332	6,468	-6.12%	-3.78%
EL PASO	FOUNTAIN	6,830.5	45,917,372	6,722	7,074.3	48,743,342	6,890	2.5%	45,758,509	6,468	-6.12%	-3.78%
EL PASO	COLORADO SPRINGS	29,963.4	208,357,762	6,954	29,682.1	211,672,115	7,131	2.6%	198,710,224	6,695	-6.12%	-3.73%
EL PASO	CHEYENNE MOUNTAIN	4,497.7	30,235,351	6,722	4,539.4	31,277,374	6,890	2.5%	29,362,082	6,468	-6.12%	-3.78%
EL PASO	MANITOU SPRINGS	1,316.9	9,460,814	7,184	1,327.6	9,779,444	7,366	2.5%	9,180,593	6,915	-6.12%	-3.74%
EL PASO	ACADEMY	21,168.5	142,303,183	6,722	21,519.5	148,273,659	6,890	2.5%	139,194,017	6,468	-6.12%	-3.78%
EL PASO	ELLCOTT	874.8	6,744,209	7,709	858.2	6,838,034	7,968	3.4%	6,419,302	7,480	-6.12%	-2.98%

County	District	Projected Funded Pupil Count FY2009-10 (A)	Original Total Program with \$110 Million Recission FY2009-10 (B)	FY 2009-10 Per Pupil Revenue with \$110 Million Recission (C)=B/A	Projected Funded Pupil Count FY2010-11 (D)	Current Law Total Program FY2010-11 Projected (E)	Current Law FY 2010-11 Per Pupil Revenue (F)=E/D	Current Law % Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (G)=F/C	Proposed FY 2010-11 Total Program with Cost of Living and Equity Adjustments (H)	Proposed FY 2010-11 Per Pupil Revenue (I)=H/D	% Change Per Pupil Revenue (Proposed to Current Law) FY 2010-11 (J)=I/F	% Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (K)=I/C
EL PASO	PEYTON	638.3	4,957,196	7,766	632.8	5,043,680	7,970	2.6%	4,734,827	7,482	-6.12%	-3.66%
EL PASO	HANOVER	276.2	2,776,798	10,054	260.0	2,784,355	10,709	6.5%	2,613,853	10,053	-6.12%	0.00%
EL PASO	LEWIS-PALMER	5,615.1	37,746,964	6,722	5,597.9	38,570,651	6,890	2.5%	36,208,750	6,468	-6.12%	-3.78%
EL PASO	FALCON	13,690.0	92,029,694	6,722	14,394.5	99,180,984	6,890	2.5%	93,107,567	6,468	-6.12%	-3.78%
EL PASO	EDISON	192.5	2,114,711	10,986	201.3	2,239,705	11,126	1.3%	2,102,555	10,445	-6.12%	-4.92%
EL PASO	MIAMI-YODER	339.1	3,143,535	9,270	363.0	3,359,574	9,255	-0.2%	3,153,848	8,688	-6.12%	-6.28%
FREMONT	CANON CITY	3,895.0	26,183,759	6,722	3,912.4	26,957,218	6,890	2.5%	25,306,474	6,468	-6.12%	-3.78%
FREMONT	FLORENCE	1,686.2	11,521,694	6,833	1,646.6	11,566,668	7,025	2.8%	10,858,375	6,594	-6.12%	-3.49%
FREMONT	COTOPAXI	230.0	2,459,870	10,695	218.5	2,459,821	11,258	5.3%	2,309,192	10,568	-6.12%	-1.18%
GARFIELD	ROARING FORK	5,681.8	41,471,830	7,299	5,837.6	43,518,094	7,455	2.1%	40,853,233	6,998	-6.12%	-4.12%
GARFIELD	RIFLE	4,930.8	33,411,756	6,776	5,279.1	36,656,197	6,944	2.5%	34,411,529	6,518	-6.12%	-3.80%
GARFIELD	PARACHUTE	1,336.7	9,741,322	7,288	1,413.4	10,507,281	7,434	2.0%	9,863,861	6,979	-6.12%	-4.24%
GILPIN	GILPIN	327.8	3,116,735	9,508	328.0	3,198,839	9,753	2.6%	3,002,956	9,155	-6.12%	-3.71%
GRAND	WEST GRAND	470.1	3,827,424	8,142	454.2	3,824,551	8,420	3.4%	3,590,352	7,905	-6.12%	-2.91%
GRAND	EAST GRAND	1,405.6	9,863,102	7,017	1,454.4	10,428,473	7,170	2.2%	9,789,878	6,731	-6.12%	-4.07%
GUNNISON	GUNNISON	1,775.8	12,538,411	7,061	1,825.5	13,179,148	7,219	2.2%	12,372,113	6,777	-6.12%	-4.01%
HINSDALE	HINSDALE	89.8	1,301,723	14,496	91.7	1,358,866	14,819	2.2%	1,275,655	13,911	-6.12%	-4.03%
HUERFANO	HUERFANO	655.0	4,932,169	7,530	672.0	5,182,006	7,711	2.4%	4,864,682	7,239	-6.12%	-3.86%
HUERFANO	LA VETA	258.0	2,477,159	9,601	256.3	2,535,423	9,892	3.0%	2,380,165	9,287	-6.12%	-3.28%
JACKSON	NORTH PARK	200.7	2,314,883	11,534	191.2	2,302,047	12,040	4.4%	2,161,079	11,303	-6.12%	-2.01%
JEFFERSON	JEFFERSON	81,226.0	560,427,575	6,900	80,898.3	572,374,852	7,075	2.5%	537,325,077	6,642	-6.12%	-3.73%
KIOWA	EADS	185.8	2,067,712	11,129	177.5	2,053,314	11,568	3.9%	1,927,577	10,860	-6.12%	-2.42%
KIOWA	PLAINVIEW	65.7	905,703	13,785	61.1	869,297	14,227	3.2%	816,065	13,356	-6.12%	-3.11%
KIT CARSON	ARRIBA-FLAGLER	165.6	1,940,386	11,717	156.4	1,916,722	12,255	4.6%	1,799,351	11,505	-6.12%	-1.81%
KIT CARSON	HI PLAINS	113.9	1,408,392	12,365	111.9	1,425,340	12,738	3.0%	1,338,058	11,958	-6.12%	-3.30%
KIT CARSON	STRATTON	210.9	2,235,729	10,601	197.8	2,212,829	11,187	5.9%	2,077,325	10,502	-6.12%	-0.93%
KIT CARSON	BETHUNE	119.7	1,538,380	12,852	117.3	1,550,354	13,217	2.8%	1,455,417	12,408	-6.12%	-3.46%
KIT CARSON	BURLINGTON	723.8	5,149,376	7,114	724.7	5,286,426	7,295	2.5%	4,962,708	6,848	-6.12%	-3.74%
LAKE	LAKE	1,107.1	8,357,535	7,549	1,094.9	8,464,302	7,731	2.4%	7,945,984	7,257	-6.12%	-3.86%
LA PLATA	DURANGO	4,558.9	31,845,851	6,985	4,556.2	32,653,846	7,167	2.6%	30,654,265	6,728	-6.12%	-3.68%
LA PLATA	BAYFIELD	1,306.2	9,492,555	7,267	1,332.4	9,919,189	7,445	2.4%	9,311,780	6,989	-6.12%	-3.83%
LA PLATA	IGNACIO	783.6	6,166,980	7,870	777.0	6,279,012	8,081	2.7%	5,894,512	7,586	-6.12%	-3.61%
LARIMER	POUDRE	25,145.8	169,085,023	6,724	25,422.2	175,164,042	6,890	2.5%	164,437,750	6,468	-6.12%	-3.81%
LARIMER	THOMPSON	14,744.8	99,120,485	6,722	14,969.6	103,143,538	6,890	2.5%	96,827,471	6,468	-6.12%	-3.78%
LARIMER	ESTES PRK	1,181.4	8,715,986	7,378	1,165.8	8,821,711	7,567	2.6%	8,281,508	7,104	-6.12%	-3.71%
LAS ANIMAS	TRINIDAD	1,556.5	11,071,049	7,113	1,553.9	11,341,979	7,299	2.6%	10,647,445	6,852	-6.12%	-3.67%
LAS ANIMAS	PRIMERO	206.0	2,270,877	11,024	202.0	2,305,127	11,412	3.5%	2,163,970	10,713	-6.12%	-2.82%
LAS ANIMAS	HOEHNE	329.7	2,913,202	8,836	324.8	2,961,895	9,119	3.2%	2,780,522	8,561	-6.12%	-3.11%
LAS ANIMAS	AGUILAR	135.1	1,717,742	12,715	130.9	1,722,793	13,161	3.5%	1,617,296	12,355	-6.12%	-2.83%
LAS ANIMAS	BRANSON	521.4	3,497,801	6,708	529.0	3,641,782	6,884	2.6%	3,418,775	6,463	-6.12%	-3.66%
LAS ANIMAS	KIM	58.5	779,039	13,317	58.2	795,687	13,672	2.7%	746,963	12,834	-6.12%	-3.62%
LINCOLN	GENOA-HUGO	174.4	2,061,415	11,820	169.1	2,071,529	12,250	3.6%	1,944,678	11,500	-6.12%	-2.71%
LINCOLN	LIMON	480.1	3,714,037	7,736	467.7	3,720,588	7,955	2.8%	3,492,755	7,468	-6.12%	-3.46%
LINCOLN	KARVAL	259.8	1,889,294	7,272	255.1	1,899,790	7,447	2.4%	1,783,455	6,991	-6.12%	-3.86%
LOGAN	VALLEY	2,357.8	15,907,481	6,747	2,345.5	16,253,115	6,929	2.7%	15,257,844	6,505	-6.12%	-3.58%
LOGAN	FRENCHMAN	186.6	2,124,405	11,385	187.3	2,185,877	11,670	2.5%	2,052,024	10,956	-6.12%	-3.77%
LOGAN	BUFFALO	301.8	2,808,508	9,306	301.5	2,879,508	9,551	2.6%	2,703,180	8,966	-6.12%	-3.65%
LOGAN	PLATEAU	152.5	1,898,263	12,448	151.6	1,939,587	12,794	2.8%	1,820,815	12,011	-6.12%	-3.51%
MESA	DEBEQUE	155.1	1,904,507	12,279	146.1	1,872,339	12,815	4.4%	1,757,685	12,031	-6.12%	-2.02%
MESA	PLATEAU	510.1	3,837,201	7,522	518.3	3,994,642	7,707	2.5%	3,750,028	7,235	-6.12%	-3.82%
MESA	MESA VALLEY	22,196.1	149,254,420	6,724	22,805.2	157,132,389	6,890	2.5%	147,510,277	6,468	-6.12%	-3.81%
MINERAL	CREEDE	119.0	1,577,233	13,254	111.1	1,531,070	13,781	4.0%	1,437,313	12,937	-6.12%	-2.39%
MOFFAT	MOFFAT	2,283.1	15,347,918	6,722	2,298.0	15,833,680	6,890	2.5%	14,864,093	6,468	-6.12%	-3.78%
MONTEZUMA	MONTEZUMA	2,995.5	20,166,336	6,732	3,037.1	20,963,257	6,902	2.5%	19,679,558	6,480	-6.12%	-3.75%
MONTEZUMA	DOLORES	686.0	5,168,228	7,534	679.3	5,258,470	7,741	2.7%	4,936,464	7,267	-6.12%	-3.54%
MONTEZUMA	MANCOS	378.5	3,299,291	8,717	366.1	3,327,943	9,090	4.3%	3,124,154	8,534	-6.12%	-2.10%
MONTROSE	MONTROSE	6,305.5	44,336,673	7,031	6,443.5	46,471,688	7,212	2.6%	43,625,962	6,771	-6.12%	-3.71%

County	District	Projected Funded Pupil Count FY2009-10 (A)	Original Total Program with \$110 Million Recission FY2009-10 (B)	FY 2009-10 Per Pupil Revenue with \$110 Million Recission (C)=B/A	Projected Funded Pupil Count FY2010-11 (D)	Current Law Total Program FY2010-11 Projected (E)	Current Law FY 2010-11 Per Pupil Revenue (F)=E/D	Current Law % Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (G)=F/C	Proposed FY 2010-11 Total Program with Cost of Living and Equity Adjustments (H)	Proposed FY 2010-11 Per Pupil Revenue (I)=H/D	% Change Per Pupil Revenue (Proposed to Current Law) FY 2010-11 (J)=I/F	% Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (K)=I/C
MONTROSE	WEST END	320.8	3,118,443	9,721	329.8	3,256,915	9,875	1.6%	3,057,476	9,271	-6.12%	-4.63%
MORGAN	BRUSH	1,464.7	10,567,962	7,215	1,461.3	10,806,997	7,395	2.5%	10,145,223	6,943	-6.12%	-3.78%
MORGAN	FT MORGAN	3,018.7	21,726,578	7,197	3,012.6	22,227,876	7,378	2.5%	20,866,737	6,926	-6.12%	-3.76%
MORGAN	WELDON	203.8	2,341,601	11,490	203.7	2,401,716	11,790	2.6%	2,254,645	11,068	-6.12%	-3.67%
MORGAN	WIGGINS	523.0	4,107,286	7,853	509.6	4,118,172	8,081	2.9%	3,865,993	7,586	-6.12%	-3.40%
OTERO	EAST OTERO	1,435.1	10,459,604	7,288	1,463.0	10,954,191	7,487	2.7%	10,283,404	7,029	-6.12%	-3.56%
OTERO	ROCKY FORD	800.9	6,226,754	7,775	796.9	6,371,347	7,995	2.8%	5,981,193	7,506	-6.12%	-3.46%
OTERO	MANZANOLA	193.6	2,297,623	11,868	187.7	2,307,799	12,295	3.6%	2,166,479	11,542	-6.12%	-2.74%
OTERO	FOWLER	414.5	3,363,838	8,115	402.5	3,398,500	8,443	4.0%	3,190,391	7,926	-6.12%	-2.33%
OTERO	CHERAW	193.0	2,236,014	11,586	196.0	2,316,393	11,818	2.0%	2,174,547	11,095	-6.12%	-4.24%
OTERO	SWINK	373.2	3,183,224	8,530	374.6	3,272,230	8,735	2.4%	3,071,853	8,200	-6.12%	-3.86%
OURAY	OURAY	246.5	2,819,400	11,438	240.7	2,860,273	11,883	3.9%	2,685,122	11,155	-6.12%	-2.47%
OURAY	RIDGWAY	344.5	3,328,439	9,662	341.5	3,396,022	9,944	2.9%	3,188,064	9,335	-6.12%	-3.38%
PARK	PLATTE CANYON	1,197.5	8,803,277	7,351	1,181.3	8,917,405	7,549	2.7%	8,371,342	7,087	-6.12%	-3.60%
PARK	PARK	545.2	4,347,800	7,975	529.0	4,343,441	8,211	3.0%	4,077,468	7,708	-6.12%	-3.35%
PHILLIPS	HOLYOKE	574.5	4,284,981	7,459	575.2	4,402,801	7,654	2.6%	4,133,193	7,186	-6.12%	-3.66%
PHILLIPS	HAXTUN	273.8	2,486,863	9,083	270.0	2,539,852	9,407	3.6%	2,384,323	8,831	-6.12%	-2.77%
PITKIN	ASPEN	1,648.5	15,185,754	9,212	1,711.5	16,116,538	9,417	2.2%	15,129,631	8,840	-6.12%	-4.04%
PROWERS	GRANADA	254.5	2,513,532	9,876	249.2	2,552,208	10,242	3.7%	2,395,922	9,614	-6.12%	-2.65%
PROWERS	LAMAR	1,594.1	11,338,851	7,113	1,573.7	11,512,939	7,316	2.9%	10,807,936	6,868	-6.12%	-3.45%
PROWERS	HOLLY	285.5	2,576,907	9,026	282.7	2,623,096	9,279	2.8%	2,462,469	8,711	-6.12%	-3.49%
PROWERS	WILEY	251.5	2,450,250	9,743	247.4	2,497,725	10,096	3.6%	2,344,775	9,478	-6.12%	-2.72%
PUEBLO	PUEBLO CITY	17,145.9	119,837,116	6,989	17,136.4	123,006,417	7,178	2.7%	115,474,033	6,739	-6.12%	-3.59%
PUEBLO	PUEBLO RURAL	8,516.7	57,252,688	6,722	8,560.8	58,985,624	6,890	2.5%	55,373,598	6,468	-6.12%	-3.78%
RIO BLANCO	MEEKER	678.2	4,906,021	7,234	706.1	5,207,460	7,375	2.0%	4,888,577	6,923	-6.12%	-4.29%
RIO BLANCO	RANGELY	467.2	3,430,330	7,342	464.5	3,500,030	7,535	2.6%	3,285,703	7,074	-6.12%	-3.66%
RIO GRANDE	DEL NORTE	598.4	4,593,767	7,677	591.2	4,667,505	7,895	2.8%	4,381,687	7,412	-6.12%	-3.46%
RIO GRANDE	MONTE VISTA	1,144.3	8,223,970	7,187	1,124.1	8,306,749	7,390	2.8%	7,798,079	6,937	-6.12%	-3.47%
RIO GRANDE	SARGENT	464.8	3,519,253	7,572	462.7	3,593,375	7,766	2.6%	3,373,332	7,291	-6.12%	-3.71%
ROUTT	HAYDEN	421.3	3,643,361	8,648	426.3	3,757,040	8,813	1.9%	3,526,975	8,273	-6.12%	-4.33%
ROUTT	STEAMBOAT SPRINGS	2,137.4	15,173,601	7,099	2,206.5	16,003,791	7,253	2.2%	15,023,788	6,809	-6.12%	-4.09%
ROUTT	SOUTH ROUTT	397.0	3,538,778	8,914	394.3	3,618,409	9,177	3.0%	3,396,833	8,615	-6.12%	-3.35%
SAGUACHE	MTN VALLEY	126.7	1,651,598	13,036	125.1	1,677,860	13,412	2.9%	1,575,115	12,591	-6.12%	-3.41%
SAGUACHE	MOFFAT	204.6	2,464,113	12,044	200.3	2,494,949	12,456	3.4%	2,342,169	11,693	-6.12%	-2.91%
SAGUACHE	CENTER	584.9	4,678,303	7,998	567.2	4,650,931	8,200	2.5%	4,366,128	7,698	-6.12%	-3.76%
SAN JUAN	SILVERTON	68.1	1,024,440	15,043	72.1	1,106,126	15,342	2.0%	1,038,391	14,402	-6.12%	-4.26%
SAN MIGUEL	TELLURIDE	690.5	6,717,355	9,728	708.2	7,036,416	9,936	2.1%	6,605,536	9,327	-6.12%	-4.12%
SAN MIGUEL	NORWOOD	286.9	2,871,796	10,010	290.7	2,973,219	10,228	2.2%	2,791,152	9,601	-6.12%	-4.08%
SEDGWICK	JULESBURG	789.8	5,438,873	6,886	784.0	5,540,939	7,068	2.6%	5,201,635	6,635	-6.12%	-3.65%
SEDGWICK	PLATTE VLY	113.5	1,515,989	13,357	111.0	1,524,970	13,738	2.9%	1,431,588	12,897	-6.12%	-3.44%
SUMMIT	SUMMIT	3,038.9	22,453,135	7,389	3,192.6	24,110,245	7,552	2.2%	22,633,837	7,089	-6.12%	-4.05%
TELLER	CRIPPLE CREEK	466.5	3,637,291	7,797	435.4	3,593,992	8,254	5.9%	3,373,912	7,749	-6.12%	-0.62%
TELLER	WOODLAND PARK	2,804.5	18,869,202	6,728	2,737.6	18,909,109	6,907	2.7%	17,751,197	6,484	-6.12%	-3.63%
WASHINGTON	AKRON	402.4	3,343,155	8,308	391.5	3,382,597	8,640	4.0%	3,175,461	8,111	-6.12%	-2.37%
WASHINGTON	ARICKAREE	106.2	1,411,759	13,293	108.7	1,476,509	13,583	2.2%	1,386,094	12,752	-6.12%	-4.08%
WASHINGTON	OTIS	184.1	2,137,206	11,609	180.9	2,167,865	11,984	3.2%	2,035,114	11,250	-6.12%	-3.09%
WASHINGTON	LONE STAR	101.2	1,359,104	13,430	96.0	1,335,522	13,912	3.6%	1,253,740	13,060	-6.12%	-2.76%
WASHINGTON	WOODLIN	90.8	1,236,667	13,620	86.3	1,214,137	14,069	3.3%	1,139,789	13,207	-6.12%	-3.03%
WELD	GILCREST	1,816.1	12,867,432	7,085	1,795.6	13,066,977	7,277	2.7%	12,266,812	6,832	-6.12%	-3.58%
WELD	EATON	1,756.7	12,034,197	6,850	1,817.3	12,729,647	7,005	2.3%	11,950,138	6,576	-6.12%	-4.01%
WELD	KEENESBURG	2,125.3	14,674,573	6,905	2,194.5	15,482,138	7,055	2.2%	14,534,079	6,623	-6.12%	-4.08%
WELD	WINDSOR	3,947.7	26,538,029	6,722	4,133.7	28,482,020	6,890	2.5%	26,737,903	6,468	-6.12%	-3.78%
WELD	JOHNSTOWN	3,068.8	20,629,710	6,722	3,234.1	22,283,596	6,890	2.5%	20,919,044	6,468	-6.12%	-3.78%
WELD	GREELEY	18,531.2	128,037,351	6,909	18,996.2	134,562,370	7,084	2.5%	126,322,349	6,650	-6.12%	-3.75%
WELD	PLATTE VLY	1,176.8	8,391,556	7,131	1,212.9	8,858,121	7,303	2.4%	8,315,688	6,856	-6.12%	-3.85%
WELD	FORT LUPTON	2,283.7	16,497,512	7,224	2,261.1	16,715,840	7,393	2.3%	15,692,234	6,940	-6.12%	-3.93%
WELD	AULT-HIGHLND	858.5	6,416,593	7,474	861.6	6,603,202	7,664	2.5%	6,198,851	7,195	-6.12%	-3.74%

County	District	Projected Funded Pupil Count FY2009-10 (A)	Original Total Program with \$110 Million Recission FY2009-10 (B)	FY 2009-10 Per Pupil Revenue with \$110 Million Recission (C)=B/A	Projected Funded Pupil Count FY2010-11 (D)	Current Law Total Program FY2010-11 Projected (E)	Current Law FY 2010-11 Per Pupil Revenue (F)=E/D	Current Law % Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (G)=F/C	Proposed FY 2010-11 Total Program with Cost of Living and Equity Adjustments (H)	Proposed FY 2010-11 Per Pupil Revenue (I)=H/D	% Change Per Pupil Revenue (Proposed to Current Law) FY 2010-11 (J)=I/F	% Change Per Pupil Revenue FY 2010-11 to FY 2009-10 (K)=I/C
WELD	BRIGGSDALE	148.1	1,875,331	12,663	153.7	1,976,340	12,858	1.5%	1,855,318	12,071	-6.12%	-4.67%
WELD	PRAIRIE	156.9	1,938,936	12,358	161.9	2,032,963	12,557	1.6%	1,908,473	11,788	-6.12%	-4.61%
WELD	GROVER	113.7	1,505,104	13,237	110.2	1,506,720	13,673	3.3%	1,414,455	12,835	-6.12%	-3.04%
YUMA	WEST YUMA	792.6	6,116,947	7,718	783.8	6,204,274	7,916	2.6%	5,824,351	7,431	-6.12%	-3.71%
YUMA	EAST YUMA	634.8	4,791,359	7,548	631.1	4,889,817	7,748	2.7%	4,590,386	7,274	-6.12%	-3.63%
YUMA	IDALIA	136.6	1,764,707	12,919	136.2	1,806,654	13,265	2.7%	1,696,023	12,452	-6.12%	-3.61%
YUMA	LIBERTY	83.3	1,217,696	14,618	82.8	1,243,026	15,012	2.7%	1,166,908	14,093	-6.12%	-3.59%
TOTAL	ALL DISTRICTS	788,648.3	\$ 5,588,345,205	\$ 7,086	797,780.4	\$ 5,793,036,473	\$ 7,261	2.5%	\$ 5,438,295,823	\$ 6,817	-6.12%	-3.80%

Data provided by Legislative Council Staff, December 1, 2009, based on the Department's request

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

APPENDIX F: ARRA FUNDS BY LONG BILL LINE ITEM

The following table details anticipated staff recommended mid-year adjustments to the Department's FY 2009-10 appropriation, by line item. These are subject to change as federal awards for several grant programs are approximate.

ARRA Funds by 2009 Long Bill Line Item				
Long Bill Section and Line Item	Federal Stimulus	Purpose	FY 09-10 Allocation	Applicable Fiscal Year
(1) MANAGEMENT AND ADMINISTRATION				
(A) Administration and Centrally-Appropriated Line Items				
<i>General Department and Program Administration</i>	Government Services Grants	Additional administrative staffing (6.0 FTE). To enhance Race to the Top (R2T) competitiveness.	\$450,000	FY 09-10 & FY 10-11
<i>Office of Professional Services</i>	Government Services Grants	National Board Certification - Awards to Districts, Compensation Stipends. To enhance R2T competitiveness.	1,336,541	FY 09-10
	Government Services Grants	Alternative Teacher Compensation Act Grants. To enhance R2T competitiveness.	1,000,000	FY 09-10 & FY 10-11
	Government Services Grants	Educator Identifier System. To enhance R2T competitiveness.	500,000	FY 09-10 & FY 10-11
	Government Services Grants	National Board Certification - Awards to Districts, Assessment Stipends. To enhance R2T competitiveness.	200,000	FY 09-10
(B) Information Technology				
<i>School Accountability Reports and State Data Reporting System</i>	Government Services Grants	Colorado Growth Model and SchoolView improvements. To enhance R2T competitiveness.	2,500,000	FY 09-10 & FY 10-11
(C) Assessments and Data Analyses				
<i>Preschool to Postsecondary Education Alignment</i>	Government Services Grants	CAP4K Implementation. To enhance R2T competitiveness.	200,000	FY 09-10
Subtotal - (1) MANAGEMENT AND ADMINISTRATION			\$6,186,541	

(2) ASSISTANCE TO PUBLIC SCHOOLS				
(A) Public School Finance				
<i>ASCENT administration</i> (concurrent enrollment)	Government Services Grants	ASCENT Concurrent Enrollment Program. To enhance R2T competitiveness. Total two year award is \$52,926.	\$30,030	FY09-10: \$30,030 FY10-11: \$22,896
<i>Administration</i>	Government Services Grants	Preschool Identifier System. To enhance R2T competitiveness.	50,000	FY 09-10 & FY 10-11
(B) Categorical Programs, (I) District Programs Required by Statute				
<i>Special Education</i>	Additional IDEA moneys	Reduce the amount of GF support for special education	148,730,573	FY 09-10
<i>Special Education - (Preschool)</i>	Additional IDEA moneys	Reduce the amount of GF support for special education	5,281,455	FY 09-10
(C) Grant Programs, Distributions, and Other Assistance				
(I) Health and Nutrition				
<i>Federal Nutrition Programs</i>	Additional federal awards	Competitive grants to School Food Authorities	935,988	FY 09-10
(IV) Professional Development and Instructional Support				
<i>Office of Dropout Prevention and Student Reengagement</i>	Government Services Grants	Office of Dropout Prevention and Reengagement. To enhance R2T competitiveness. Total two year award is \$307,944.	157,722	FY09-10: \$157,722 FY10-11: \$150,172
<i>School Leadership Academy Program</i>	Government Services Grants	Principal Leadership Academy. To enhance R2T competitiveness.	25,000	FY 09-10 & FY 10-11
(VII) Other Assistance				
<i>Appropriated Sponsored Programs</i>	Additional Title 1 moneys	Additional instructional opportunities for students at risk.	108,049,857	FY 09-10
	Additional Title 1 moneys	School Improvement Grants	33,611,909	FY 09-10
	Additional Title II, Part D moneys	Education Technology	3,832,547	FY 09-10
	Additional Title II, Part D moneys	Education Technology - Competitive Grants	2,901,908	FY 09-10
	Title X, McKinney-Vento Homeless Prevention	Remove educational barriers facing homeless children	924,815	FY 09-10
Subtotal - (2) ASSISTANCE TO PUBLIC SCHOOLS			\$304,531,804	
Grand Total*			\$310,718,345	

* Note total differs from total provided in the "ARRA K-12 Education-Related Allocations" table by approximately \$1.0 million. This difference reflects rounding differences and \$1.0 million directly distributed by the U.S. DOE to El Paso County, School District 8 (Fountain) for Impact Aid Construction grants.

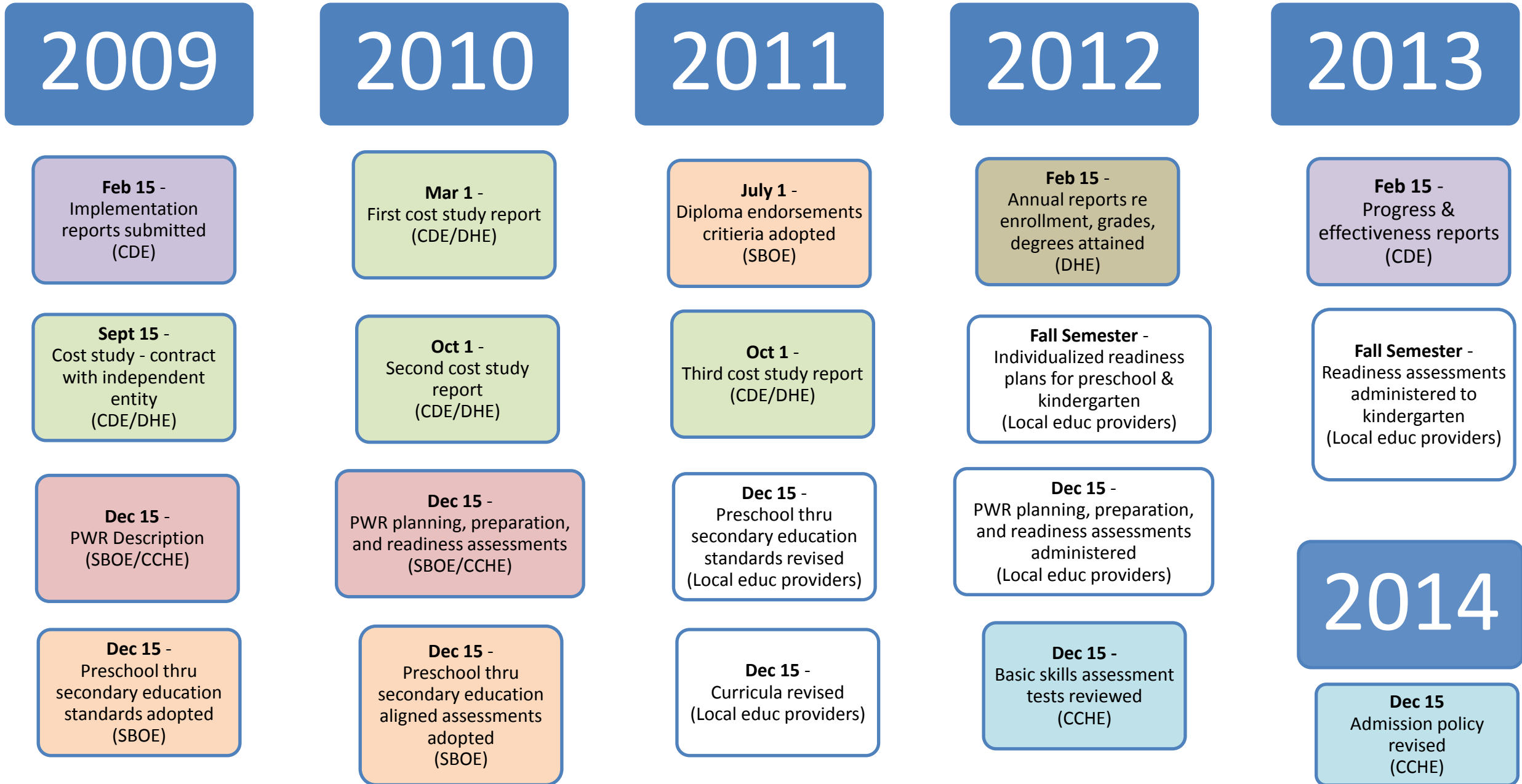
Colorado Department of Education & Department of Higher Education
Timeline for SB08-212

LEGEND

- CDE
- DHE
- CDE/DHE

LEGEND

- SBOE
- CCHE
- SBOE/CCHE
- Local Educ. Providers



**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Education**

APPENDIX H: REQUIRED STATE AND FEDERAL ASSESSMENTS

The following table provides a summary of the assessments administered pursuant to state law, and those required by federal law.

Grade	Colorado Student Assessment Program*	Federal Requirements	Existing Assessments <u>Not</u> Required by Federal Law
3	reading writing math	reading math	writing
4	reading writing math	reading math	writing
5	reading writing math science	reading math science (in grades 3, 4, or 5)	writing
6	reading writing math	reading math	writing
7	reading writing math	reading math	writing
8	reading writing math science	reading math science (in grades 6, 7, 8, or 9)	writing
9	reading writing math		reading writing math
10	reading writing math science	reading math science (in grades 10, 11, or 12)	writing
11	ACT		ACT

*The Department also administers "CSAP-A" assessments for children with disabilities who are unable to participate in the CSAP, even with accommodations. CSAP-A are administered in the same grade/subject levels as the CSAP with the exception of the fifth grade science assessment and the ACT. A CSAP-A is also administered to 11th grade students in reading, writing, math, and science. The Department utilizes federal special education funding (*IDEA* Part B) to pay for the development and administration of CSAP-A assessments.

Interim Committee to Study School Finance

2009 Report to Legislative Council

Members of the Committee

Representative Karen Middleton, Chair
Senator Chris Romer, Vice-Chair

Representative Michael Merrifield	Senator Bob Bacon
Representative Christine Scanlan	Senator Mike Johnston
Representative Tom Massey	Senator Keith King
Representative Amy Stephens	Senator Nancy Spence

Legislative Council Staff

Todd Herreid, Chief Fiscal Officer
Jennifer Thomsen, Research Associate II
Katey McGettrick, Research Associate
Marc Carey, Economist
David Porter, Senior Fiscal Analyst
Josh Abram, Fiscal Analyst

Office of Legislative Legal Services

Julie Pelegrin, Senior Attorney
Nicole Myers, Senior Staff Attorney
Brita Darling, Staff Attorney
Richard Sweetman, Staff Attorney

Interim Committee to Study School Finance

Committee Charge

Pursuant to House Joint Resolution 09-1020, the Interim Committee to Study School Finance is charged with studying the funding for students in public schools statewide to determine modifications to the "Public School Finance Act of 1994" to pay for education reform. The committee is to determine appropriate funding factors, formulas, and the allocation of resources to ensure that all students in public schools are receiving a thorough and uniform education.

Committee Activities

The Interim Committee to Study School Finance met six times during the 2009 interim. Each meeting focused on a variety of school finance-related issues. The committee heard presentations on: the activities of the 2005 School Finance Interim Committee; an overview of the current School Finance Act; national school finance trends; categorical funding; weighted student and innovative funding models; at-risk funding; count date options; the administration of the Public School Finance Act of 1994; and special education funding. The committee received input from local school districts, state and national school finance experts, and working groups. The committee also heard several lunch-time presentations on current education topics of local and national interest.

2005 School Finance Interim Committee. Members of the 2005 School Finance Interim Committee and the School Finance Task Force provided observations on the activities and legislation considered by the 2005 committee. Major themes of the discussion included: the adequacy of school finance in meeting the thorough and uniform education requirement in the state constitution; the impact of the state's tax policy on school finance; categorical funding; capital construction assistance; and accountability. The panel included former legislators, a school district representative, and a former member of the task force.

Current School Finance Act. Legislative Council Staff and the Office of Legislative Legal Services provided an overview of the current School Finance Act, specifically discussing the changes enacted during the 2009 legislative session and the size, cost-of-living, and at-risk factors. The Colorado Department of Education (department) also discussed the processes for funding Colorado school districts and the Charter School Institute. The department explained how the October 1 pupil count is administered and how school funding flows from the department to the school districts and the Charter School Institute. School district representatives also provided perspectives on how they distribute funds within their respective districts. In response to these deliberations, the committee recommends Bill F, which modifies and eliminates several provisions in the School Finance Act. The committee also recommends Bill G, which creates a stable funding mechanism for small school districts.

National school finance trends. Staff from the National Conference of State Legislatures and the Education Commission of the States presented information on national school finance trends. The presentation focused on different methods for identifying at-risk students, using categorical funds, counting students, funding rural districts, and dealing with declining enrollment. The committee's discussion focused on at-risk funding options, proxies for identifying at-risk students, using weighted student funding, and identifying the components of a successful at-risk program.

Categorical funding. Legislative Council Staff provided the committee with an overview of categorical funding, specifically reviewing transportation payments, English Language Proficiency Act allocations, and special education funding. The committee heard more detailed presentations on how special education funds are distributed from the department and from a panel of school district and board of cooperative educational services (BOCES) administrators. The department explained the response-to-intervention model for delivering special education services and provided the committee with considerations for changing the current funding structure of special education. The panel presented the findings and recommendations of the 2008 Special Education Fiscal Advisory Committee, specifically reviewing the different tiers of special education funding in Colorado.

Weighted student funding. Staff from the Center for Education Policy Analysis at the University of Colorado – Denver, presented a recently published paper titled "Student-Centered Funding and its Implications for Colorado." The presentation included an explanation of student-centered funding and considerations for moving to a student-centered funding model. The presenters illustrated how such a change would affect the current school finance funding model in Colorado and shared examples of school districts that have implemented student-centered funding. The presenters recommended that the state incentivize school districts to voluntarily adopt this approach, as opposed to imposing a statewide mandate. In response to these discussions, the committee recommends Bill C, which creates a grant program to help school districts design weighted student funding formulas.

At-risk funding. Staff from Augenblick, Paliach and Associates, an education policy consulting firm, made a presentation about how school funding levels affect student achievement, and how at-risk student funding works in different states. In addition, the committee heard from school district and charter school representatives who discussed issues concerning the identification of at-risk students, how charter school at-risk funding is calculated, and the tools schools use to reach at-risk students. Also included in the discussions were representatives of the Partnership for Families and Children and Colorado Youth for a Change, who addressed the committee about at-risk student behaviors and dropout prevention. Finally, the Colorado Children's Campaign made a presentation on child poverty and the education outcomes of poor children.

Count date options. A panel of school district administrators and board members provided perspectives on options to a single count date. The panelists discussed the impact of adding a second count date or adopting an average daily attendance or average daily membership count. Each panelist emphasized the complexity of conducting the October count and discussed concerns about adding another count date. In response to these deliberations, the committee recommends Bill H, which requires the department to study the use of an average daily membership count.

Stakeholder input. In addition to hearing from school district representatives and national and local school finance experts, the committee formed working groups to provide input on key school finance issues, including at-risk funding, small and rural school district funding, a potential rewrite of the school finance funding formula, and the development of new revenue streams. The working groups, comprised of committee members, other legislators, and interested parties, met twice during the course of the interim and reported to the committee recommendations and concerns specific to their charge.

The at-risk funding working group was charged with reviewing existing and potential proxies for at-risk student populations and making recommendations for proxies to be used in the school finance formula. The small and rural school district funding working group was charged with developing recommendations regarding online education funding, incentives for administrative collaboration among school districts, and increasing access to qualified teachers in rural districts.

The charge of the funding formula working group was to review proposed changes to the school finance formula and to develop a prioritized list of formula changes, including categorical programs; size, cost-of-living, and at-risk factors; and base funding. Finally, the working group considering new revenue streams was charged with identifying potential new funding sources. This working group also met with members of the Long Term Fiscal Stability Commission.

As a result of these working group meetings, the committee recommends Bill A, which continues funding for supplemental on-line education, and Bill E, which requires school districts to post financial information on-line for public access. The committee also recommends Bill B, which recognizes the highest performing schools in the state.

Additional informational briefings. The committee hosted three lunch-time informational presentations during the July, August, and September meetings. In July, the Colorado School Finance Project described the nexus between school finance and the accountability system established in Senate Bill 09-163. In August, the Blackboard Institute presented information on the role of technology in modernizing and improving the U.S. educational system. In September, EagleNet and Centennial BOCES provided information on the need for increased broadband access for Colorado schools and briefed the members on a federal grant application that the two entities submitted to secure funding for building broadband infrastructure in Colorado.

Committee Recommendations

As a result of committee deliberations, the Interim Committee to Study School Finance recommends eight bills for consideration in the 2010 legislative session.

Bill A — Continuation of Funding for Supplemental On-line Education. This bill eliminates the current repeal date for the state's program for funding supplemental on-line education. Under current law, the state contracts with an outside vendor to provide on-line educational courses that are supplemental to the education program provided by a school district, charter school, or BOCES. Additionally, the state provides a grant assistance program to help eligible districts, schools, and BOCES purchase these supplemental programs. Funding for the vendor contract and grants (totaling \$530,000 in FY 2009-10) is from federal mineral leasing revenue. Both the contract for an outside vendor and the grant program to aid in the purchase of programs are scheduled for repeal on July 1, 2010.

Bill B — School Awards Program Fund. This bill authorizes the department to accept gifts, grants, and donations to pay for items of recognition, such as banners and trophies. These items are to be awarded to public schools identified as eligible to receive the John Irwin Schools of Excellence Award, the Governor's Distinguished Improvement Award, or the Centers of Excellence Award.

Bill C — Weighted Student Funding Formula Grants. This bill creates a grant program in the department to provide financial assistance to school districts that choose to design weighted student funding formulas, and to provide professional development for implementing the formulas. Generally, weighted student formulas allow funding to be attached to specific students instead of specific programs. With weighted student funding, money is intended to "follow the student." Such funding is adjusted according to the individual student's needs and is given directly to the school providing the educational services. The bill sets minimum requirements for the grant applications and limits the total amount of any single grant to \$100,000. Money for the grant program is from either federal funds or gifts, grants, and donations.

Bill D — School Speech-Language Pathology Assistants. This bill expands the positions for which the department is able to issue a one-year, emergency authorization for employment to include speech-language pathology assistants. Such authorization may be issued if: 1) a school district requests the emergency authorization; 2) the district submits evidence to document the need for the specific educational services required that would otherwise be unavailable; and 3) the State Board of Education determines that employment of the applicant is essential to the preservation of the district's instructional program.

Bill E — On-line Access to Public School Financial Information. This bill requires school districts, BOCES, the Charter School Institute, district charter schools, and institute charter schools to post specific financial information on-line in a format that can be downloaded by the public. The bill establishes timelines for financial data to be posted, including annual budgets, financial statements, salary schedules, investment performance reports, and check, debit, and credit transactions. The department must recommend a uniform format for all information posted on-line.

Bill F — Modifications to School Finance Administration. This bill contains several provisions related to the financing of public schools. In addition to repealing several sections of current law, the bill requires that school districts redistribute capital construction money to charter schools on a monthly basis instead of in a lump-sum payment. Further, this bill eliminates:

- the authority of school districts to enter into business incentive agreements (BIA) that exempt a taxpayer from paying property taxes to the school district;
- the provision allowing a school district to receive the state share of total program funding equal to the amount lost from local property taxes as a result of the BIA;
- the requirement that a district notify the department when it plans to seek voter approval to retain and spend additional property tax revenue;
- the requirement that the department reduce a school district's state share of total program funding equal to the amount the district receives as impact assistance in lieu of taxes from the Division of Wildlife; and
- the prohibition against using matching fund money provided for the National School Lunch Act in lieu of local funds that were already used for school lunches.

Bill G — Stable Funding for Small School Districts. This bill creates a pilot program that tests a stable funding mechanism for small school districts. For a district that chooses to participate, from budget year 2010-11 through 2015-16, it will receive total program funding equal to the total program funding for the 2009-10 budget year. This amount is modified if there is a statewide increase in per pupil funding that is not related to the funded pupil count of a district, or if there is an increase or decrease in pupil enrollment that exceeds a defined threshold. Districts that choose to participate must enter into memoranda of understanding with other school districts to share costs. The State Board of Education is required to conduct a final review and evaluation of the pilot program, which includes recommendations to the General Assembly concerning continuation of the program.

Bill H — Study of Average Daily Membership for Pupil Count. This bill requires the department to study the development and implementation of a system to count pupils based on the average number of days they are enrolled during the school year, rather than at a single count date. The department is required to prepare this study only if the state receives sufficient federal funds or gifts, grants, and donations to cover the costs of the study.