

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING
DEPARTMENT OF EDUCATION**

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

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March 7, 2016**

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C – School Districts’ Total Program Funding since FY 2008-09

How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Department Overview

The elected members of the State Board of Education are responsible for the general supervision of public schools throughout Colorado. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education. Among other tasks and responsibilities, the Department supports the Board in its duties by:

- accrediting public schools and school districts;
- developing and maintaining state model academic content standards and administering associated student assessments for certain subject areas and grade levels; and
- issuing school and district performance reports for every public school and school district in the state.

The Department also administers a number of education-related programs, including: educator licensure and professional development; the School Finance Act and the distribution of state and federal funds to school districts; special education for children with disabilities; English language proficiency programs; the Colorado Preschool Program; educator effectiveness and evaluation programs; and adult basic education programs.

The Department includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of institute charter schools located within certain school districts; and (3) the Public School Capital Construction Assistance Board, which 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.

In addition to its responsibilities related to public schools, the Department is charged with 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 or physically disabled.

SUMMARY OF STAFF RECOMMENDATIONS

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$5,395,441,471	\$3,542,723,792	\$1,172,310,474	\$29,757,276	\$650,649,929	598.0
SB 15-267 (School Finance)	30,000,000	25,000,000	5,000,000	0	0	0.0
H.B. 15-1367 Contingent appropriations	6,000,000	4,000,000	0	2,000,000	0	0.0

JBC Staff Figure Setting: FY 2016-17
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Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Other 2015 Session Legislation	9,046,311	261,424	8,784,887	0	0	0.8
HB 16-1253 (Current year adjustments school finance)	<u>(133,492,226)</u>	<u>(93,542,173)</u>	<u>(39,950,053)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,306,995,556	\$3,478,443,043	\$1,146,145,308	\$31,757,276	\$650,649,929	598.8
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$5,306,995,556	\$3,478,443,043	\$1,146,145,308	\$31,757,276	\$650,649,929	598.8
R1/BA1 Total program increase	135,339,886	273,700,544	(138,360,658)	0	0	0.0
R2/BA2 Categorical programs increase	3,432,994	0	3,432,994	0	0	0.0
R3 CPP tax checkoff	72,025	0	72,025	0	0	0.0
R4 CSDB teacher salary adjustment	229,685	229,685	0	0	0	0.0
Staff initiated B.E.S.T. cash grants adjustment	20,000,000	0	20,000,000	0	0	0.0
Staff initiated charter school capital construction adjustment	3,000,000	0	3,000,000	0	0	0.0
Staff initiated informational funds adjustment	2,694,032	0	(545,275)	4,147,021	(907,714)	(4.5)
Staff initiated B.E.S.T. priority assessment adjustment	150,000	0	150,000	0	0	0.0
Staff initiated Facility Schools Unit adjustment	54,555	0	0	54,555	0	0.0
Staff initiated P-TECH adjustment	35,400	35,400	0	0	0	0.5
Staff initiated start smart reduction	(993,719)	(670,721)	347,491	(670,489)	0	0.0
Staff initiated National Board stipends adjustment	(196,800)	0	(196,800)	0	0	0.0
Staff initiated CPR grant program elimination	(65,000)	0	(65,000)	0	0	(0.3)
Centrally appropriated line item adjustments	230,225	183,989	282,219	(187,666)	(48,317)	0.0
Other technical adjustments	198,000	0	200,141	(2,141)	0	0.0
Fund source adjustments	0	6,072	0	(6,072)	0	0.0
Annualize prior year legislation	(10,234,398)	(15,573)	(10,218,825)	0	0	(0.2)
Annualize prior year budget actions	(2,306,902)	434,449	(2,716,998)	(16,440)	(7,913)	4.7
Annualize HB 15-1367 (Retail Marijuana Taxes)	(2,000,000)	(4,000,000)	4,000,000	(2,000,000)	0	0.0
Statewide assessment adjustments	(1,767,157)	0	(663,734)	0	(1,103,423)	0.0
Indirect cost assessment adjustments	(287,911)	0	(33,861)	0	(254,050)	0.0
Facility schools funding adjustment	<u>(189,821)</u>	<u>0</u>	<u>(189,821)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,454,390,650	\$3,748,346,888	\$1,024,639,206	\$33,076,044	\$648,328,512	599.0
Increase/(Decrease)	\$147,395,094	\$269,903,845	(\$121,506,102)	\$1,318,768	(\$2,321,417)	0.2

JBC Staff Figure Setting: FY 2016-17
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Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Percentage Change	2.8%	7.8%	(10.6%)	4.2%	(0.4%)	0.0%
FY 2016-17 Executive Request	\$5,415,388,757	\$3,631,629,684	\$1,103,492,165	\$29,642,586	\$650,624,322	603.3
Request Above/(Below) Recommendation	(\$39,001,893)	(\$116,717,204)	\$78,852,959	(\$3,433,458)	\$2,295,810	4.3

Description of Incremental Changes

R1/BA1 Total program increase: The recommendation includes a net increase of \$135.3 million total funds (including increases of \$273.7 million General Fund and \$18.7 million cash funds from the State Public School fund that are partially offset by a decrease of \$157.0 million cash funds from the State Education Fund) for school finance. The recommendation includes increases of \$135.2 million total funds for the State Share of Districts’ Total Program line item and \$0.1 million cash funds from the State Education Fund for the Hold-harmless Full-day Kindergarten Funding line item. Pursuant to current law, the recommended increase is sufficient to maintain the negative factor as a constant dollar amount (\$830.7 million).

R2 Categorical programs increase: The recommendation includes an increase of \$3.4 million cash funds from the State Education Fund in order to increase total categorical spending from state funds by 1.2 percent, based on the rate of inflation from CY 2015. The General Assembly is constitutionally required to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2016-17. The recommendation allocates the additional funds among the following five categorical programs: \$1.9 million for special education for children with disabilities; \$0.6 million for English Language proficiency programs; \$0.6 million for public school transportation; \$0.2 million for vocational education; and \$0.1 million for educational services for gifted and talented children.

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

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

across the board pay increase in alignment with an increase provided by District 11 for FY 2015-16.

Staff initiated B.E.S.T. cash grants adjustment: The recommendation includes an increase of \$20.0 million cash funds from the Public School Capital Construction Assistance Fund to support cash grants to be awarded by the Building Excellent Schools Today (B.E.S.T.) program in FY 2016-17. The recommendation aligns with the funding recommended in the B.E.S.T. program’s February 2016 legislative report.

Staff initiated charter school capital construction adjustment: The recommendation includes an increase of \$3.0 million cash funds from the Charter School Facilities Assistance Account within the Public School Capital Construction Assistance Fund (originally from marijuana excise tax revenues) to support charter school capital construction funding in FY 2016-17. The recommendation is based on revenues anticipated to be available in FY 2016-17 under current law.

Staff initiated informational funds adjustment: The recommendation includes a net increase of \$2.7 million total funds that are reflected in the Long Bill for informational purposes only. The increase is driven largely by various funds transferred to the State Charter School Institute for distribution to institute charter schools. The increase is partially offset by reductions to reductions to informational cash and federal funds appropriations. The recommendation includes a reduction of 4.5 FTE that had previously been federally funded but for which federal revenues will no longer be available in FY 2016-17.

Staff initiated B.E.S.T. priority assessment adjustment: The recommendation includes an increase of \$150,000 cash funds from the Public School Capital Construction Assistance Fund above the Department’s November 1, 2015, request to allow the Department to complete a reconfiguration and update of the B.E.S.T. program’s priority assessment database funded in FY 2015-16. The FY 2015-16 appropriation provides \$2.7 million for that purpose on a one-time basis, and the Department’s official request eliminates the entire \$2.7 million for FY 2016-17. However, as a result of minor delay in the contracting process, the Department expects to require \$150,000 in FY 2016-17 to complete the work under the contract.

Staff initiated Facility Schools Unit adjustment: The recommendation includes an increase of \$54,555 reappropriated funds to align the appropriation for the Facility Schools Unit (Unit) and Facility Schools Board (Board) with the statutory direction that the Department withhold 2.0 percent of funding to be transferred to facility schools to support the operations of the Unit and Board.

Staff initiated P-TECH adjustment: The recommendation includes an increase of \$35,400 General Fund and 0.5 FTE to support a higher-than-anticipated workload implementing H.B. 15-1270 (Pathways in Technology Early College High Schools). School district interest in the program has significantly exceeded the expectations in the Fiscal Note for the bill and the recommendation provides resources to meet the increased workload.

Staff initiated Start Smart reduction: The recommendation includes a decrease of \$993,719 total funds (including \$670,721 General Fund) to better align appropriations for Start Smart Nutrition Program with anticipated expenditures in FY 2016-17.

Staff initiated National Board stipends adjustment: The recommendation includes a reduction of \$196,800 cash funds from the State Education Fund to align appropriations supporting stipends for National Board certified educators with the Department’s estimated expenditures for FY 2016-17.

Staff initiated CPR grant program elimination: The recommendation includes a reduction of \$65,000 cash funds and 0.3 FTE to eliminate the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program based on a lack of available funds in FY 2016-17. House Bill 14-1276 (Grant Program to Train High School Students in CPR) created the program and provided a one-time transfer of \$250,000 General Fund to support the program. The Department is spending those funds over two years, through FY 2015-16. However, the legislation did not provide an ongoing source of funding for the program and the Department does not expect to have sufficient funds to operate the program in FY 2016-17.

Centrally appropriated line item adjustments: The recommendation includes an increase of \$230,225 total funds (including \$183,989 General Fund) related to employee benefits and other centrally appropriated line items.

Other technical adjustments: The recommendation includes a net increase of \$207,514 total funds for various minor technical adjustments. The change is largely driven by an increase of \$218,825 cash funds from the State Education Fund (above the Department’s request) to reinstate funding for the Colorado Student Leaders Institute Pilot Program created in S.B. 15-290 (Colorado Student Leaders Institute). The Department erroneously interpreted funding for the program in FY 2015-16 as one-time and in nature and eliminated the funding in FY 2016-17 (the requested reduction is included in the “Annualize prior year legislation” item below).

Fund source adjustments: The recommendation includes a net-zero increase of General Fund that is offset by a reduction in reappropriated funds.

Annualize prior year legislation: The recommendation includes a net decrease of \$10.2 million total funds to reflect the FY 2016-17 impact of legislation passed in previous legislative sessions. The reduction is largely driven by the elimination of \$10.0 million cash funds from the State Education Fund provided as one-time assistance to rural schools in FY 2015-16 through H.B. 15-1321 (Flexibility and Funding for Rural School Districts).

Annualize prior year budget actions: The recommendation includes a net decrease of \$2.3 million total funds (including an increase of \$434,449 General Fund which is offset by decreases from other fund sources) to reflect the FY 2016-17 impact of prior year budget actions. The General Fund increase is primarily driven by the second year impact of a FY 2015-16 decision item (R3 – Field Implementation Support) increasing state support for the implementation of S.B. 10-191 (Educator Effectiveness). The decrease in cash funds is largely driven by the

elimination of \$2.7 million in one-time funding provided to support the reconfiguration and update of the B.E.S.T. program's priority assessment database in FY 2015-16.

Annualize HB 15-1367 (Retail Marijuana Taxes): The recommendation includes net decrease of \$2.0 million total funds to reflect the second year impact of appropriations in H.B. 15-1367. The recommendation reflects a transition from General Fund appropriations (from the Proposition AA Refund Account) in FY 2015-16 to ongoing support with cash funds from the Marijuana Tax Cash Fund in FY 2016-17 and subsequent years.

Statewide assessment adjustments: The recommendation includes a decrease of \$1.8 million total funds (including \$663,734 cash funds from the State Education Fund) to reflect estimated contract costs for the administration of statewide standardized assessments in FY 2016-17.

Indirect cost assessment adjustments: The recommendation includes a net decrease in the Department's indirect cost assessment.

Facility schools funding adjustment: The recommendation includes a net decrease of \$189,821 cash funds from the State Education Fund for distributions to facility schools based on the Department's current estimates of facility school pupil counts in FY 2016-17.

Major Differences from the Request

Overall, staff's recommendation is \$39.0 million total funds (\$116.7 million General Fund) above the Department's request, including the following significant differences:

- *School Finance:* The difference in General Fund (staff is \$116.7 million above the request) is driven almost entirely by the recommended financing of the State Share of Districts' Total Program Funding (school finance). The staff recommendation includes an increase of \$273.7 million General Fund for school finance, \$117.4 million higher than the Department's request which would have relied more on appropriations from the State Education Fund. However, the Department's request assumed that FY 2015-16 mid-year reductions would increase the balance of the State Education Fund to support the appropriations in FY 2016-17. Instead, the General Assembly reduced General Fund appropriations for the FY 2015-16 mid-year adjustments, facilitating the use of General Fund to support school finance in FY 2016-17. The remainder of the difference for school finance is driven by: (1) the Department's request that the negative factor increase by \$40.8 million in FY 2016-17, as compared to the staff recommendation to hold the negative factor constant pursuant to current law; and (2) changes in assumptions driving the request such as the inflation rate.
- *B.E.S.T. Cash Grants:* The recommendation is \$20.0 million cash funds above the Department's November 1, 2015 budget request for cash grants provided by the B.E.S.T. Program. The recommendation aligns with the program's February 2016 report to the General Assembly, which is based on revenue estimates and B.E.S.T. Board decisions that were not available prior to the submission of the budget request.
- *Statewide Assessments:* The recommendation is \$1.8 million total funds below the Department's request for the Colorado Student Assessment Program based on updated estimates of assessment contract costs that were not available prior to the Department's submission of the budget request.

- *Categorical Programs:* The recommendation is \$858,248 cash funds from the State Education Fund below the request for categorical programs because the recommendation reflects the actual inflation rate from CY 2015 (1.2 percent) while the request was based on a projected rate of \$1.5 percent.

Decision Items Affecting Multiple Divisions (None)

(1) Management and Administration

This section includes funding for the State Board of Education, the Commissioner of Education, and general department administrative responsibilities including human resources, budgeting, accounting, information technology management, assessments, and data analyses. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, and the State Charter School Institute. The following table summarizes the staff recommendation for this division.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$85,074,568	\$13,498,804	\$35,491,671	\$17,593,195	\$18,490,898	163.7
Other 2015 Session Legislation	<u>(1,333,772)</u>	<u>100,166</u>	<u>(1,433,938)</u>	<u>0</u>	<u>0</u>	<u>0.8</u>
TOTAL	\$83,740,796	\$13,598,970	\$34,057,733	\$17,593,195	\$18,490,898	164.5
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$83,740,796	\$13,598,970	\$34,057,733	\$17,593,195	\$18,490,898	164.5
Staff initiated informational funds adjustment	2,694,032	0	(545,275)	4,147,021	(907,714)	(4.5)
Staff initiated P-TECH adjustment	35,400	35,400	0	0	0	0.5
Centrally appropriated line item adjustments	229,753	183,517	282,219	(187,666)	(48,317)	0.0
Statewide assessment adjustments	(1,767,157)	0	(663,734)	0	(1,103,423)	0.0
Annualize prior year budget actions	(276,598)	209,869	(56,505)	(76,872)	(353,090)	3.6
Annualize prior year legislation	(15,573)	(15,573)	0	0	0	(0.2)
Indirect cost assessment adjustments	<u>(67,722)</u>	<u>0</u>	<u>(33,861)</u>	<u>0</u>	<u>(33,861)</u>	<u>0.0</u>
TOTAL	\$84,572,931	\$14,012,183	\$33,040,577	\$21,475,678	\$16,044,493	163.9
Increase/(Decrease)	\$832,135	\$413,213	(\$1,017,156)	\$3,882,483	(\$2,446,405)	(0.6)
Percentage Change	1.0%	3.0%	(3.0%)	22.1%	(13.2%)	(0.4%)

*JBC Staff Figure Setting: FY 2016-17
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Management and Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Executive Request:	\$83,804,800	\$14,016,571	\$34,322,067	\$17,346,048	\$18,120,114	167.9
Request Above/(Below) Recommendation	(\$768,131)	\$4,388	\$1,281,490	(\$4,129,630)	\$2,075,621	4.0

DECISION ITEMS – MANAGEMENT AND ADMINISTRATION

➔ Staff Initiated Informational Funds Adjustments

Request: This is a JBC Staff initiated item. The Department did not request any adjustments to the informational funds addressed in this recommendation

Recommendation: Staff recommends adjusting the informational appropriations for four line items (Office of Professional Services, Educator Effectiveness Implementation, Other Transfers to Institute Charter Schools, and Transfer of Federal Moneys to Institute Charter Schools) to align the FY 2016-17 Long Bill appropriations with actual and anticipated expenditures under each line item. The following table shows the Department’s FY 2016-17 budget request, the recommended adjustment, and the total recommended appropriation for each line item (in the order in which the line items appear in this document and the Long Bill). Please note that *all* of these appropriations are from sources that are continuously appropriated to the Department and are therefore reflected in the Long Bill for informational purposes only.

Staff Initiated Informational Funds Adjustment						
Line Item	FY 2016-17 Department Request		Recommended Adjustment		FY 2016-17 Staff Rec.	
	\$	FTE	\$	FTE	\$	FTE
Office of Professional Services - CF	\$2,757,793	25.0	(\$545,275)	0.0	\$2,212,518	25.0
Educator Effectiveness Implementation - FF	2,107,714	8.5	(907,714)	(4.5)	1,200,000	4.0
Other Transfers to Institute Charter Schools - RF	3,622,979	0.0	2,877,021	0.0	6,500,000	0.0
Transfer of Federal Moneys to Institute Charter Schools - RF	<u>6,330,000</u>	<u>4.5</u>	<u>1,270,000</u>	<u>0.0</u>	<u>7,600,000</u>	<u>4.5</u>
Totals for Affected Line Items	\$14,818,486	38.0	\$2,694,032	(4.5)	\$17,512,518	33.5

Analysis: The Department is requesting continuation appropriations (shown for informational purposes only) for the four line items addressed in this staff initiated item. However, in two cases, the Department actually anticipates expenditures well above the proposed continuation amount (both of the State Charter School Institute line items), and in two cases the anticipated expenditures are well below the proposed continuation amount (Office of Professional Services and Educator Effectiveness Implementation). Each line item’s scenario is briefly described below.

- *Office of Professional Services:* The Office of Professional Services is responsible for administration of the Colorado Educator Licensure Act and is funded entirely through fees

paid by educators seeking licenses, endorsements, and authorizations. Section 22-60.5-112, C.R.S., authorizes the State Board of Education to adjust fees charged for licensing purposes annually, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Fee revenues are deposited into the Educator Licensure Cash Fund, which is continuously appropriated to the Department through FY 2017-18. As discussed during the FY 2016-17 JBC Staff Budget Briefing for the Department of Education, the State Board of Education has approved a fee increase for educator licenses, taking effect in FY 2015-16. However, even with the fee increase it has come to staff’s attention that the Department’s proposed appropriation exceeds anticipated expenditures for FY 2016-17. As presented to the State Board of Education in 2015, the Department anticipates a total of \$3,416,618 in expenditures from the cash fund in FY 2016-17. However, of that amount \$1,229,278 will be spent on centrally appropriated items rather than in the Office of Professional Services line item (see table below), leaving \$2,187,340 available for the Office of Professional Services line item. Thus, staff recommends reducing the informational appropriation for this line item to by \$570,453 from the Department’s November 1, 2015, request to align with anticipated expenditures. Staff recommends continuing to reflect 25.0 FTE as requested.

Anticipated FY 2016-17 Spending from the Educator Licensure Cash Fund	
Line Item	Estimated Appropriation
Total Revenues Available	\$3,416,618
Health, Life, and Dental	\$158,423
Short-term Disability	2,662
S.B. 04-257 Amortization Equalization Disbursement	70,425
S.B. 06-235 Supplemental Amortization Equalization Disbursement	69,692
Salary Survey	0
Merit Pay	0
Workers' Compensation	14,789
Legal Services	297,007
Administrative Law Judge Services	185,545
Payment to Risk Management and Property Funds	0
Leased Space	74,716
Core Operations	9,377
Indirect Cost Assessment	<u>321,464</u>
Subtotal - Centrally Appropriated Items	\$1,204,100
Estimated Amount Available for Office of Professional Services	\$2,212,518

- *Educator Effectiveness Implementation:* In prior years, this line item was supported by a combination of a one-time infusion of state funds and by federal funds from a Race to the Top grant. The state funds were exhausted in FY 2014-15; as a result, the line item is solely

supported by federal funds in FY 2015-16. While the Race to the Top grant originally expired in December 2015 (meaning no funds would have been available in FY 2016-17), the U.S. Department of Education has extended the availability of the funds through June 2017. As of February 2016, the Department still had approximately \$1.5 million remaining from the grant and the Department anticipates spending approximately \$1.2 million in FY 2016-17, including support for 4.0 FTE. However, the Department's November 1, 2015, request assumed a need for \$2,107,714 and 8.5 FTE for FY 2016-17. Thus, staff recommends a reduction of \$907,714 federal funds and 4.5 FTE from the Department's November 1, 2015, request in order to align with anticipated expenditures.

- *Other Transfers to Institute Charter Schools:* This line item reflects anticipated transfers of other state moneys (e.g., state funding for categorical programs) to Institute charter schools. In prior years, the line item was subject to annual appropriation but the funds are now continuously appropriated to the SCSi pursuant to S.B. 12-121. The Department's November 1, 2015, request seeks an informational appropriation of \$3,622,979 reappropriated funds, with no change from the FY 2015-16 appropriation. However, the Department actually spent \$6,457,773 under this line item in FY 2014-15 and does not expect expenditures to decrease. Staff recommends increasing the informational appropriation to \$6,500,000 for FY 2016-17 to better align with anticipated expenditures and better reflect the actual resources available to institute charter schools.
- *Transfer of Federal Moneys to Institute Charter Schools:* This line item reflects federal funds received by the SCSi for pass-through to institute charter schools, along with the SCSi FTE supported with federal funds. Moneys appropriated to this line item are reflected as reappropriated funds as these moneys are first reflected within other line items within the Department's budget (e.g., Special Education Programs for Children with Disabilities, English Language Proficiency Program, Federal Nutrition Programs, and Appropriated Sponsored Programs). The Department's request seeks a continuation appropriation of \$6,330,000 reappropriated funds and 4.5 FTE. However, the actual transfers represented \$7,583,203 in FY 2014-15. Staff recommends increasing the informational appropriation to \$7,600,000 reappropriated funds for FY 2016-17 to better align with anticipated expenditures.

Staff Initiated P-TECH Adjustment

Request: This is a JBC Staff initiated item. The Department did not officially request an increase associated with the Pathways in Technology Early College High Schools (P-TECH schools) legislation (H.B. 15-1270). However, the Department did bring the issue to staff's attention and supports the staff recommendation.

Recommendation: Staff recommends increasing the appropriation to the Preschool to Postsecondary Education Alignment line item by \$35,400 General Fund and 0.5 FTE above the Department's November 1, 2015, request based on a higher-than-anticipated workload associated with the implementation of H.B. 15-1270 (Pathways in Technology Early College High Schools). The recommendation reflects an increase of \$28,168 and 0.4 FTE above the appropriation of \$7,232 General Fund and 0.1 FTE provided to the Department in H.B. 15-1270.

The Final Legislative Council Staff Fiscal Note for the bill assumed that the funding provided in FY 2015-16 was one-time in nature and the Department’s official request eliminates that funding for FY 2016-17.

Analysis: House Bill 115-1270 authorizes the creation of P-TECH schools which include grades 9 through 14 and are designed to prepare students for careers in industry by enabling students to graduate with both a high school diploma and an associate degree. Each P-TECH school is to be operated as a collaboration between a local education provider (school district, charter school or board of cooperative educational services (BOCES)), a community college, and one or more industry employers. The bill requires both the Commissioner of Education and the Executive Director of the Department of Higher Education to approve P-TECH schools and requires the two state departments to jointly develop application timelines and procedures. The bill authorizes the state agencies to approve a “limited” number of schools throughout the state but does not define “limited”.

The bill provided \$7,232 General Fund and 0.1 FTE to each agency (the Department of Education and the Department of Higher Education) in FY 2015-16 to develop the initial application timelines, procedures, and materials for P-TECH schools. The Final Legislative Council Staff Fiscal Note for the bill (Final Fiscal Note, dated June 30, 2015) assumed those costs would be one-time in nature and that no funding would be necessary beyond FY 2015-16 (although the Final Fiscal Note expects school finance costs to increase by approximately \$4.1 million in FY 2021-22 as a result of the presence of grades 13 and 14 in P-TECH schools starting that year). The Final Fiscal Note does, however, make clear that the estimates are based on assumptions and that any increases may be addressed through the annual budgetary process.

The Department reports that the workload associated with the bill is significantly greater than expected in the Final Fiscal note in terms of the number of applications received, the workload required for each application, and the necessary degree of ongoing support and oversight.

- *Number of Schools:* The Final Fiscal Note assumes that the Department will receive two or three P-TECH applications in FY 2015-16 and that any workload would greatly decrease in subsequent years because of the requirement that only a “limited” number of schools be approved. However, the Department has already received four applications from various school districts in FY 2015-16 and has received letters of intent for at least eight additional schools. The Department has already approved three applications. Thus, while the Final Fiscal Note assumes a total of two or three schools in the foreseeable future, the Department expects at least twelve applications over the first year of the program. Without a definition of “limited” in the bill, the Department appears to be hesitant to turn away applicants at this point.
- *Workload Per Application:* The Department reports that the applications received thus far have required approximately 100 hours of staff time per application to review the application, work with the partnership submitting the application to revise the documents, complete the committee review of applications, and process the applications.
- *Ongoing Support:* The Department estimates that each approved school will require at least 60 hours per year in ongoing support and oversight and that program updates will require an additional 200 hours per year.

Based on those estimates, the Department anticipates a need for approximately 1,260 hours of work specifically dedicated to P-TECH schools in FY 2016-17, equating to approximately 0.5 FTE and requiring \$35,400 General Fund.¹

Based on the recent enactment of H.B. 15-1270, staff assumes that the General Assembly intends for the Department to implement the bill and accept and process the applications that it receives. Given the timeline of the legislation (the Governor signed the bill into law in late May 2015, the Department developed the initial application and released it in September 2015, and the first two applications were received in October 2015), the increase in workload was not known when the Department developed the FY 2016-17 budget request. Because the anticipated workload (at least for FY 2016-17) is well above the level anticipated in the Final Fiscal Note, and because staff agrees with the Department that the P-TECH program will require ongoing oversight by the Department, staff recommends approving an increase to support the Department's implementation of the bill. If the Committee approves the recommendation, staff intends to continue to work with the Department going forward to evaluate the degree of need for the position in subsequent years.

LINE ITEM DETAIL – MANAGEMENT AND ADMINISTRATION

(A) Administration and Centrally-Appropriated Line Items

State Board of Education

The Colorado Constitution charges the State Board of Education with the "general supervision of the public schools of the state". The Board has numerous powers and duties specified in state law. Each congressional district elects one Board member; the Board also includes on at-large member in years when Colorado has an even number of congressional districts. Members serve six-year terms without compensation but are entitled to reimbursement for any necessary expenses incurred in the performance of their duties as members. These expenses generally include: (1) travel (in state and out of state, mileage, meals and lodging); (2) attendance at official functions; and (3) reimbursement for office related expenses.

Statutory Authority: Section 22-2-107, C.R.S.

Request: The Department requests a continuation appropriation of \$311,194 General Fund and 2.0 FTE, calculated according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which aligns with the Committee's common policies.

¹ The Department's estimates of potential workload in FY 2016-17 range from a low of 840 hours based on a minimum number of applications received to a high of 1,800 hours assuming a larger of number applications. Staff and the Department agree that, based on the applications and letters of intent already received, an increase of 1,260 hours appears to be a reasonable assumption.

General Department and Program Administration

This line item provides funding and staff for the management and administration of a variety of education and library-related programs, and for general department administration, including human resources, budgeting, accounting, and information management. This line item supports both personal services and operating expenses. The source of cash funds for this line item is general education development (GED) program fees. Sources of reappropriated funds include indirect cost recoveries and transfers from various cash- and federally-funded line items in other sections of the budget.

Statutory Authority: Article IX of the State Constitution; Sections 22-2-105 through 109, C.R.S.; and much of Title 22 of the Colorado Revised Statutes.

Request: The Department requests an appropriation of \$4,252,945 total funds (including \$1,792,171 General Fund) and 34.6 FTE, including the following changes from the FY 2014-15 appropriation:

- An increase of \$61,605 total funds to annualize FY 2015-16 salary survey and merit pay; and
- A decrease of \$8,000 reappropriated funds (from indirect cost recoveries) to annualize FY 2015-16 BA1 (Security Desk and Measures).

Recommendation: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2016-17. This line item supports much of the Department’s central administration and management staff. While gauging the performance of the various employees and units supported by this line item is difficult based on the Department’s performance measures, the roles of these units are essential to the ongoing function of the Department.

Staff also recommends continuing the increased appropriation from indirect cost recoveries first enacted in FY 2011-12, which will result in a commensurate reduction in the General Fund portion of the appropriation. Staff requests permission to work with Department staff to calculate the allocation of indirect cost recoveries between this line item and the associated centrally appropriated line items.²

Office of Professional Services

This office is responsible for administration of the Colorado Educator Licensure Act and is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Section 22-60.5-112, C.R.S., authorizes the State Board of Education to adjust fees charged for licensing purposes annually, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Fee revenues are deposited into the Educator Licensure Cash Fund.

² These centrally appropriated line items include the following: Health, Life, and Dental; Short-term Disability; AED; SAED; Workers’ Compensation; Payment to Risk Management and Property Funds; and Capitol Complex Leased Space.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, Section 22-60.5-112 (1) (b) (I), C.R.S. (as modified by S.B. 15-111), continuously appropriates funds in the Educator Licensure Cash Fund to the Department from FY 2011-12 through FY 2017-18.

Statutory Authority: Sections 22-60.5-101, 22-2-109, and 22-9-101, C.R.S.

Request: The Department requests a continuation appropriation of \$2,757,793 cash funds (from the Educator Licensure Cash Fund) and 25.0 FTE for FY 2016-17, annualizing the FY 2015-16 salary survey and merit pay.

Recommendation: As discussed above (Staff Initiated Informational Funds Adjustments), staff recommends approving an appropriation of \$2,212,518 cash funds and 25.0 FTE based on the Department’s anticipated expenditures for this line item in FY 2016-17. The recommendation reflects a decrease of \$545,275 cash funds from the Department’s request. The following table shows the recommended changes from the FY 2015-16 appropriation and the Department’s request. Please note that because of the continuous appropriation of the Educator Licensure Cash Fund, this appropriation will be shown in the Long Bill for informational purposes only.

Management and Administration, Administration and Centrally-Appropriated Line Items, Office of Professional Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$2,723,133</u>	<u>\$0</u>	<u>\$2,723,133</u>	<u>25.0</u>
TOTAL	\$2,723,133	\$0	\$2,723,133	25.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$2,723,133	\$0	\$2,723,133	25.0
Annualize prior year budget actions	34,660	0	34,660	0.0
Staff initiated informational funds adjustment	<u>(545,275)</u>	<u>0</u>	<u>(545,275)</u>	<u>0.0</u>
TOTAL	\$2,212,518		\$2,212,518	25.0
Increase/(Decrease)	(\$510,615)	\$0	(\$510,615)	0.0
Percentage Change	(18.8%)	0.0%	(18.8%)	0.0%
FY 2016-17 Executive Request:	\$2,757,793	\$0	\$2,757,793	25.0
Request Above/(Below) Recommendation	\$545,275		\$545,275	0.0

Division of On-line Learning

Senate Bill 07-215 changed the oversight, structure, and funding of public school on-line education. This act required the State Board of Education to establish quality standards for on-line programs, and it created the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. The act also created a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and to provide policy recommendations.

Statutory Authority: Section 22-30.7-101 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$359,549 cash funds from the State Education Fund and 3.3 FTE, calculated according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

Health, Life and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

Statutory Authority: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (9), C.R.S.

Request: The Department requests \$4,834,978 total funds (including \$1,802,970 General Fund) for FY 2016-17, based on OSPB's common policy for health, life and dental insurance.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy for FY 2016-17.

Short-term Disability

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums.

Statutory Authority: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (13), C.R.S.

Request: The Department requests \$77,458 total funds (including \$25,329 General Fund) for FY 2016-17, based on OSPB's common policy for short-term disability insurance.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy to provide 0.19 percent of revised base salaries for short-term disability in FY 2016-17.

S.B. 04-257 Amortization Equalization Disbursement

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution to the Public Employees' Retirement Association (PERA).

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests \$2,054,352 total funds (including \$675,152 General Fund) for FY 2016-17, based on OSPB's common policies.

Recommendation Staff recommends approving the request, which is consistent with the Committee's common policy to provide 4.8 percent of base salaries for FY 2016-17.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution to the Public Employees' Retirement Association (PERA).

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests \$2,032,954 (including \$668,120 General Fund) for FY 2016-17, based on OSPB's common policies.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy to provide 4.75 percent of base salaries for FY 2016-17.

Salary Survey

The Department uses this line item to pay for annual increases for salary survey and senior executive positions.

Statutory Authority: Section 24-50-104, C.R.S.

Request: The Department requests a total of \$6,591 General Fund for FY 2016-17. Pursuant to OSPB's common policies, the request does not include any across the board pay increases but does propose a 2.0 percent pay range adjustment for classified positions. The requested increase includes salary adjustments for employees below the proposed range minimums.

Recommendation: Consistent with Committee policy, staff recommends approving the request.

Merit Pay

This line item funds pay increases relating to employee performance evaluations.

Statutory Authority: Section 24-50-104 (1) (c), C.R.S.

Request: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases for FY 2016-17.

Recommendation: Consistent with Committee policy, staff recommends approving the request.

Workers' Compensation

This line pays the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration.

Statutory Authority: Section 24-30-1510.7, C.R.S.

Request: The Department requests \$544,098 (including \$207,989 General Fund) for FY 2016-17, based on OSPB's common policies.

Recommendation: Pursuant to the Committee's common policies, staff recommends an appropriation of \$506,964 total funds (including \$193,794 General Fund).

Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law.

Statutory Authority: Sections 24-31-101 (1) (a) and 24-75-112 (1) (i), C.R.S.

Request: The Department requests \$583,726 (including \$267,489 General Fund) to purchase 6,071 hours of legal services in FY 2016-17.

Recommendation: Staff recommends approving funding sufficient to purchase 6,071 hours of legal services, as requested. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.

Administrative Law Judge Services

This line item provides funding for the Department to purchase services from the Department of Personnel and Administration, Administrative Hearings Division.

Statutory Authority: Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

Request: The Department requests \$220,863 for FY 2016-17. Consistent with appropriations from prior years, the request includes no General Fund.

Recommendation: Consistent with the Committee's common policies, staff recommends an appropriation of \$224,252 total funds (including \$185,545 cash funds and \$38,707 reappropriated funds).

Payment to Risk Management and Property Funds

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program pays liability claims and expenses

brought against the State. The property program provides insurance coverage for state buildings and their contents.

Statutory Authority: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

Request: The Department requests \$112,069 General Fund for FY 2016-17 based on OSPB's common policies.

Recommendation: Consistent with the Committee's common policies, staff recommends an appropriation of \$108,806 General Fund.

Leased Space

The General Assembly added this line item to the FY 2015-16 Long Bill to support all of the Department's appropriations for the purchase of leased space outside of the Capitol Complex.

Statutory Authority: Section 22-2-112, C.R.S.

Request: The Department requests a continuation appropriation of \$1,018,956 total funds (including \$86,643 General Fund), with no change from the FY 2015-16 appropriation.

Recommendation: Based on updated information regarding lease costs provided by the Department, staff recommends an appropriation of \$918,507 total funds (including \$63,222 General Fund). The recommendation represents a decrease of \$100,449 total funds (including \$23,421 General Fund) below the FY 2015-16 appropriation based on the Department's renegotiation of lease costs. The Department currently leases space at three buildings in the Denver metro area. The following table shows the Department's anticipated private lease costs and square footage for each location for FY 2016-17.

Summary of Projected Leased Space Costs for FY 2016-17		
Location	FY 2016-17 Lease Costs	Space (sq. ft.)
1560 Broadway	\$639,478	28,625
1580 Logan St.	204,313	15,544
6000 East Evans Ave.	<u>74,716</u>	<u>6,710</u>
Total	\$918,507	50,879

Capitol Complex Leased Space

This line item supports payments to the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex.

Statutory Authority: Section 24-30-1104, C.R.S.

Request: The Department requests \$706,357 (including \$155,339 General Fund) for FY 2016-17 based on OSPB's common policies.

Recommendation: Consistent with the Committee's common policies, staff recommends an appropriation of \$723,654 total funds (including \$159,143 General Fund).

Reprinting and Distributing Laws Concerning Education

Section 22-2-112 (1) (i), C.R.S., requires the Department to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." All publishing costs are to be paid out of the State Public School Fund. Prior to FY 2010-11, this appropriation identified the source of funding as rental income earned on state education trust lands that is credited to the State Public School Fund. Pursuant to H.B. 10-1369, the revenue source is now interest and investment income earned on the Public School ("Permanent") Fund that is credited to the State Public School Fund.

Statutory Authority: Section 22-2-112 (1) (i), C.R.S.

Request: The Department requests a continuation appropriation of \$35,480 cash funds from the State Public School Fund for FY 2015-16, with no change from the FY 2014-15 appropriation.

Recommendation: Staff recommends approving the request. The appropriation is required by current law.

(B) Information Technology

Information Technology Services

This line item provides funding and staff related to information technology support functions and includes funding and staff that were previously appropriated to the School Accountability Reports and State Data Reporting System line item, which was merged into the Information Technology Services line item in FY 2011-12.

Senate Bill 00-186 required the Department of Education to establish a state data reporting system, including computer capabilities and procedures, to produce school report cards (later renamed school accountability reports or "SARs"). The Department was required to prepare and distribute hard copies of each school's SAR, and to establish and maintain a web site that provides access to each school's SARs.

As a program line, this line item includes funding for both personal services and operating expenses. Sources of reappropriated funds include transfers from various line items in other sections of the budget.

Statutory Authority: Section 22-2-112, C.R.S.

Request: The Department requests a continuation appropriation of \$4,051,818 total funds (including \$3,425,355 General Fund) and 28.2 FTE for FY 2016-17 according to OSPB's common policies including the annualization of FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request, which is consistent with Committee policy. Information technology resources are central to the Department's various data collection, privacy, and reporting functions. The General Assembly has invested significant resources in the Department's information technology infrastructure in recent years and staff recommends continuing to provide an adequate level of funding to maintain the systems.

CORE Operations

This line item funds a project to replace the statewide accounting system (COFRS) used by the State Controller to record all state revenues and expenditures.

Statutory Authority: Section 24-30-209, C.R.S.

Request: The Department requests an appropriation of \$288,258 total funds (including \$109,451 General Fund) for FY 2016-17, based on OSPB's common policies.

Recommendation: Consistent with the Committee's common policy for CORE Operations, staff recommends approving an appropriation of \$282,536 (including \$107,278 General Fund).

Information Technology Asset Maintenance

This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment. Moneys are used to pay for critical hardware and software maintenance contracts, as well as the replacement of equipment (e.g., servers, switches, printers, or personal computers).

Statutory Authority: Section 22-2-112, C.R.S.

Request: The Department requests an appropriation of \$862,146 General Fund in FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The General Assembly has invested significant resources in updating and maintaining the Department's information technology resources, including \$1.4 million General Fund in FY 2014-15 to update and replace core network and information technology components. The requested amount aligns with the Department's ongoing information technology maintenance plan as addressed in the FY 2014-15 decision item.

Disaster Recovery

This line item provides funding for the equipment, disks, and tapes necessary to implement a disaster recovery plan. Funding is currently used for: equipment and supplies; offsite tape rotation; and server lease payments.

Statutory Authority: Section 22-2-112, C.R.S.

Request: The Department requests continuation funding (\$19,722 General Fund) for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request.

Payments to OIT

This line item, created in FY 2014-15, supports various payments to the Governor’s Office of Information Technology (OIT) for services provided to the Department. The line item includes funds previously appropriated to a variety of line items associated with OIT.

Statutory Authority: Section 24-27.5-104, C.R.S.

Request: The Department requests an appropriation of \$414,858 total funds (including \$176,762 General Fund) based on OSPB’s common policies.

Recommendation: Staff’s recommendation for this line item is pending Committee policy for these services. Staff will ultimately reflect Committee policy in the appropriation for this line item.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line items for FY 2016-17. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

Purchase of Services from Computer Center

This item provided funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology. In FY 2014-15, this line item was consolidated into the Payments to OIT line item. As a result, the line item is no longer necessary.

Multiuse Network Payments

Prior to FY 2014-15, this line item paid the Department's share of costs for the statewide multi-use network. In FY 2014-15, this line item was consolidated into the Payments to OIT line item. As a result, the line item is no longer necessary.

Information Technology Security

This line item was added during the FY 2013-14 budget cycle for the Governor’s Office of Information Technology (OIT) to address the State’s most pressing cyber security needs. In FY 2014-15, this line item was consolidated into the Payments to OIT line item. As a result, the line item is no longer necessary.

(C) Assessments and Data Analyses

Background Information: Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in twelve 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 initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring, and score reporting. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 23 assessments currently required by statute, including the ACT in grade 11 and the PSAT in grade 10 (in preparation for the administration of the SAT to grade 11 beginning in FY 2016-17).

Please note that the federal *No Child Left Behind Act*, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third 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). House Bill 03-1306 [Section 22-7-409 (1) (g), C.R.S.] required the Department 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*.

Senate Bill 08-212 [Section 22-7-1001 et seq., C.R.S.] expanded and connected instructional standards and assessments from preschool into college. The act required the following activities:

- establish definitions for school readiness and postsecondary and workforce readiness (PWR);
- expand and revise P-13 standards to incorporate 21st Century skills, reflect PWR, and be internationally competitive;
- launch a PWR assessments pilot program;
- adopt new assessments which measure the newly adopted standards;
- require all school boards to adopt pathways that lead to PWR and create endorsements for high school diplomas; and
- revise higher education admission requirements as necessary to incorporate the use of newly created standards and assessments that reflect college and workforce readiness.

As required by the act, the State Board of Education adopted new academic standards in 2009, conducted a PWR assessments pilot program, and approved the attributes of a new statewide assessment system that would align with the new standards. The adopted standards include the national "Common Core" standards, an effort initiated and managed by the National Governor's Association. However, Colorado's standards also go beyond the Common Core by including: (1) additional content areas beyond English language arts and mathematics; and (2) additional expectations within each content area that is covered by the Common Core.

The adoption of new standards requires the development of new assessments to measure students' knowledge relative to the new standards. Section 22-7-1006 (1) (a), C.R.S., requires the State Board to adopt a new systems of assessments "on or before December 15, 2010, or as soon thereafter as fiscally practicable." After an extensive public participation process, the State Board adopted a framework of assessment attributes on December 6, 2010.

Because the Colorado Student Assessment Program (CSAP) was aligned to the former statewide standards and would not be a viable assessment of the new standards, the Department is no longer administering the CSAP (spring 2011 was the final use of the former assessment). The Department used a temporary assessment (Temporary Colorado Assessment Program, or TCAP) for reading, writing, and mathematics in spring 2012, 2013, and 2014 to allow time for: (1) the development of new assessments and (2) local education providers to fully transition to the new standards before being held accountable for teaching the new standards. The TCAP only assessed areas of overlap between the "old" and "new" standards and therefore covered only a subset of both sets of standards.

In order to align the State's system of assessments with the current standards, Colorado has moved forward with a new set of assessments, titled the Colorado Measures of Academic Success (CMAS).

- In FY 2013-14, Colorado started administering new state-specific science and social studies assessments. The science assessment replaced the TCAP, and the new social studies assessment represents the State's first statewide standardized assessment in social studies.
- In FY 2014-15, Colorado started administering consortium-based assessments for mathematics and English language arts. Pursuant to H.B. 12-1240, Colorado became a governing member of the Partnership for Assessment of Readiness for College and Careers (PARCC) in August 2012. The General Assembly provided additional funds to develop items specific to the Colorado standards in FY 2013-14 and 2014-15. The Department began administering the PARCC assessments, including the items specific to the Colorado standards in Spring 2015.

House Bill 15-1323 (Changes to Statewide Assessments), enacted during the 2015 Session, made further changes to the statewide assessment system. Specifically, relative to the budget for FY 2016-17, the bill:

- Eliminates the PARCC/CMAS assessments in mathematics and English Language Arts for grades 10 and 11;
- Requires the Department to administer a 10th grade college entrance preparation exam (the Department is administering the PSAT in FY 2015-16, which replaces the 10th grade PARCC/CMAS assessments in mathematics and English language arts);
- Requires the Department to continue to administer a college entrance exam to students in 11th grade and to administer the writing portion of the exam when requested to do so by students. Please note that the Department is continuing to administer the ACT to 11th graders in FY 2015-16 but is transitioning to the SAT in FY 2016-17.

A second bill enacted during the 2015 Session, S.B. 15-056 (Frequency of Statewide Social Studies Testing) allows the Department to administer the statewide social studies assessment on a sampling basis beginning in FY 2015-16.

The following table shows the planned assessments for FY 2016-17 by grade level based on current law, as modified by H.B. 15-1323.

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Anticipated FY 2016-17 Statewide Assessment Schedule			
Grade	Colorado Measures of Academic Success*	Federal Requirements	Existing/Planned Assessments <u>Not</u> Required by Federal Law
3	English language arts math	reading/language arts math	
4	English language arts math social studies	reading/language arts math	social studies
5	English language arts math science	reading/language arts math science (in grades 3,4, or 5)	
6	English language arts math	reading/language arts math	
7	English language arts math social studies	reading/language arts math	social studies
8	English language arts math science	reading/language arts math Science (6, 7, 8)	
9	English language arts math	English language arts (9, 10, 11, 12) Math (9, 10, 11, 12)	
10	PSAT 10 -- Reading PSAT 10 -- Math		PSAT 10 -- Reading PSAT 10 -- Math
11	SAT science social studies		SAT social studies
12			

*The Department also administers alternate assessments for children with disabilities who are unable to participate in the CMAS, even with accommodations. Alternate assessments are administered in the same grades and subjects as the CMAS. An alternate assessment 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 alternate assessments outside of social studies.

Colorado Student Assessment Program

This line item provides funding for the staff, operating expenses, and contract expenses associated with the standardized assessments, including the PARCC assessments in mathematics and English language arts (beginning in FY 2014-15), the state-specific science and social studies assessments, English proficiency assessments, Spanish language arts assessments, PSAT

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(beginning in FY 2015-16), the ACT (through FY 2015-16), and the SAT (beginning in FY 2016-17).

Statutory Authority: Section 22-7-1006.3, C.R.S.

Request: The Department’s FY 2016-17 request for this line item totals \$34,879,845 (including \$26,893,066 cash funds from the State Education Fund and \$7,986,779 federal funds) and 11.8 FTE. The request represents a continuation appropriation, annualizing the FY 2015-16 salary survey and merit pay. The Department is implementing the changes to the assessment system in FY 2015-16 as required by H.B. 15-1323 (Changes to Assessments in Public Schools) and is not requesting further change to the assessment system in FY 2016-17.

Recommendation: Based on updated information from the Department, staff recommends a total appropriation of \$33,112,688 and 11.8 FTE for this line item, including \$26,229,332 cash funds from the State Education Fund and \$6,883,356 federal funds. Staff’s recommendation for this line item is \$1,767,157 total funds below the Department’s November 1, 2015, request based largely on decreases in contract costs associated with the CMAS exams that were not known when the Department submitted the November 1, 2015, request. The recommendation represents a reduction of \$1,724,951 below the final FY 2015-16 appropriation (as adjusted by H.B 15-1323 and S.B. 15-056). The following table shows the recommended changes from the final FY 2015-16 appropriation.

Management and Administration, Assessments and Data Analyses, Colorado Student Assessment Program					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	\$36,271,577	\$0	\$28,316,099	\$7,955,478	11.8
Other Legislation	<u>(1,433,938)</u>	<u>0</u>	<u>(1,433,938)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,837,639	\$0	\$26,882,161	\$7,955,478	11.8
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$34,837,639	\$0	\$26,882,161	\$7,955,478	11.8
Annualize prior year budget actions	42,206	0	10,905	31,301	0.0
Statewide assessment adjustments	<u>(1,767,157)</u>	<u>0</u>	<u>(663,734)</u>	<u>(1,103,423)</u>	<u>0.0</u>
TOTAL	\$33,112,688	\$0	\$26,229,332	\$6,883,356	11.8
Increase/(Decrease)	(\$1,724,951)	\$0	(\$652,829)	(\$1,072,122)	0.0
Percentage Change	(5.0%)	0.0%	(2.4%)	(13.5%)	0.0%
FY 2016-17 Executive Request:	\$34,879,845	\$0	\$26,893,066	\$7,986,779	11.8
Request Above/(Below) Recommendation	\$1,767,157	\$0	\$663,734	\$1,103,423	0.0

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Below is detailed discussion of the recommended total appropriation for this line item for FY 2016-17, followed by discussions of each major component of the recommendation. For the following tables the FY 2015-16 appropriation columns reflect the initial (Long Bill) appropriation prior to adjustments made through additional legislation.

Overview of Line Item Recommendation

The following table provides an overview of the existing FY 2015-16 appropriation and staff's recommendation for FY 2016-17. The sections following the table provide additional detail for each component shown in the overview.

Summary of FY 2015-16 Request for CSAP Line Item			
Description	FY 2015-16 Initial Approp.*	FY 2016-17 Recommendation	Annual Change
<u>I. CMAS:</u> Contract for developing, scoring, and reporting CMAS (not including alternate assessments) - math and English.	<u>\$19,206,849</u>	<u>\$15,851,402</u>	<u>(\$3,355,447)</u>
Cash Funds - State Education Fund	16,854,070	13,909,654	(2,944,416)
Federal Funds	2,352,779	1,941,748	(411,031)
<u>II. Alternate Math and English Assessments:</u> Contract for developing, scoring, and reporting Alternate CMAS.	<u>\$1,033,000</u>	<u>\$950,000</u>	<u>(\$83,000)</u>
Federal Funds	1,033,000	950,000	(83,000)
<u>III. Science and Social Studies:</u> Contract for developing, scoring, and reporting science and social studies assessments	<u>\$6,087,908</u>	<u>\$5,456,648</u>	<u>(\$631,260)</u>
Cash Funds - State Education Fund	5,208,292	5,208,292	0
Federal Funds	879,616	248,356	(631,260)
<u>IV. Alternate Science and Social Studies:</u> Contract to develop, score, and report Alternate assessments for science and social studies.	<u>\$1,792,372</u>	<u>\$1,527,698</u>	<u>(\$264,674)</u>
Cash Funds - State Education Fund	983,600	983,600	0
Federal Funds	808,772	544,098	(264,674)
<u>V. English Language Proficiency:</u> Contract for developing, scoring, and reporting the Colorado English Language Assessment /(ACCESS)	<u>\$2,991,645</u>	<u>\$3,278,188</u>	<u>\$286,543</u>
Cash Funds - State Education Fund	1,037,080	1,037,080	0
Federal Funds	1,954,565	2,241,108	286,543
<u>VI. ACT/SAT:</u> ACT test for 11th grade students in FY 2015-16; SAT for 11th grade students and PSAT for 10th grade students in FY 2016-17 - Cash Funds (State Education Fund)	<u>\$2,146,000</u>	<u>\$2,914,000</u>	<u>768,000</u>
<u>VII. Spanish Language Arts:</u>	<u>\$1,530,157</u>	<u>\$1,608,901</u>	<u>\$78,744</u>
Cash Funds - State Education Fund	1,530,157	1,608,901	78,744
Federal Funds	0	0	0
<u>VIII. Administration:</u> Staff and operating expenses	<u>\$1,483,646</u>	<u>\$1,525,852</u>	<u>\$42,206</u>
FTE	<u>11.8</u>	<u>11.8</u>	<u>0</u>
Cash Funds - State Education Fund	556,900	567,805	10,905
Federal Funds	926,746	958,047	31,301

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Summary of FY 2015-16 Request for CSAP Line Item			
Description	FY 2015-16 Initial Approp.*	FY 2016-17 Recommendation	Annual Change
Total	\$36,271,577	\$33,112,688	(\$3,158,889)
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	28,316,099	26,229,332	(2,086,767)
Federal Funds	7,955,478	6,883,356	(1,072,122)

*For all of the tables in this section, the FY 2015-16 appropriation column reflects the initial Long Bill appropriation for FY 2015-16 (prior to adjustments made through H.B. 15-1323 and S.B. 15-056).

I. English Language Arts and Mathematics – Contract for development, scoring, and reporting related to the CMAS in mathematics and English language arts in FY 2015-16 and FY 2016-17

The largest component of this line item is a contract to develop, maintain, manufacture, score, and report the assessments in mathematics and English language arts. The costs for FY 2016-17 reflect the Department’s estimates of costs for the CMAS (based on information from PARCC). The following table details the basis for the FY 2016-17 recommendation.

Math and English Language Arts Test Administration Costs					
Grade	Bimodal N Count Grade Level ELA/Math \$32.97/test	Bimodal N Count Grade Level ELA/ High School Math \$33.94/test	Paper N Count High School Mathematics \$17.97/test	CBT N Count High School ELA \$16.87/test	TOTAL COST
3	63,830				\$2,104,475
4	63,346				2,088,518
5	63,620				2,097,551
6	62,483				2,060,065
7	59,170	3,114			2,056,524
8	52,100	9,194			2,029,781
9			62,772	62,772	2,186,976
10					
11					
12					
Total Test Cost	364,549	12,308	143,632	177,740	\$14,623,891
			Regional Trainings		\$101,500
			Project management		\$554,597
			Electronic School/District Reports		\$554,597
			New Brail Reports		\$16,817
			GRAND TOTAL		\$15,851,402

Recommendation I. English Language Arts and Mathematics: As detailed in the above table, staff recommends providing \$15,851,402 total funds to cover the costs of mathematics and English language arts administration in FY 2016-17, including \$13,909,654 cash funds from the State Education Fund and \$1,941,748 federal funds. The recommendation is \$3,355,447 total funds below the initial FY 2015-16 appropriation, based largely on the elimination of the mathematics and English language arts assessments in grades 10 and 11.

II. Alternate English Language Arts and Mathematics – Contract with Pearson to develop, score, and report alternate English language arts and mathematics assessments for students with significant cognitive disabilities

This component supports a contract with Pearson for the administration of alternate English language arts and math assessments.

Summary of Costs for Alternate English Language Arts and Math			
Description	FY 2015-16 Appropriation	FY 2016-17 Estimate	Annual Change
Totals Alternate Assessments	\$1,033,000	\$950,000	(83,000)
Federal Funds (Assessment & IDEA B)	1,033,000	950,000	(83,000)

Recommendation II. Alternate English Language Arts and Math: As shown in the table above, staff recommends reflecting an appropriation of \$950,000 federal funds in FY 2016-17 for the development and administration of alternate English language arts and mathematics assessments for students with significant cognitive disabilities. The recommendation is a reduction of \$83,000 from the FY 2015-16 appropriation.

III. Science and Social Studies – Contract with Pearson for New Science and Social Studies Assessments

This component supports a contract with Pearson for the ongoing development and administration of the new Colorado-specific science and social studies assessments.

Summary of Costs Associated with Pearson Contract for Science and Social Studies			
Description	FY 2015-16 Appropriation	FY 2016-17 Estimate	Annual Change
Content Development	\$1,101,440	\$1,104,094	\$2,654
Ancillary Development	122,382	106,607	(15,775)
Program Management	723,220	601,830	(121,390)
Information Technology	48,959	19,950	(29,009)
Psychometrics	222,997	235,330	12,333
Quality Assurance	143,369	91,067	(52,302)
Test Delivery System	512,389	319,405	(192,984)

JBC Staff Figure Setting: FY 2016-17
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Summary of Costs Associated with Pearson Contract for Science and Social Studies			
Description	FY 2015-16 Appropriation	FY 2016-17 Estimate	Annual Change
Product_Mg._Dist	270,666	459,614	188,948
Receiving/Scanning/Editing	56,240	170,253	114,013
Reporting	517,230	396,896	(120,334)
Scoring	2,065,405	1,637,013	(428,392)
Travel and Meetings	<u>303,611</u>	<u>314,589</u>	<u>10,978</u>
Total Assessments	\$6,087,908	\$5,456,648	(\$631,260)
Cash funds - State Education Fund	5,208,292	5,208,292	0
Federal Funds (Assessment & IDEA B)	879,616	248,356	(631,260)

Recommendation III. Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$5,456,648 for the ongoing development and administration of science and social studies assessments in FY 2016-17, including \$5,208,292 cash funds from the State Education Fund and \$248,356 federal funds. The recommendation is represents a reduction of \$631,260 federal funds from the initial FY 2015-16 appropriation.

IV. Alternate Science and Social Studies – Contract with Pearson to develop, score, and report alternate science and social studies assessments for students with significant cognitive disabilities

This component supports a contract with Pearson for alternate science and social studies assessments for students with significant cognitive disabilities.

Summary of Costs Associated with Pearson Contract for Alternate Science and Social Studies			
Description	FY 2015-16 Appropriation	FY 2016-17 Estimate	Annual Change
Content Development	\$74,515	\$83,443	\$8,928
Ancillary Development	4,756	5,326	570
Program Management	390,305	355,787	(34,518)
Information Technology	273,830	199,007	(74,823)
Psychometrics	127,937	152,180	24,243
Quality Assurance	73,077	40,356	(32,721)
Test Delivery System	232,859	115,473	(117,386)
Product_Mg._Dist	109,995	102,355	(7,640)
Receiving/Scanning/Editing	2,136	1,758	(378)
Reporting	236,513	152,499	(84,014)
Scoring	0	0	0
Travel and Meetings	<u>266,449</u>	<u>319,514</u>	<u>53,065</u>

Summary of Costs Associated with Pearson Contract for Alternate Science and Social Studies			
Description	FY 2015-16 Appropriation	FY 2016-17 Estimate	Annual Change
Totals Alternate Assessments	\$1,792,372	\$1,527,698	(\$264,674)
Cash funds - State Education Fund	983,600	983,600	0
Federal Funds (Assessment & IDEA B)	808,772	544,098	(264,674)

Recommendation IV. Alternate Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$1,527,698 for the development and administration of alternate science and social studies assessments for students with significant cognitive disabilities in FY 2016-17, including \$983,600 cash funds from the State Education Fund and \$544,098 federal funds. The recommendation represents a reduction of \$264,674 federal funds below the FY 2015-16 appropriation.

V. English Language Proficiency (ACCESS)

The above contracts with Pearson do not include funding for the Colorado English Language Proficiency Assessment (ACCESS). Federal law requires Colorado to administer a single, statewide assessment to determine the English language proficiency level of English language learners, including an assessment in the areas of listening, speaking, reading, and writing, and the assessment is to be based on Colorado English language development standards for particular grade configurations. Previously, school districts utilized one of three assessment for this purpose. None of these assessments were aligned with Colorado English language development standards.

The ACCESS program consists of two distinct tests: (1) a screening test used soon after registration to evaluate students whose home language survey indicates that a language other than English is spoken in the home; and (2) an assessment test that is administered in January each year to students identified as "no English language proficiency" (NEP), or "limited English language proficiency" (LEP) in the body of evidence gathered in the screening process. The assessment test measures proficiency in the domains of listening, speaking, reading, and writing, and it is used to calculate academic growth rates for English language learners statewide.

The following table details the basis for the staff recommendation for FY 2016-17. For the past several years, the State has contracted with the University of Wisconsin to administer the ACCESS assessments. Beginning in FY 2015-16, the Department is using a revised version of the assessment. The revised version includes both a paper-based form and an online form. For FY 2015-16, the costs of both forms were the same. However, starting in FY 2016-17, the costs of the paper-based form will be higher than the costs of the online form. Because the two years are not directly comparable, the following table shows only the FY 2016-17 recommendation. However, for comparison purposes, the FY 2015-16 appropriation assumes a total cost of \$2,991,645 for the English Language Proficiency assessment.

Summary of English Language Proficiency (ACCESS) Costs	
(Contract with University of Wisconsin)	
Component	FY 2016-17 Estimate
Online Price per Student	\$26.25
Paper Price per student	\$28.00
Alternate Price per Student	\$78.00
Total Population estimate	118,528
<i>Online population estimate</i>	58,672
<i>Paper population estimate</i>	58,672
Alternate population estimate	1,184
Online cost estimate	\$1,540,140
Paper cost estimate	1,642,816
Alternate cost estimate	92,352
\$160 additional for 18 students needing Braille	<u>2,880</u>
Total FY 2016-17 Cost	\$3,278,188

Recommendation V. English Language Proficiency (ACCESS): As detailed in the table above, staff recommends appropriating \$3,278,188 total funds (including \$1,037,080 cash funds from the State Education Fund and \$2,241,108 federal funds) to support English language proficiency assessments in FY 2016-17.

VI. ACT/SAT and PSAT - Funding for Administration of Spring 2017 SAT and PSAT

Section 22-7-1006.3 (2), C.R.S., as enacted in H.B. 15-1323, requires the Department of Education to pay for and administer a college entrance examination to all 11th grade students that is administered throughout the United States and relied upon by institutions of higher education. The statute also now requires the Department to pay for and administer a college entrance *preparation* exam to all 10th graders that is aligned with the college entrance exam to be administered to those students as 11th graders. The Department has administered the ACT to all 11th graders since 2001 (following the passage of S.B. 00-186). However, under the requirements enacted in H.B. 15-1323, FY 2015-16 will be the Department’s final year administering the ACT, as the Department will transition to the College Board entrance exam (SAT) and preparation exam (PSAT) beginning in FY 2016-17. The Department is administering the PSAT to 10th graders in FY 2015-16.

The following table details the basis for the existing FY 2015-16 appropriation and staff’s recommendation for FY 2016-17.

*JBC Staff Figure Setting: FY 2016-17
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Summary of Costs Associated with ACT/College Board Contract			
FY 2015-16			
Description	Approp. (ACT)	FY 2016-17 Estimate (SAT)	Annual Change
<i>College Entrance Test (Section 22-7-1006.3 (2)(b), C.R.S.) -- Required</i>			
<i>Estimated # of students taking ACT (2015-16) and College Entrance administered by College Board (FY 2016-17)</i>	60,000	60,000	0
Price per student	<u>\$34.00</u>	<u>\$33.50</u>	(\$0.50)
Subtotal:	\$2,040,000	\$2,010,000	(\$30,000)
<i>College Entrance Test Writing Portion (Section 22-7-1006.3 (2)(b), C.R.S.) -- Student Request</i>			
Estimated # of Students taking writing		20,000	20,000
Price per student		<u>\$9.20</u>	<u>\$9.20</u>
Subtotal:		\$184,000	\$184,000
<i>10th Grade Test -- (Section 22-7-1006.3(2)(a), C.R.S.)* - Required</i>			
Estimated # of Students taking writing		60,000	60,000
Price per student		<u>\$12.00</u>	<u>\$12.00</u>
Subtotal:		\$720,000	\$720,000
<i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i>	2,000	0	(2,000)
Price per student for voucher	<u>\$37.00</u>	<u>\$0.00</u>	(\$37.00)
Subtotal: Alternate test date	\$74,000	\$0	(\$74,000)
Subtotal: Student testing service costs	\$2,114,000	\$2,914,000	\$800,000
Test administration training workshops and registration tracking	\$4,000	\$0	(\$4,000)
College Readiness Standards reports (@ \$80/request)	0	0	<u>\$0.00</u>
Data sent on CDs to schools (\$ 125/CD)	<u>28,000</u>	<u>0</u>	(28,000)
Subtotal: Other costs	\$32,000	\$0	(\$32,000)
Total - Cash Funds - State Education Fund	\$2,146,000	\$2,914,000	\$768,000

*This assessment replaces the PARCC 10th Grade Assessment

Recommendation VI. SAT and PSAT: As detailed in the table above, staff recommends appropriating \$2,914,000 cash funds from the State Education Fund for the SAT and PSAT contract for FY 2016-17. As discussed above, the Department is administering the PSAT to 10th graders in FY 2015-16. However, because that was not anticipated in the original appropriation, the costs for the current year are not reflected in the table above.

VII. Spanish Language Arts – Support for administration of a new Spanish language arts assessment aligned with the current statewide standards

This component supports the development and administration of Spanish literacy assessments. Section 22-7-1006.3 (4) (b), C.R.S., requires the Department to administer Spanish literacy

assessments to eligible third and fourth grade students.³ For eligible students, the Spanish reading and writing assessments substitute for the CMAS English language arts assessments. Prior to FY 2014-15, this component was included in the annual contract with CTB McGraw-Hill and not broken out separately by the Department or the vendor. After delays in contracting for the development of a new assessment in FY 2013-14, the FY 2014-15 appropriation provided a total of \$2.3 million to support an additional year of administration of the prior assessment and the development of a new assessment aligned with the current academic standards. The FY 2015-16 and FY 2016-17 appropriations will only include the administration of the new assessment.

Summary of Spanish Language Arts (reading and writing)		
	FY 2015-16 Appropriation	FY 2016-17 Estimate
Administration of Assessment - CF - State Education		
Fund	\$1,530,157	\$1,608,901

Recommendation VII. Spanish Language Arts: As detailed in the table above, staff recommends appropriating \$1,608,901 cash funds from the State Education Fund for Spanish language arts assessments in FY 2016-17.

VIII. Administration – Support for state staff that administer exams

The following table displays the personal services and operating expenses components of the Department’s administration of the statewide assessment program, including the FY 2015-16 appropriation and staff’s FY 2016-17 recommendation.

Summary of Costs Administration Portion of CSAP Line Item			
Description	FY 2015-16 Approp.	FY 2016-17 Estimate	Annual Change
Subtotal Personal Services	\$1,395,498	\$1,437,704	\$42,206
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash funds - State Education Fund	514,820	525,725	10,905
Federal Funds	880,678	911,979	31,301
Subtotal: Operating Expenses	<u>\$88,148</u>	<u>\$88,148</u>	<u>\$0</u>
Cash funds - State Education Fund	42,080	42,080	0
Federal Funds	46,068	46,068	0
Total Administration Costs	\$1,483,646	\$1,525,852	\$42,206
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash funds - State Education Fund	556,900	567,805	10,905

³ According to the Department, eligible students: (1) must be in grade 3 or 4; (2) must have had instruction in an English language proficiency program three years or less; and must have had instruction and assessments in their native language in reading and writing in the current or previous school year. In FY 2012-13, 1,287 students took these assessments, including 1,179 in grade 3 and 108 in grade 4.

Summary of Costs Administration Portion of CSAP Line Item			
Description	FY 2015-16 Approp.	FY 2016-17 Estimate	Annual Change
Federal Funds	926,746	958,047	31,301

Recommendation VIII. Administration: As detailed in the above table, staff recommends appropriating \$1,525,852 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program in FY 2016-17. The fund sources in staff’s recommendation are based on information provided by the Department.

Federal Grant for State Assessments and Related Activities

Beginning with the FY 2002-03 Long Bill, the General Assembly has reflected federal funds anticipated to be available to Colorado annually pursuant to the federal *No Child Left Behind Act* and now the *Every Student Succeeds Act*. This funding has been provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a state had already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results (e.g., developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation, ensuring the continued validity and reliability of state assessments, refining state assessments to ensure their continued alignment with the state’s academic content standards and to improve the alignment of curricula and instructional materials).

Statutory Authority: 20 U.S.C. 7301

Request: The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2016-17, with no change from the FY 2014-15 appropriation.

Recommendation: Staff recommends approving the request. The appropriation is reflected in the Long Bill for informational purposes only. Based on recent changes to federal law, staff will work with the Department to assess whether this line item will remain useful or informative in subsequent years. However, given the recent nature of changes to the federal law, staff recommends maintaining the line item for FY 2015-16.

Longitudinal Analyses of Student Assessment Results

This line item provides funding and staff for longitudinal analyses of student assessment results, including the assignment of individual student identifiers for all students in public schools, including preschool children participating in the Colorado Preschool Program and disabled preschool children receiving special education services. The General Assembly has provided General Fund to support 3.0 FTE within this line item for ongoing work associated with the longitudinal data system. In addition, the Department received a federal grant to improve state longitudinal data systems in FY 2010-11, and used those funds through FY 2013-14. The Department reports that it used the federal grant to replace the state’s data collection system, link student data from prekindergarten to the workforce, and provide additional enhancements to the

state's data systems. In FY 2014-15, H.B. 14-1298 (School Finance) appropriated \$298,000 cash funds from the State Education Fund to support the creation and assignment of unique student identifiers for children receiving state- or federally- subsidized early childhood education services. That amount is ongoing in the current appropriation.

Statutory Authority: Section 22-2-134, C.R.S.

Request: The Department a continuation appropriation of \$691,277 total funds (including \$393,277 General Fund and \$298,000 cash funds from the State Education Fund) and 3.6 FTE according to OSPB's common policies, annualizing FY 2015-16 salary survey and merit pay as well as the appropriation in H.B. 15-1170 (Increasing Postsecondary and Workforce Readiness).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2016-17.

Basic Skills Placement or Assessment

With the enactment of H.B. 12-1345, the General Assembly established a program to reimburse school districts for costs incurred in administering basic skills placement or assessment tests. The bill authorized school districts to administer the tests as frequently as desired during high school but specifies that the state will only reimburse school districts for one administration per student. The bill provided \$1.0 million cash funds from the State Education Fund in FY 2012-13 for such reimbursements. The General Assembly created this line item in the FY 2013-14 Long Bill to continue to provide funding for the program but reduced the amount of funding to \$320,917 in FY 2013-14 based on actual use of the program. The General Assembly further reduced the appropriation to \$50,000 for FY 2015-16 based on the lack of use of the program (there were no expenditures in FY 2014-15).

Statutory Authority: Section 22-32-109.5, C.R.S.

Request: The Department requests \$50,000 cash funds from the State Education Fund for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The Department did not spend any of the appropriation in FY 2014-15 and staff is not certain that the line item is still necessary. However, because the reimbursement program remains in statute, staff recommends maintaining the (limited) \$50,000 appropriation in case of need in FY 2016-17. Any unused funds will revert to the State Education Fund and be available for appropriation in FY 2017-18.

Preschool to Postsecondary Education Alignment

Senate Bill 08-212 (Colorado Achievement Plan for Kids or "CAP4K") required the State Board of Education, assisted by the Colorado Commission on Higher Education (CCHE), to develop standards and assessments for children progressing through the public education system [Sections 22-7-1001 through 1019, C.R.S.]. This line item provides funding for the personal services and operating expenses associated with the ongoing implementation of this bill.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Section 22-7-1001, C.R.S.

Request: The Department requests a continuation appropriation of \$594,753 cash funds from the State Education Fund and 3.5 FTE for FY 2016-17 pursuant to OSPB’s common policies (annualizing FY 2015-16 salary survey and merit pay and eliminating \$7,232 General Fund provided as one-time funding in H.B. 15-1270 (Pathways in Technology Early College High Schools)).

Recommendation: Staff recommends approving a total appropriation of \$630,153 (including \$35,400 General Fund and \$594,753 cash funds from the State Education Fund) and 4.0 FTE for FY 2016-17. The recommendation includes the following changes from the FY 2015-16 appropriation:

- A JBC Staff initiated increase (Staff Initiated P-TECH Adjustment, discussed above) of \$35,400 General Fund and 0.5 FTE associated with the ongoing implementation of H.B. 15-1270 based on a greater workload than was anticipated in the fiscal note for H.B. 15-1270;
- An increase of \$8,244 cash funds from the State Education Fund to annualize the FY 2015-16 salary survey and merit pay as requested by the Department; and
- A decrease of \$7,232 General Fund to eliminate one-time funding provided in H.B. 15-1270 (as requested by the Department). This reduction is offset by the staff initiated increase discussed above.

The following table shows the components of the staff recommendation.

Management and Administration, Assessments and Data Analyses, Preschool to Postsecondary Education Alignment				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	\$586,509	\$0	\$586,509	3.5
Other Legislation	<u>7,232</u>	<u>7,232</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$593,741	\$7,232	\$586,509	3.6
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$593,741	\$7,232	\$586,509	3.6
Staff initiated P-TECH adjustment	35,400	35,400	0	0.5
Annualize prior year budget actions	8,244	0	8,244	0.0
Annualize prior year legislation	<u>(7,232)</u>	<u>(7,232)</u>	<u>0</u>	<u>(0.1)</u>
TOTAL	\$630,153	\$35,400	\$594,753	4.0
Increase/(Decrease)	\$36,412	\$28,168	\$8,244	0.4
Percentage Change	6.1%	389.5%	1.4%	11.1%

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Management and Administration, Assessments and Data Analyses, Preschool to Postsecondary Education Alignment				
	Total Funds	General Fund	Cash Funds	FTE
FY 2016-17 Executive Request:	\$594,753	\$0	\$594,753	3.5
Request Above/(Below) Recommendation	(\$35,400)	(\$35,400)	\$0	(0.5)

Educator Effectiveness Unit Administration

The General Assembly created this line item in FY 2012-13 to support the ongoing costs of the Educator Effectiveness Unit charged with implementation of S.B. 10-191 (Principal and Teacher Effectiveness).

Statutory Authority: Section 22-9-104, C.R.S.

Request: The Department requests a continuation appropriation of \$1,865,610 total funds (including \$1,736,357 General Fund and \$129,253 cash funds from the State Education Fund) and 12.5 FTE, according to OSPB’s common policies. The request includes the following changes from the FY 2015-16 appropriation:

- An increase of \$418,700 General Fund and 3.6 FTE to annualize FY 2015-16 request R3 (Field Implementation Support); and
- An increase of \$23,782 total funds to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2016-17. This program area has been in flux for the past two years as a result of changes to the requirements for educator evaluation (such as extending the window in which statewide test scores need not be considered as part of the evaluation) and the depletion of one-time funding provided by both the State and the federal government. Given the uncertainty going forward, staff is recommending the Department’s request which annualizes the decision item approved for FY 2015-16 and will continue to work with the Department to evaluate the need for resources in subsequent years.

Educator Effectiveness Implementation

The General Assembly created this line item in FY 2012-13 to support one-time costs associated with the implementation of S.B. 10-191 (Principal and Teacher Effectiveness). The FY 2012-13 appropriation provided a total of \$8,258,981, including \$6,426,830 cash funds from the State Education Fund (from one-time tax amnesty funds deposited pursuant to S.B. 11-184) and \$1,832,151 federal funds received through a federal Race to the Top grant in FY 2011-12. The General Assembly made the FY 2012-13 cash funds appropriation available for three years (through FY 2014-15) to allow the Department flexibility in the use of funds. The one-time state funding expired at the end of FY 2014-15. The federal funds originally expired in December 2015. However, the Department received an extension allowing them to spend the remaining funds through June 2017. As of February 2016, the Department had roughly \$1.5 million in federal funds remaining to be spent through the extension period.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Section 22-9-104, C.R.S.

Request: The Department requests a continuation appropriation of \$2,107,714 federal funds and 8.5 FTE in FY 2016-17, according to OSPB’s common policies (annualizing FY 2015-16 salary survey and merit pay). Because the appropriation is federal funds, the amounts are included in the Long Bill for informational purposes only.

Recommendation: As discussed above (Staff Initiated Informational Funds Adjustment), staff recommends approving an (informational) appropriation of \$1,200,000 federal funds and 4.0 FTE. The recommendation reduces the funding and FTE based on the depletion of one-time funding available to support the program and the Department’s estimates of funding and FTE usage in FY 2016-17 using the remaining federal funding. Please note that the reductions to this line item are largely offset by increases in state funds and FTE in the Educator Effectiveness Unit Administration line item as part of the annualization of FY 2015-16 R3 (Field Implementation Support, discussed above). The following table shows the recommended changes from the FY 2015-16 appropriation.

Management and Administration, Assessments and Data Analyses, Educator Effectiveness Implementation					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	\$2,091,696	\$0	\$0	\$2,091,696	8.5
TOTAL	\$2,091,696	\$0	\$0	\$2,091,696	8.5
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$2,091,696	\$0	\$0	\$2,091,696	8.5
Annualize prior year budget actions	16,018	0	0	16,018	0.0
Staff initiated informational funds adjustment	(907,714)	0	0	(907,714)	(4.5)
TOTAL	\$1,200,000	0	\$0	\$1,200,000	4.0
Increase/(Decrease)	(\$891,696)	\$0	\$0	(\$891,696)	(4.5)
Percentage Change	(42.6%)	0.0%	0.0%	(42.6%)	(52.9%)
FY 2016-17 Executive Request:	\$2,107,714	\$0	\$0	\$2,107,714	8.5
Request Above/(Below) Recommendation	\$907,714	0	\$0	\$907,714	4.5

Accountability and Improvement Planning

The General Assembly created this line item in FY 2013-14 to support accountability and improvement planning efforts associated with the implementation of S.B. 09-163. The line item supports training, technical assistance, and data analysis provided to districts and schools, especially low-performing districts and schools. The line item also supports an independent

State Review Panel to review struggling schools' and districts' improvement plans and advise the State Board of Education regarding consequences for those districts and schools under the "five-year clock" created by S.B. 09-163.

Statutory Authority: Section 22-11-201, C.R.S.

Request: The Department requests a continuation appropriation of \$1,732,237 total funds (including \$1,181,905 General Fund and \$550,332 federal funds) and 11.4 FTE. The request includes the following changes from the FY 2015-16 appropriation:

- an increase of \$6,099 General Fund to annualize FY 2015-16 salary survey and merit pay; and
- a decrease of \$42,175 to annualize (and eliminate one-time funding associated with) FY 2015-16 request R4 (State Review Panel Online Portal).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2016-17.

(D) State Charter School Institute

Background Information. This subsection includes funding for the State Charter School Institute (SCSI), which is as an independent agency in the Department of Education. The SCSI is allowed to authorize charter schools located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools. The SCSI is governed by a nine-member board, whose statutory mission is to "foster high-quality public school choices offered through institute charter schools, including particularly schools that are focused on closing the achievement gap for at-risk students". The board is authorized to hire staff or contract employees. Any SCSI staff shall be deemed employees subject to the state personnel system, except that all positions classified by the board as professional officers and professional staff "are declared to be educational in nature and exempt from the state personnel system". [Section 22-30.5-505 (1), C.R.S.]

Similar to a school district, the SCSI is authorized to use a portion of its charter schools' per pupil revenues to cover its expenditures related to authorizing and overseeing charter schools. Thus, the Department is directed to withhold a portion of the State Share of Districts' Total Program funding from each school district where an Institute charter school is located and to forward the withheld amount to the Institute. Currently, a total of 4.0 percent may be withheld from payments to Institute charter schools and spent at the state level for the following purposes:

- Up to 3.0 percent for the SCSI's costs for administration, oversight, and management services [Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.]; and
- Up to 1.0 percent for the Department as reimbursement for the reasonable and necessary costs associated with the SCSI and its charter schools [Section 22-30.5-501 (4) (a) (I), C.R.S.].

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Section 22-30.5-506, C.R.S., as amended by S.B. 12-121 during the 2012 Session, continuously appropriates the State Charter School Institute Fund, which is the Institute’s primary fund source, to the Institute. Prior to FY 2012-13, the Institute’s funds were subject to annual appropriation in the Long Bill. However, of the Institute’s four line items in the FY 2013-14 Long Bill, three are now continuously appropriated and will be shown in the FY 2016-17 Long Bill for informational purposes only. Under current law, the Institute Charter School Assistance Fund is the only line item still subject to annual appropriation (with the exception of the Department Implementation of Section 22-30.5-501 et seq., C.R.S., line item which supports departmental operations rather than Institute operations).

There are currently 35 Institute charter schools⁴, including 14,412.2 funded pupils. The Charter School Institute expects the number of schools to remain at 35 in FY 2016-17. The Department is currently estimating a total pupil count of 14,644.6 pupils in FY 2016-17 (an increase of 232.4 (1.6 percent)).⁵ The following table provides a recent funding history for the Institute, including the number of Institute schools and funded pupils for each year.

State Charter School Institute: Funding				
Description	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estim./ Request
<i>Total Transfer from State Share line item a/</i>				
Number of Institute Charter Schools	26	30	31	35
Funded Pupil Count	10,025.8	13,468.3	14,412.2	14,644.6
Average Per Pupil Funding	\$6,468.58	\$6,919.03	\$7,244.37	\$7,360.03
Total Transfer from State Share line item	\$64,833,761	\$93,187,636	\$104,407,284	\$107,784,629
SCSI Administration, Oversight, and Management b/				
Reappropriated Funds	\$1,945,013	\$2,619,649	\$2,831,760	\$2,831,760
FTE	10.7	11.5	11.7	11.7
Other Transfers to Institute Charter Schools - RF b/	\$3,632,867	\$6,457,773	\$3,622,979	\$3,622,979
Transfer of Federal Moneys to Institute Charter Schools b/				
Reappropriated Funds	\$8,001,838	\$7,583,203	\$6,330,000	\$6,330,000
FTE	7.1	4.3	4.5	4.5

⁴ Institute charter schools in FY 2015-16 include: *Adams - Adams 12*: Academy of Charter Schools, Crown Point Academy, New America School – Thornton, and Pinnacle Charter School (including elementary, middle, and high schools); *Adams - Brighton*: High Point Academy; *Adams - Commerce City*: Community Leadership Academy, Victory Prop Academy (including middle and high schools); *Adams - Westminster*: Early College of Arvada and Ricardo Flores Magnon Academy; *Aurora*: New America School – Lowry, New Legacy High School, and Montessori del Mundo; *Douglas County*: Colorado Early Colleges – Douglas; *Eagle*: Stone Creek Elementary; *El Paso - Calhan*: Frontier Charter Academy; *El Paso - Colorado Springs*: Pikes Peak Prep, Thomas Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, Global Village Colorado Springs, James Irwin Colorado Springs, and Mountain Song Community School; *Garfield - Roaring Fork*: Ross Montessori and Two Rivers Community School; *La Plata - Durango*: Animas Charter School and Mountain Middle School; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Colorado Early Colleges – Fort Collins, Global Village Academy – Fort Collins; *Mesa - Mesa Valley*: Caprock Academy; and *Pueblo - Pueblo*: Youth & Family Academy.

⁵ The Charter School Institute’s internal estimate of the funded pupil count for FY 2016-17 is 15,579 FTE (934.4 pupils higher than the count assumed in the Department’s estimates for FY 2016-17 school finance purposes). The count shown in the table above is consistent with the Department’s school finance projections.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

State Charter School Institute: Funding				
Description	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estim./ Request

Sources:

a/ Pupil count and State Share information from the Department's Charter School Institute payment worksheets for FY 2013-14 through FY 2015-16. FY 2016-17 is based on the estimated increase in average per pupil funding, based on current law requiring a flat negative factor in FY 2016-17.

b/ For FY 2014-15, reflects actual data reported in the Department's FY 2016-17 budget request; for FY 2015-16, reflects appropriation; and for FY 2016-17, reflects the Department's November 1, 2015 budget request.

State Charter School Institute Administration, Oversight, and Management

This line item reflects the SCSI's expenditure of a portion of Institute charter schools' per pupil funding. Section 22-30.5-513 (2) (b) authorizes the SCSI to withhold up to 3.0 percent of Institute charter schools' per pupil funding for administrative overhead costs for services provided to Institute charter schools. In prior years, this line item was subject to annual appropriation. However, Section 22-30.5-506 (1), C.R.S., enacted through S.B. 12-121, now continuously appropriates these funds to the SCSI.

Statutory Authority: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

Request: The Department requests a continuation appropriation of \$2,831,760 reappropriated funds and 11.7 FTE, with no change from the FY 2015-16 appropriation, to be reflected in the Long Bill for informational purposes only. The request reflects the SCSI's anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

Recommendation: Staff recommends approval of the request to reflect the Institute's anticipated expenditures for informational purposes.

Institute Charter School Assistance Fund

Sections 22-30.5-506 (4) and 22-30.5-515.5, C.R.S., transfer excess revenues retained by the Charter School Institute (over and above amounts necessary for the Institute's overhead administration costs) to the Institute Charter School Assistance Fund. Once in the Institute Charter School Assistance Fund, the moneys are subject to annual appropriation and are available for the following purposes:

- Awarding grants and interest-free loans to assist Institute charter schools in meeting capital construction needs, including obtaining financial assistance through the Building Excellent Schools Today (B.E.S.T.) program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction of buildings; or
- Addressing "reasonable funding emergencies," as defined by rule of the Institute Board.

Under current law, this is the Institute's only line item that remains subject to annual appropriation.

Statutory Authority: Section 22-30.5-515.5, C.R.S.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests a continuation appropriation of \$460,000 cash funds, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request.

Other Transfers to Institute Charter Schools

This line item reflects anticipated transfers of other state moneys (e.g., state funding for categorical programs) to Institute charter schools. In prior years, the line item was subject to annual appropriation but the funds are now continuously appropriated to the SCSI pursuant to S.B. 12-121.

Statutory Authority: Section 22-30.5-513 (9) (a), C.R.S.

Request: The Department requests a continuation appropriation of \$3,622,979 reappropriated funds, with no change from the FY 2015-16 appropriation.

Recommendation: As discussed above (Staff Recommended Informational Funds Adjustment), staff recommends reflecting an informational appropriation of \$6,500,000 reappropriated funds in the FY 2016-17 Long Bill. The recommended increase of \$2,877,021 aligns with actual expenditures in FY 2014-15 (\$6,457,773). Staff recommends reflecting the round number of \$6.5 million based on the fact that this is an estimate reflected in the Long Bill for informational purposes only. The following table shows the recommended change from the FY 2015-16 appropriation.

Management and Administration, State Charter School Institute, Other Transfers to Institute Charter Schools				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	\$3,622,979	\$0	\$3,622,979	0.0
TOTAL	\$3,622,979	\$0	\$3,622,979	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$3,622,979	\$0	\$3,622,979	0.0
Staff initiated informational funds adjustment	<u>2,877,021</u>	<u>0</u>	<u>2,877,021</u>	<u>0.0</u>
TOTAL	\$6,500,000	0	\$6,500,000	0.0
Increase/(Decrease)	\$2,877,021	\$0	\$2,877,021	0.0
Percentage Change	79.4%	0.0%	79.4%	0.0%
FY 2016-17 Executive Request:	\$3,622,979	\$0	\$3,622,979	0.0
Request Above/(Below) Recommendation	(\$2,877,021)	0	(\$2,877,021)	0.0

Transfer of Federal Moneys to Institute Charter Schools

This line item reflects federal funds received by the SCSI for pass-through to Institute charter schools, along with the SCSI FTE supported with federal funds. Moneys appropriated to this line item are reflected as reappropriated funds because they are first reflected within other line items within the Department’s budget (e.g., Special Education Programs for Children with Disabilities, English Language Proficiency Program, Federal Nutrition Programs, and Appropriated Sponsored Programs). The request reflects the SCSI’s anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

Statutory Authority: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

Request: The Department requests a continuation appropriation of \$6,330,000 reappropriated funds and 4.5 FTE, with no change from the FY 2015-16 appropriation, to be reflected in the Long Bill for informational purposes only.

Recommendation: As discussed above (Staff Recommended Informational Funds Adjustment), staff recommends reflecting an informational appropriation of \$7,600,000 reappropriated funds and 4.5 FTE in the Long Bill. The recommended increase of \$1,270,000 aligns with actual expenditures in FY 2014-15 (\$7,583,203). Staff recommends reflecting the round number of \$7.6 million based on the fact that this is an estimate reflected in the Long Bill for informational purposes only. The following table shows the recommended change from the FY 2015-16 appropriation.

Management and Administration, State Charter School Institute, Transfer of Federal Moneys to Institute Charter Schools				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	\$6,330,000	\$0	\$6,330,000	4.5
TOTAL	\$6,330,000	\$0	\$6,330,000	4.5
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$6,330,000	\$0	\$6,330,000	4.5
Staff initiated informational funds adjustment	<u>1,270,000</u>	<u>0</u>	<u>1,270,000</u>	<u>0.0</u>
TOTAL	\$7,600,000	0	\$7,600,000	4.5
Increase/(Decrease)	\$1,270,000	\$0	\$1,270,000	0.0
Percentage Change	20.1%	0.0%	20.1%	0.0%
FY 2016-17 Executive Request:	\$6,330,000	\$0	\$6,330,000	4.5
Request Above/(Below) Recommendation	(\$1,270,000)	0	(\$1,270,000)	0.0

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

This line item authorizes the Department to spend a portion of SCSi charter schools’ per pupil funding. Pursuant to Section 22-30.5-513 (4) (a) (I), C.R.S., the Department is authorized to withhold up to 1.0 percent of SCSi charter schools’ per pupil funding as reimbursement for the "reasonable and necessary costs to the department to implement” [Part 5 of Title 22, Article 30.5, C.R.S.].

Statutory Authority: Section 22-30.5-513 (4) (a) (I), C.R.S.

Request: The Department requests a continuation appropriation of \$227,505 reappropriated funds and 1.6 FTE for FY 2016-17 according to OSPB’s common policies (including annualization of the FY 2015-16 salary survey and merit pay). The following table details the Department’s anticipated expenditures under this line item.

FY 2016-17 Request: Implementation of Section 22-30.5-501 et seq., C.R.S.		
Department Expenditure/Description	Amount	FTE
School Finance Unit Technical Assistance and Support	\$22,007	0.2
Budget Unit Technical Assistance and Support	57,697	0.5
Innovation and Choice Unit Technical Assistance and Support	42,615	0.3
Information Technology Unite Assistance/ Help Desk	41,444	0.5
Information Technology Cost Allocation	<u>63,742</u>	<u>0.0</u>
FY 2016-17 Request	\$227,505	1.5

Recommendation: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2016-17. The (non-SCSi) Department staff incur costs associated with SCSi activities, and this line item is the mechanism to cover at least a portion of the necessary costs.

(E) Indirect Cost Assessment

Indirect Cost Assessment

Pursuant to the Committee’s common policy to improve the transparency of the treatment of indirect costs, the FY 2013-14 Long Bill included a new subdivision and line item to reflect indirect cost assessments from the various subdivisions and line items in the Management and Administration division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for the General Department and Program Administration line item and a variety of centrally appropriated line items.

Statutory Authority: Sections 24-31-101 and 102, C.R.S.

Request: The Department is requests a continuation appropriation of \$617,191 total funds (including \$355,325 cash funds and \$261,866 federal funds), with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends appropriating \$549,469 total funds (including \$321,464 cash funds and \$228,005 federal funds) based on updated information provided by the Department.

(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. The following table summarizes staff’s recommendation for the Assistance to Public Schools division.

Assistance to Public Schools						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$5,285,860,150	\$3,513,188,287	\$1,135,471,012	\$8,150,474	\$629,050,377	217.1
SB 15-267 (School Finance)	30,000,000	25,000,000	5,000,000	0	0	0.0
H.B. 15-1367 Contingent appropriations	6,000,000	4,000,000	0	2,000,000	0	0.0
Other 2015 Session Legislation	10,380,083	161,258	10,218,825	0	0	0.0
HB 16-1253 (Current year adjustments school finance)	<u>(133,492,226)</u>	<u>(93,542,173)</u>	<u>(39,950,053)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,198,748,007	\$3,448,807,372	\$1,110,739,784	\$10,150,474	\$629,050,377	217.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$5,198,748,007	\$3,448,807,372	\$1,110,739,784	\$10,150,474	\$629,050,377	217.1
R1/BA1 Total program increase	135,339,886	273,700,544	(138,360,658)	0	0	0.0
R2/BA2 Categorical programs increase	3,432,994	0	3,432,994	0	0	0.0
R3 CPP tax checkoff	72,025	0	72,025	0	0	0.0
Staff initiated B.E.S.T. cash grants adjustment	20,000,000	0	20,000,000	0	0	0.0
Staff initiated charter school capital construction adjustment	3,000,000	0	3,000,000	0	0	0.0
Staff initiated B.E.S.T. priority assessment adjustment	150,000	0	150,000	0	0	0.0
Staff initiated facility schools unit adjustment	54,555	0	0	54,555	0	0.0
Staff initiated start smart reduction	(993,719)	(670,721)	347,491	(670,489)	0	0.0
Staff initiated National Board stipends adjustment	(196,800)	0	(196,800)	0	0	0.0
Staff initiated CPR grant program elimination	(65,000)	0	(65,000)	0	0	(0.3)
Other technical adjustments	199,495	0	200,141	(646)	0	0.0

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Assistance to Public Schools						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize prior year legislation	(10,218,825)	0	(10,218,825)	0	0	0.0
Annualize prior year budget actions	(2,190,739)	111,381	(2,661,562)	50,003	309,439	0.0
Annualize HB 15-1367 (Retail Marijuana Taxes)	(2,000,000)	(4,000,000)	4,000,000	(2,000,000)	0	0.0
Indirect cost assessment adjustments	(220,189)	0	0	0	(220,189)	0.0
Facility schools funding adjustment	<u>(189,821)</u>	<u>0</u>	<u>(189,821)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,344,921,869	\$3,717,948,576	\$990,249,769	\$7,583,897	\$629,139,627	216.8
Increase/(Decrease)	\$146,173,862	\$269,141,204	(\$120,490,015)	(\$2,566,577)	\$89,250	(0.3)
Percentage Change	2.8%	7.8%	(10.8%)	(25.3%)	0.0%	(0.1%)
FY 2016-17 Executive Request:	\$5,306,679,169	\$3,601,225,613	\$1,067,821,238	\$8,272,502	\$629,359,816	217.1
Request Above/(Below) Recommendation	(\$38,242,700)	(\$116,722,963)	\$77,571,469	\$688,605	\$220,189	0.3

DECISION ITEMS – ASSISTANCE TO PUBLIC SCHOOLS

➔ R1/BA1 Total Program Increase

Request: As modified by budget amendment BA1, the Department's request for school finance for FY 2016-17 would increase the state share of districts' total program funding by \$117.8 million total funds above the FY 2015-16 appropriation (as adjusted by H.B. 16-1253). The request is based on the Office of State Planning and Budgeting's December 2015 forecast of the inflation rate for CY 2015 (a projection of 1.5 percent), as compared to the actual rate of 1.2 percent and incorporates the most recent projections of: the funded pupil count, the at-risk pupil count, and available local revenues. As adjusted by BA1, the request would:

- Increase *total program* funding by a total of \$133.5 million above the FY 2015-16 level as adjusted by H.B. 16-1253 (including increases of \$117.8 million in the state share and \$15.7 million in the local share of funding).
- Increase the General Fund appropriation for the state share by \$156.3 million above the FY 2015-16 adjusted appropriation.
- Decrease the cash funds appropriation from the State Education Fund by \$60.4 million below the FY 2015-16 adjusted appropriation based on a projection of available revenues.
- Increase the cash funds appropriation from the State Public School Fund by \$21.8 million based on projections of available revenues.

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- Increase the dollar value of the negative factor by \$40.8 million, from \$830.7 million (11.7 percent) in FY 2015-16 to \$871.5 million (12.0 percent) in FY 2016-17. The request does not specify a targeted negative factor in FY 2017-18 or subsequent years.

Finally, BA1 includes a request to release restrictions on the FY 2015-16 appropriation imposed by the State Controller as a result of the Department’s overexpenditure of \$836,508 from the State Public School Fund in FY 2014-15. As discussed during the FY 2016-17 briefing and FY 2015-16 supplemental processes, a revenue shortfall in the State Public School Fund in FY 2014-15 as a result of declining federal mineral lease revenues caused the Department’s overexpenditure. As a result of the overexpenditure, however, the State Controller has restricted the Department’s appropriation for FY 2015-16.

Recommendation: Based on current law as enacted in S.B. 15-267 (School Finance) requiring that the negative factor not increase as a dollar amount from FY 2015-16 to FY 2016-17, staff recommends a *Long Bill* appropriation of \$4,115,002,841 total funds (including \$3,572,995,719 General Fund) for FY 2016-17, an increase of \$135,223,868 total funds (3.4 percent) relative to the FY 2015-16 adjusted appropriation. The recommendation includes an increase of \$273,700,544 General Fund (an 8.3 percent increase) which is partially offset by a reduction in cash funds. Staff also recommends approving the request to release the State Controller’s restriction resulting from the overexpenditure from the State Public School fund in FY 2014-15.

Staff’s recommendation increases statewide average per pupil funding from \$7,312.69 in FY 2015-16 to \$7,424.529 in FY 2016-17. That per pupil funding level requires an increase of \$156,220,776 total funds relative to the FY 2015-16 appropriation, including \$135,223,869 in state funding and a projected \$20,996,907 in local funds.

The following table summarizes the key components of the Department's request and staff's recommendation; for purposes of comparison, FY 2015-16 data is provided as well. [Appendix B-3 provides a comparison of the FY 2016-17 request and the Long Bill recommendation, calculating the differences between the two.]

Total Program Funding Recommendation for Long Bill				
	FY 2015-16	FY 2016-17		
	Adjusted Appropriation	Request	Staff Recomm.	Annual Change
Funded Pupil Count /1,2	853,251.4	861,441.4	861,441.4	8,190.0
<i>Annual Percent Change</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.0%</i>	
Statewide <u>Base</u> Per Pupil Funding /3	\$6,292.39	\$6,367.90	\$6,367.90	\$75.51
<i>Annual Percent Change</i>	<i>2.8%</i>	<i>1.2%</i>	<i>1.2%</i>	
Total Program Funding PRIOR TO Negative Factor /1	\$7,070,267,168	\$7,244,506,561	\$7,226,487,943	\$156,220,775
LESS: Negative Factor Reduction /1 <i>Negative Factor as % of Total Program</i>	(830,702,393) <i>-11.7%</i>	(871,466,681) <i>-12.0%</i>	(830,702,393) <i>-11.5%</i>	0

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Total Program Funding Recommendation for Long Bill				
	FY 2015-16	FY 2016-17		
	Adjusted Appropriation	Request	Staff Recomm.	Annual Change
EQUALS: Adjusted Total Program Funding /4	\$6,239,564,775	\$6,373,039,880	\$6,395,785,550	\$156,220,775
<i>Annual Percent Change</i>	5.2%	2.1%	2.5%	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$7,312.69	\$7,398.11	\$7,424.52	\$111.82
<i>Annual Percent Change</i>	4.1%	1.2%	1.5%	
<u>Local Share</u> of Districts' Total Program Funding	<u>\$2,259,785,802</u>	<u>\$2,275,478,925</u>	<u>\$2,280,782,709</u>	<u>\$20,996,907</u>
Property Tax Revenue /1	2,104,957,889	2,121,309,959	2,121,309,958	16,352,069
Specific Ownership Tax Revenue /1	154,827,913	154,168,966	159,472,751	4,644,838
<i>Annual Percent Change on Total</i>	12.3%	0.7%	0.9%	
<u>State Share</u> of Districts' Total Program Funding	\$3,979,778,973	\$4,097,560,955	\$4,115,002,841	\$135,223,868
<i>Annual Percent Change</i>	0.7%	3.0%	3.4%	
<i>State Share as Percent of Districts' Total Program</i>	63.8%	64.3%	64.3%	

1/ The recommendation is based on Legislative Council Staff projection or calculation.

2/ The recommended funded pupil count includes: 14,180 FTE to serve 28,360 at-risk children through a half-day preschool program; 36,932.0 FTE to serve 64,135.7 students through a full-day kindergarten program; and 550 FTE to allow 550 students to participate in the ASCENT Program (discussed further below).

3/ The recommendation is based on the actual change in the Denver-Boulder consumer price index for CY 2015 (1.2 percent). The final request was based on the December 2015 OSPB Revenue Forecast, which was 1.5 percent.

4/ Consistent with General Assembly action since FY 2010-11, the recommendation is \$1,381,345 higher than the anticipated statutory total program funding floor based on the amount of negative factor reduction that cannot be absorbed by school districts that receive little or no state funding.

Please note that the Department's official request indicates that the Department is requesting 655 FTE participants in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program. However, the Department has indicated that the estimate of 655 was a technical error and that the request should reflect a continuation of the current number of slots (550) in FY 2016-17. The FY 2015-16 Long Bill authorized up to 550 ASCENT FTE statewide while the program has only 444 student FTE participants in the current year. Based on historic use of the program, including in the current year, the Department expects 550 slots to be sufficient in FY 2016-17. In addition, please note that the enactment of S.B. 15-138 makes more funding available for ASCENT participants in FY 2016-17. That bill allows participating school districts to use funding for unused slots from the current year to support ASCENT slots in the following year. As a result, school districts have until the end of this fiscal year to encumber any funds associated with unused slots in FY 2015-16 to provide ASCENT slots in FY 2016-17, and that funding is in addition to the amounts assumed in the FY 2016-17 appropriation. Participating districts must remit any FY 2015-16 ASCENT funds remaining unencumbered by the end of the fiscal year to the Department. The Department will credit such funds to the State Public School Fund.

Staff Recommended Fund Sources. Staff recommends a total of \$3,572,995,719 General Fund (an increase of \$273,700,544 (8.3 percent) over the FY 2015-16 appropriation); \$473,174,119 cash funds from the State Education Fund (a decrease of \$157,154,830 (24.9 percent)); and \$68,833,003 cash funds from the State Public School Fund (an increase of \$18,678,154 (37.2 percent)). The following table summarizes staff's recommendation, by fund source, in relation to both the request and existing appropriations. Staff has provided a discussion of each fund source below.

Sources of Funds Appropriated for the State Share of Districts' Total Program				
Fund Source	FY 2015-16	FY 2016-17		
		Request	Recomm. Long Bill Approp.	Annual Change
Cash Funds (State Public School Fund)	\$50,154,849	\$72,000,000	\$68,833,003	\$18,678,154
<i>Annual Percent Change</i>	-49.3%	43.6%	37.2%	
Cash Funds (State Education Fund)	630,328,949	569,958,920	473,174,119	(157,154,830)
<i>Annual Percent Change</i>	-5.6%	-9.6%	-24.9%	
General Fund	3,299,295,175	3,455,602,035	3,572,995,719	273,700,544
<i>Annual Percent Change</i>	3.6%	4.7%	8.3%	
Total State Funds	\$3,979,778,973	\$4,097,560,955	\$4,115,002,841	\$135,223,868
<i>Annual Percent Change</i>	0.7%	3.0%	3.4%	

Analysis:

General Note - JBC Decisions Related to This Line Item. While the next several pages of this document pertain to a single line item, staff recommends that the Committee consider three basic questions (and associated recommendations) prior to finalizing the FY 2016-17 budget.

1. Current law requires the FY 2016-17 Long Bill to appropriate sufficient funding to (at a minimum) maintain the negative factor as a constant dollar amount from FY 2015-16 to FY 2016-17. Based on current revenue estimates and assumptions regarding other uses of funds within the Department's budget, complying with current law will require a General Fund increase of \$273.7 million dollars for the school finance. Is that increase viable given anticipated revenues?
2. How should the General Assembly manage uncertainty surrounding the revenues supporting school finance? Staff's recommendation assumes a minimum ending balance of \$100.0 million in the State Education Fund to account for potential revenue forecast error. In a change from prior years, staff's recommendation also assumes a minimum balance of \$10.0 million in the State Public School Fund, at least through FY 2016-17, to account for uncertainty related to federal mineral lease revenues. Changing either of those assumptions would change the General Fund appropriation required in FY 2016-17 and subsequent years.
3. What "placeholder" amount, if any, should the Committee include in its FY 2016-17 budget package to reflect changes to be accomplished through the annual school finance bill?

Background Information - Statutory School Finance Formula. 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 (referred to as statewide base per pupil funding). Section 17 of Article IX of the State Constitution requires the General Assembly to provide annual inflationary increases in base per pupil funding. For FY 2016-17, base per pupil funding will need to increase from \$6,292.39 to \$6,367.90 (1.2 percent), based on the actual change in the Denver-Boulder consumer price index (CPI) in CY 2015.

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. These factors currently add funding for: (a) districts with a higher cost of living; (b) the presence of 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); and (c) districts with a lower enrollment to recognize the economies of scale experienced by larger school districts. In addition, the school finance formula establishes a minimum (floor) level of per pupil funding, regardless of the impact of the cost of living, at-risk, and size factors described above.

The School Finance Act also provides a flat rate of funding per pupil (estimated at \$6,795⁶ for FY 2016-17 based on current law) for two types of students:

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

Finally, the formula includes a "negative" factor designed to reduce districts' total program funding to a specified amount. For FY 2016-17, based on current law prohibiting growth in the negative factor as a dollar amount from FY 2015-16 to FY 2016-17, this factor is estimated to be 11.5 percent, requiring a statewide reduction of \$830.7 million. Thus, the Department will calculate total program funding for each district based on the formula described above, and will then reduce each district's total program funding by 11.5percent⁷. Because statewide base per pupil funding cannot decrease, the negative factor effectively reduces the funding attributed to the other formula factors.

⁶ This amount is after the application of the negative factor.

⁷ Please note that for some districts, this reduction exceeds the state share of total program funding. In such cases, the reduction in total program funding is limited to the state share of funding.

Each individual district's per pupil funding is multiplied by its funded pupil count to determine its "total program" 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 tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when a registering motor vehicle. For FY 2016-17, Legislative Council Staff's December 2015 Revenue Forecast projects that local property taxes and specific ownership taxes will increase by \$21.0 million (0.9 percent) above FY 2015-16 levels.

Key Points Regarding Targeted Fund Balances

As the Committee has discussed extensively for the past several years, one-time revenues in the State Education Fund have reduced pressure on the General Fund in recent years but the depletion of those one-time revenues will require significant increases in General Fund appropriations in the coming years to avoid reductions in total program funding. The FY 2015-16 appropriation assumed that the General Assembly would spend down the balance of the State Education Fund to approximately \$300.0 million at the end of FY 2015-16 and \$100.0 million at the end of FY 2016-17 in an effort to "smooth out" the transition away from one-time funds. The staff recommendation for FY 2016-17 maintains that assumption and targets an ending balance of \$100.0 million for FY 2016-17 and all subsequent years (through FY 2019-20).

The FY 2016-17 staff recommendation includes two targeted fund balances at the end of each year throughout the projection period: (1) \$100.0 million in the State Education Fund to accommodate potential revenue forecast error; and (2) \$10.0 million in the State Public School Fund to compensate for high levels of uncertainty related to federal mineral lease revenues. Based on that recommendation, staff notes the following:

- If the General Assembly elects to provide additional funding for school finance (either in the Long Bill or in other legislation), then staff recommends supporting any such increases with General Fund moneys unless the change includes a corresponding reduction to either State Education Fund or State Public School Fund appropriations for another program.
- If the General Assembly wishes to maintain the targeted balances in the State Education Fund and the State Public School Fund, then any other legislation enacted during the 2016 Session should avoid making additional appropriations from either of those cash funds (barring changes to other appropriations that would make such funds available).
- If the March 2016 revenue forecasts significantly change assumptions related to revenues for either fund source, then staff will return to the Committee with revised information.

General Fund Projections through FY 2019-20 – Constant Negative Factor

The following table illustrates the projected General Fund impact of maintaining the negative factor as a constant dollar amount (\$830.7 million) through FY 2019-20 incorporating the targeted fund balances discussed above. While current law does not speak to years beyond FY

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2016-17, the projections assume that the General Assembly will maintain the negative factor at that level throughout the projection period. As shown in the table, based on current revenue projections, this scenario requires an increase of \$274 million General Fund in FY 2016-17 (as recommended by staff) and \$288 million in FY 2017-18. Beyond that point, the necessary increases stabilize at a lower level based on projected increases in local revenues and the complete transition away from one-time funding from the State Education Fund.

Projection of General Fund Need for Public School Finance – Constant Negative Factor				
(LCS Forecast with \$100 Million Minimum SEF Ending Balance Each Year)				
(\$ in millions)				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Current Law Scenario - Constant Negative Factor				
Base Appropriation	\$3,299	\$3,573	\$3,861	\$4,043
Current Law - Maintain Negative Factor as a Dollar Amount	\$274	\$288	\$182	\$73
Total General Fund - Constant Negative Factor Throughout	\$3,573	\$3,861	\$4,043	\$4,116
Percent Change in General Fund	8.3%	8.1%	4.7%	1.8%

In a change from recent years, staff is not including a range of scenarios because the depletion of one-time funding from the State Education Fund simplifies any consideration of other scenarios. Because the recommendation and scenario include the targeted fund balances for the State Education Fund and the State Public School Fund, any effort to reduce the negative factor (barring changes in other appropriations) would require General Fund. For example, if the General Assembly wished to reduce the negative factor by \$25.0 million in FY 2016-17 and maintain that level going forward, doing so would require \$25.0 million in additional General Fund each year throughout the projection period.

Detailed Discussion of Fund Sources

A discussion of each state fund source for school finance follows.

State Public School Fund. The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF annually receives revenues from three primary sources⁸, discussed below.

1. Federal Mineral Lease Revenues. A portion of federal funds received by the State for sales, bonuses, royalties, and rentals of public lands within the State are also credited to the SPSF. These federal mineral lease (FML) revenues are primarily derived from coal, gas, and oil, and most revenues are earned from federal lands on the Western Slope. Due to production and price changes, federal mineral lease revenues can vary significantly from year to year, and are therefore difficult to project. However, pursuant to S.B. 08-218, the amount of FML credited to the SPSF annually is capped [see Section 34-63-102 (5.4) (a), C.R.S.]. For FY 2015-16 and FY 2016-17, staff’s projections are based on the December 2015 Legislative Council Staff Revenue Forecast.

⁸ 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. These portions of the SPSF are excluded from the above discussion.

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2. Interest and Investment Income Earned on Public School ("Permanent") Fund. For FY 2015-16 and subsequent years, current law [see Section 22-41-102 (3) (e), C.R.S.] credits the first \$21.0 million of any interest or income earned on the investment of moneys in the Permanent Fund to the SPSF.

3. District Audit Recoveries. The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits. The time period over which a district may pay back overpayments to the Department is equivalent to the number of years covered by the audit [see Section 22-2-113 (1) (g), C.R.S.]. The Department offsets a large portion of its accounts receivable from districts (an asset) with deferred revenue equal to those amounts that are not anticipated to be received within the following fiscal year (a liability). Staff's projections assume \$2.0 million in district audit recoveries per year, an amount that the Department agrees is a conservative estimate.

In some years, the General Assembly has authorized time-limited transfers of other moneys to the SPSF. For example, three bills⁹ have authorized transfers of certain moneys to the SPSF that would otherwise have been credited to the Public School ("Permanent") Fund. In other cases (e.g., S.B. 11-230), the General Assembly has transferred excess General Fund revenues to the SPSF. However, barring additional legislative changes, no such one-time moneys will be available for FY 2016-17, and the SPSF will operate based on routine annual revenues. The following table details the calculations underlying staff's FY 2016-17 recommended appropriation from the SPSF, as well as comparable information for FY 2015-16.

State Public School Fund Revenues and Expenditures: FY 2015-16 and FY 2016-17		
Description	FY 2015-16 Appropriation	Recommended FY 2016-17 Appropriation
Beginning Fund Balance	(\$836,508)	\$8,797,643
Federal Mineral Lease Revenues /1	49,871,482	60,117,842
Estimated School District Audit Recoveries	2,000,000	2,000,000
Interest/ Investment Income on Permanent Fund	<u>21,000,000</u>	<u>21,000,000</u>
Total Projected Funds Available	\$72,034,974	\$91,915,485
State Match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	2,472,644	2,472,644
At-risk Supplemental Aid [pursuant to Section 22-30.5-112.2, C.R.S.]	5,094,358	5,094,358
At-risk Per Pupil Additional Funding [pursuant to Section 22-54-136, C.R.S.]	5,000,000	5,000,000
Supplemental On-Line Education Programs [pursuant to Sections 22-2-130 and 22-5-119, C.R.S.]	480,000	480,000
Amount Required to Print Public School Laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	35,480	35,480
Subtotal: Expenditures for Purposes Other than School Finance Act	13,082,482	13,082,482
Appropriation for the State Share of Districts' Total Program Funding	\$50,154,849	\$68,833,003
Ending Fund Balance	\$8,797,643	\$10,000,000

1/ Reflects December 2015 Legislative Council Staff Revenue Forecast.

⁹ Legislation authorizing these transfers include: S.B. 09-260, S.B. 10-150, and S.B. 11-230.

As discussed above and shown in the table, the recommendation targets an ending balance of \$10.0 million in the SPSF at the end of FY 2016-17. In recent years, staff and the General Assembly have assumed full expenditure of all available revenues each year (a “\$0” ending balance). However, given ongoing uncertainty regarding the status of federal mineral lease revenues, staff recommends maintaining a buffer in this fund, at least until revenues stabilize, in an attempt to avoid the type of overexpenditure seen in FY 2014-15 (creating the negative beginning fund balance in FY 2015-16) and/or the need for emergency supplemental appropriations.

For purposes of this document, staff assumes that the Committee will continue the appropriations identified above, and will not appropriate moneys from this fund for other purposes in FY 2016-17. If the Committee approves appropriations from the SPSF that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly. In addition, the Legislative Council Staff March 2016 Revenue Forecast may change staff’s assumptions regarding federal mineral lease revenues (a significant source of uncertainty in the current year) in FY 2015-16 and/or FY 2016-17. If the changes are significant, staff intends to return to the Committee with a comeback to align with anticipated revenues.

State Education Fund. The State Education Fund (SEF) consists of one-third of one percent of income tax revenues, plus any interest earned on the fund balance and any additional transfers from the General Fund. The General Assembly may annually appropriate moneys from the SEF for a number of education-related purposes, including complying with the requirement to annually increase base per pupil funding. SEF revenues are not subject to the constitutional limitation on fiscal year spending, and any appropriation from the SEF is not subject to the statutory limitation on state General Fund appropriations.

The following table details the calculations underlying staff’s FY 2016-17 recommended appropriation from the SEF, as well as comparable information for FY 2015-16. As discussed above, staff’s recommendation is predicated on maintaining a minimum SEF balance of at least \$100 million at the end of FY 2016-17 and in subsequent years. Legislative Council Staff and Joint Budget Committee Staff have used projections of income tax revenues to the State Education Fund and legislative transfers of General Fund to the State Education Fund to target the specified fund balance.

State Education Fund Revenues and Expenditures: FY 2015-16 and FY 2016-17		
Description	FY 2015-16 Appropriation	Recommended FY 2016-17 Appropriation
Beginning Fund Balance	\$686,413,971	\$297,738,445
FPPA Repayment Pursuant to S.B. 13-234	25,321,079	25,321,079
General Fund Revenues Directed to SEF Pursuant to Amendment 23 /1	522,200,000	552,400,000
Interest Income /2	<u>8,144,359</u>	<u>4,326,725</u>
Total Projected Funds Available	<u>\$1,242,079,409</u>	<u>\$879,786,249</u>
Categorical Programs /3	144,317,355	147,750,329

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State Education Fund Revenues and Expenditures: FY 2015-16 and FY 2016-17		
Description	FY 2015-16 Appropriation	Recommended FY 2016-17 Appropriation
Various Other Existing Programs and Functions /4	169,694,660	158,861,801
Subtotal: Expenditures for Purposes Other than School Finance Act	314,012,015	306,612,130
Appropriation for the State Share of Districts' Total Program Funding	\$630,328,949	\$473,174,119
Ending Fund Balance	\$297,738,445	\$100,000,000

1/ Reflects estimates included in LCS's December 2015 revenue forecast.

2/ Amounts are estimated by Legislative Council Staff.

3/ Assumes that the full increase in state funding required for FY 2016-17 will be appropriated from the SEF, as requested.

4/ Assumes staff recommended amounts for other appropriations, which primarily include: \$34.0 million transferred to the Early Literacy Fund; \$26.3 million for statewide assessments; \$27.5 million for non-categorical English language learner programs; \$20.0 million for charter school facilities; \$16.8 million for facility school funding; \$10.0 million for the School Counselor Corps Grant Program; \$7.9 million for hold-harmless full-day kindergarten; \$3.3 million for BOCES funding; \$3.0 million for the Quality Teacher Recruitment Program; \$2.8 million for the Early Literacy Assessment tool; and \$850,000 for the School Lunch Protection Program.

For purposes of this document, staff assumes that the Committee will appropriate the full required inflationary increase in state funding for categorical programs from the SEF, and will appropriate the recommended amounts from the SEF for programs other than school finance. If the Committee approves appropriations from the SEF that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item as necessary to reach the targeted ending balance.

General Fund. Although moneys available in the SPSF and the SEF may be used to provide a portion of the funding required for districts' total program funding, the state General Fund has always been and will continue to be the primary source of funding for this purpose. In FY 2015-16, the General Fund provides about 82.9 percent of the *state* funding for districts' total program funding.

For purposes of providing a historical perspective, the following table 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 5.98 percent. This compares to a compound annual growth rate of 3.37 percent for the fifteen years following the passage of Amendment 23 (FY 2001-02 through FY 2015-16).

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History of Appropriations for the State Share of Districts' Total Program Funding						
State Public School Fund/						
Fiscal Year	General Fund	Annual % Change	State Education Fund	Annual % Change	Total State Funds	Annual % Change
1994-95	\$1,393,562,482		\$34,016,762		\$1,427,579,244	
1995-96	1,469,655,920	5.5%	56,613,541	66.4%	1,526,269,461	6.9%
1996-97	1,594,123,930	8.5%	53,580,360	-5.4%	1,647,704,290	8.0%
1997-98	1,689,946,178	6.0%	35,647,023	-33.5%	1,725,593,201	4.7%
1998-99	1,776,015,806	5.1%	74,830,202	109.9%	1,850,846,008	7.3%
1999-00	1,887,449,285	6.3%	42,685,306	-43.0%	1,930,134,591	4.3%
2000-01	1,974,673,211	4.6%	73,400,663	72.0%	2,048,073,874	6.1%
Passage of Amendment 23						
2001-02	2,073,406,872	5.0%	156,629,363	113.4%	2,230,036,235	8.9%
2002-03	2,137,582,405	3.1%	346,960,158	121.5%	2,484,542,563	11.4%
2003-04	2,247,917,791	5.2%	379,156,261	9.3%	2,627,074,052	5.7%
2004-05	2,342,782,148	4.2%	401,122,658	5.8%	2,743,904,806	4.4%
2005-06	2,480,460,455	5.9%	390,768,821	-2.6%	2,871,229,276	4.6%
2006-07	2,657,663,684	7.1%	403,505,151	3.3%	3,061,168,835	6.6%
2007-08	2,790,546,868	5.0%	362,163,909	-10.2%	3,152,710,777	3.0%
2008-09	2,930,074,211	5.0%	462,870,995	27.8%	3,392,945,206	7.6%
2009-10	3,076,277,922	5.0%	442,677,995	-4.4%	3,518,955,917	3.7%
2010-11	2,797,831,709	-9.1%	408,557,173	-7.7%	3,206,388,882	-8.9%
2011-12	2,671,845,744	-4.5%	660,076,411	61.6%	3,331,922,155	3.9%
2012-13	2,852,301,877	6.8%	527,412,414	-20.1%	3,379,714,291	1.4%
2013-14	2,985,310,883	4.7%	602,789,377	14.3%	3,588,100,260	6.2%
2014-15	3,184,047,461	6.7%	766,565,022	27.2%	3,950,612,483	10.1%
2015-16	3,299,295,175	3.6%	680,483,798	-11.2%	3,979,778,973	0.7%

Please note that staff’s recommended General Fund appropriation is predicated on Committee actions concerning appropriations from the SEF and the SPSF for other line items (outside of school finance). If the Committee approves appropriations from these cash funds that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly.

Finally, staff’s recommendations are based on Legislative Council Staff’s December 2015 revenue forecast. If the March 2016 forecast significantly changes projected income tax revenues credited to the SEF and/or anticipated revenues for the SPSF, staff will bring information back to the Committee to potentially adjust the fund sources appropriated for this line item.

Non-Supplantation Requirement. Article IX, Section 17 (5) of the State Constitution states that moneys appropriated from the SEF 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. The General Fund appropriation for the State Share of Districts’ Total Program Funding on December 28, 2000 was \$1,982,638,862. Thus, the FY 2016-17 General Fund appropriation must exceed this amount.

Options for Alternative Funding Levels. The Committee and General Assembly may wish to provide more (or less) funding than staff is recommending for school finance in FY 2016-17 (most likely to be changed through the annual school finance bill). Staff is not including a specific recommendation regarding a different funding level in this packet. As discussed above, barring changes to other appropriations that would make additional revenues available, any effort to increase the appropriation for total program would require General Fund if the General Assembly wishes to maintain the targeted SEF and SPSF fund balances. For example, reducing the negative factor by \$25 million would require that amount of additional General Fund. Because of the straightforward relationship between options and General Fund cost, staff is not presenting a specific set of options for alternative funding levels.

➔ R2/BA2 – Categorical Programs Increase

Request: As modified by budget amendment BA2, the Department’s request includes an increase of \$4,291,242 cash funds from the State Education Fund to be allocated among five categorical programs. The request is based on the Office of State Planning and Budgeting December 2015 Revenue Forecast, which projected an inflation rate of 1.5 percent for calendar year 2015. The following table shows the requested changes from the FY 2015-16 appropriation, by line item.

R2/BA2 Requested Inflationary Increases for Categorical Programs			
Long Bill Line Item	FY 2015-16 Appropriation (State Funds)	Requested Change	FY 2016-17 Request (State Funds)
Special Education - Children with Disabilities	\$165,235,405	\$2,384,414	\$167,619,819
English Language Proficiency Program	18,142,924	805,693	18,948,617
Public School Transportation	55,597,261	730,387	56,327,648
Career and Technical Education Programs	25,436,648	277,678	25,714,326
Special Education - Gifted and Talented Children	12,095,065	93,070	12,188,135
Expelled and At-risk Student Services Grant Program	7,493,560	0	7,493,560
Small Attendance Center Aid	1,076,550	0	1,076,550
Comprehensive Health Education	1,005,396	0	1,005,396
Total	\$286,082,809	\$4,291,242	\$290,374,051

Recommendation: Based on the actual change in the Denver-Boulder-Greeley CPI for CY 2015 (1.2 percent), staff recommends adding a total of \$3,432,994 state funds for categorical programs **for FY 2016-17**. Consistent with prior years and the request, staff’s recommendation would appropriate all of the recommended increases as cash funds from the State Education Fund.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Analysis:

Background - Constitutional Funding Requirement. 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, in calendar year 2014 the percentage change in the Denver-Boulder consumer price index was 2.8 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$7,792,139) for FY 2015-16.

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

Increases in State Funding for Categorical Programs Since FY 2000-01				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2015-16 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special Education - Children with Disabilities	\$71,510,773	\$165,235,405	\$93,724,632	131.1%
English Language Proficiency Program	3,101,598	18,142,924	15,041,326	485.0%
Public School Transportation	36,922,227	55,597,261	18,675,034	50.6%
Career and Technical Education Programs	17,792,850	25,436,648	7,643,798	43.0%
Special Education - Gifted and Talented Children	5,500,000	12,095,065	6,595,065	119.9%
Expelled and At-risk Student Services Grant Program	5,788,807	7,493,560	1,704,753	29.4%
Small Attendance Center Aid	948,140	1,076,550	128,410	13.5%
Comprehensive Health Education	600,000	1,005,396	405,396	67.6%
Total	\$142,164,395	\$286,082,809	\$143,918,414	101.2%

The constitution also requires that moneys from the State Education Fund shall not be used to supplant the level of General Fund appropriations existing on December 28, 2000, for categorical programs [see Section 17 (5) of Article IX of the Colorado Constitution]. Staff's recommendations for this section ensure that General Fund appropriations are maintained at \$141,765,474 to comply with this requirement.

Finally, please note that pursuant to Section 22-55-107 (3), C.R.S., for the 2008-09 budget year and each budget year thereafter, on or before February 15, "the education committees of the

house of representatives and senate, or any successor committees, may submit to the joint budget committee of the general assembly a joint recommendation regarding the allocation of the increase in total state funding for all categorical programs as required by subsection (1) of this section for the next budget year. The joint budget committee shall consider but shall not be bound by any joint recommendations made pursuant to this subsection (3) when developing the annual general appropriation bill for the budget year for which the joint recommendation is made". To date, these Committees have not made any such recommendation.

An overview of staff's recommendations related to the constitutionally required funding increase for this group of programs is below. A more detailed description of each categorical program line item, including a description of the funds available -- other than state funds -- for each program may be found in the Line Item Detail section for categorical programs.

Overview of Staff Recommendation for All Categorical Programs

Allocation of Required Funding Increase for FY 2016-17. As noted above, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation (based on the change in the Denver-Boulder Consumer Price Index for calendar year 2015) for FY 2016-17. The Department's request for FY 2016-17 includes a \$4,291,242 increase, based on a projected 1.5 percent inflation rate from the OSPB December 2015 Revenue Forecast.

Based on the actual change in the CPI for CY 2015 (1.2 percent), staff recommends adding a total of \$3,432,994 state funds for categorical programs for FY 2016-17. Staff's recommendation would appropriate *all* of the recommended increases as cash funds from the State Education Fund.

Since December 2006, staff has recommended that the Committee consider four factors when allocating state funds among categorical programs:

1. Are districts statutorily required to provide the services?
2. If the program has a statutory reimbursement formula, how close does state funding come to the maximum statutory reimbursement?
3. What percent of districts' actual expenditures are covered by state and federal funds?
4. Are districts' expenditures for providing the service proportionate, or are certain districts impacted significantly more than others?

Consistent with prior years, for FY 2016-17, staff recommends: (a) maintaining existing state funding levels for the Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education; and (b) allocating the required increase among the remaining programs based on the relative gaps between the sum of state and federal funding, and actual district expenditures (see Table A, below).

The Department and staff have used similar mechanisms to allocate the increases among line items. Staff has treated transportation expenses slightly differently than the Department in calculating the allocation of additional categorical funding. The Department compared state distributions for transportation to local education providers' total reported transportation expenditures. Staff compared the state distributions to costs that were reported as eligible for reimbursement from the state (excluding capital costs for new buses and costs associated with activity trips such as sporting events and field trips, for example).

The following pages include three tables associated with categorical funding.

- Table A shows the gap between state and federal funding and actual local expenditures in FY 2013-14 (the most recent year for which the necessary data are available).
- Table B shows the gap between FY 2014-15 funding levels and "full funding" for the programs with statutory formulas for that year.
- Table C summarizes the allocation recommended by staff, the allocation requested by the Department, and two other potential options for discussion purposes.

Represent Committee Decision

TABLE A: Categorical Program Revenues and Expenditures: FY 2013-14						
	(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/	\$187,238,673	\$154,940,156	\$342,178,829	\$862,644,853	39.7%	520,466,024
English Language Proficiency Program	15,240,040	8,454,341	23,694,381	199,559,597	11.9%	175,865,216
Other Categorical Programs						
Public School Transportation	54,238,553	0	54,238,553	221,290,154	24.5%	167,051,601
Career and Technical Education	24,528,307	5,206,540	29,734,847	85,191,002	34.9%	55,456,155
Special Education - Gifted and Talented Children	9,532,447	0	9,532,447	29,847,512	31.9%	20,315,065
Total						\$939,154,061

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

Represent Committee Decision

TABLE B: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2014-15					
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	\$158,374,328	\$237,962,250	66.6%	\$79,587,922
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	43,739,145	154,244,666	28.4%	110,505,521
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)	55,829,165	89,346,045	62.5%	33,516,880
Colorado Vocational Distributions Act	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue	26,449,151	26,449,151	100.0%	0
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	959,379	1,192,187	80.5%	232,808
Total					\$223,843,131

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

Represent Committee Decision

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

TABLE C: Required Increase in State Funding for Categorical Programs in FY 2016-17

Long Bill Line Item	FY 15-16 Approp.	Examples of Options for Allocating Required Increase							
		A: Staff Recomm.	%	B: Dept. Request	%	C	%	D	%
Special education programs for children with disabilities	\$165,235,405	\$1,902,517	1.2%	\$2,384,414	1.4%	\$3,093,343	1.9%	\$1,982,825	1.2%
English language proficiency programs	18,142,924	642,860	3.5%	805,693	4.4%	\$339,651	1.9%	217,715	1.2%
Public school transportation	55,597,261	610,642	1.1%	730,387	1.3%	0	0.0%	667,167	1.2%
Career and technical education	25,436,648	202,715	0.8%	277,678	1.1%	0	0.0%	305,240	1.2%
Special education programs for gifted and talented children	12,095,065	74,260	0.6%	93,070	0.8%	0	0.0%	145,141	1.2%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	0	0.0%	0	0.0%	89,923	1.2%
Small attendance center aid	1,076,550	0	0.0%	0	0.0%	0	0.0%	12,919	1.2%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	12,065	1.2%
Totals (may not sum due to rounding)	\$286,082,809	\$3,432,994	1.2%	\$4,291,242	1.5%	\$3,432,994	1.2%	\$3,432,994	1.2%

Description of Potential Allocation Options

A: Staff recommendation.

B: Department's request, based on projected inflation rate of 1.5 percent.

C: Provide a 1.9 percent increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all programs.

➔ R3 – CPP Tax Checkoff

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

Recommendation: Staff recommends approving an appropriation of \$72,025 *cash funds from the Public Education Fund* for FY 2016-17 to support the proposed training and professional development efforts. The funds are available for appropriation and are dedicated specifically to supporting the Colorado Preschool Program. Given the relatively small amount of funding available, enhanced training and professional development appears to be a cost-effective use of the funds. The recommended change to cash funds from the Public Education Fund is simply a technical correction to the request.

Analysis: The CPP serves children who are at-risk under a variety of scenarios and who might otherwise lag behind their peers entering kindergarten. Current law authorizes a total of 28,360 “slots” (each slot is for a half-day student and is therefore 0.5 student FTE), including 8,200 slots in the Early Childhood At-Risk Enhancement (ECARE) program, which allows schools to use those slots for either preschool or full-day kindergarten.

Senate Bill 11-109 created a voluntary tax checkoff to support the CPP and deposits all revenue received under the checkoff into the Public Education Fund which is created by the bill. Although the bill passed in 2011, the program first collected revenue in tax year 2013, collecting a total of \$72,025 that year (the amount requested by the Department for appropriation in FY 2016-17). The tax checkoff generated an additional \$59,221 in tax year 2014, although that information was not available when the Department developed request R3.¹⁰

The Department is proposing to use \$72,025 collected in tax year 2013 to support training and professional development for CPP providers statewide. Specifically, the Department proposes to use the funds to provide in-services and training materials, with a primary goal of providing a series of regional workshops to improve early literacy and mathematics education in CPP classrooms. The Department’s annual reports to the General Assembly regarding the CPP program indicate that the program’s participants outperform their peers (in similar situations) that do not participate in CPP, the Department believes that focused professional development activities can further improve the program’s literacy and mathematics outcomes. The Department proposes to:

- Train 750 CPP teachers in research-based early literacy and mathematics instructional practices;

¹⁰ Under S.B. 11-109, the tax checkoff will remain on the tax return through tax year 2017 barring additional legislative action.

- Provide 174 preschool administrators with follow-up toolkits to support implementation;
- Improve access to state of the art instructional practices and materials for CPP students; and
- Provide contract early childhood trainers and training materials for local replication.

The following table shows the Department’s estimated costs under request R3.

R3 CPP Tax Checkoff Calculation Assumptions	
Anticipated Use	FY 2016-17 Cost
Contracted trainers fees and travel - \$2,600 x 15 days (\$2,000 daily fee and \$600 travel)	\$39,000
Handouts/training supplies - \$400 per event for 15 events + a total of \$625 for state resource materials	6,625
Lunches - \$12 per participant for 750 participants	9,000
Early Literacy and Early Math toolkits - \$100 x 174	<u>17,400</u>
Total anticipated FY 2016-17 costs	<u>\$72,025</u>

Given that S.B. 11-109 specifically dedicates the tax checkoff revenue to supporting the CPP, staff sees two basic options for the Committee’s consideration:

- *Department Request – Improve CPP Services:* Provide professional development assistance to CPP providers in an effort to *improve* CPP services delivered to CPP students. As discussed above, the Department is particularly focused on improving literacy and mathematics educational practices.
- *Option 2 – Expand CPP Services:* The General Assembly could use the tax checkoff money to support additional slots and expand the program. Based on current costs per slot, the Department estimates that \$72,025 could support between 9 and 21 slots, depending on the costs in districts that actually receive the slots.

The Department argues, and staff agrees, that given the limited amount of funding at stake and the time-limited nature of the funding (annual collections fluctuate and without further legislative action the tax checkoff will be removed from the ballot for tax year 2018), increasing professional development activities and providing additional materials to CPP educators will have a broader and longer lasting benefit for CPP than a very temporary and small increase in the number of slots. Thus, staff recommends approving the Department’s request for R3.

➔ Staff Initiated B.E.S.T. Cash Grants Appropriation Increase

Request: This is a JBC Staff initiated recommendation and the Department is not officially requesting an increase in funding for cash grants given by the B.E.S.T. program. However, the recommendation is based on (and aligns with) the B.E.S.T. program’s February 2016 report to the General Assembly which specifies the program’s plans for FY 2016-17.

Recommendation: Staff recommends approving the Department’s proposed spending (as submitted in the B.E.S.T. Program’s February 2016 report to the General Assembly) and

appropriating a total of \$70.0 million cash funds from the Public School Capital Construction Assistance Fund for B.E.S.T. cash grants in FY 2016-17. The recommendation represents an increase of \$20.0 million above the FY 2015-16 appropriation of \$50.0 million for cash grants, and the Department currently anticipates returning to \$50.0 million per year in funding for FY 2017-18 and subsequent years.

Please note that the \$20.0 million increase for FY 2016-17 proposed by the Department and recommended by staff includes two components:

- \$10.0 million is for new grants and projects in FY 2016-17; and
- \$10.0 million is necessary to repay school district bond proceeds associated with prior years' certificate of participation (C.O.P.) grant projects. Because of the mechanisms used to support C.O.P. projects in prior years, the Department was unable to return unused local school district bond proceeds to school districts when C.O.P. projects were completed under budget. The requested increase includes funding to allow the Department to repay such funds through cash grants and allow the local school districts to receive their share of savings for projects that were completed under budget.

Analysis: While the Department's November 1, 2015, budget request seeks a continuation appropriation of \$50,000,000 (unchanged from the FY 2015-16 appropriation), the B.E.S.T. program's annual report to the General Assembly (submitted in February 2016) calls for an appropriation of \$70.0 million for cash grants in FY 2016-17. As in prior years, staff's recommendation aligns with the legislative report, which is based on updated information and estimates of program revenues that were not available during the preparation of the November 1 budget request.

As discussed during the FY 2016-17 JBC Staff Budget Briefing for the Department of Education, staff is reluctant to increase spending for the B.E.S.T. Program prior to the completion of the priority assessment system update. However, staff is recommending the proposed increase because: (1) it aligns with the report provided by the B.E.S.T. Board in February 2016; (2) current revenue estimates indicate that the Public School Capital Construction Assistance Fund can accommodate the increase for FY 206-17 (the Department's projections indicate that the program would end FY 2016-17 with an available fund balance of \$136.8 million in available cash after accounting for statutorily required reserves); and (3) H.B. 15-1367 made a one-time transfer of \$40.0 million associated with marijuana taxes to the program's fund in FY 2015-16 (contingent upon voter approval of Proposition BB). Staff assumes that the General Assembly's expectation with that bill and the passage of Proposition BB was that expenditures would increase in FY 2016-17.

In addition, staff is particularly sympathetic to the Department's interest in returning unused local school district bond proceeds to the school districts that provided the initial revenues. Based on discussions with the Department, cash grants are the only mechanism available to return those funds to the appropriate districts.



Staff Initiated Charter School Capital Construction Adjustment

Request: This is a JBC Staff initiated recommendation and the Department is not requesting an increase in funding for the State Aid for Charter School Facilities line item.

Recommendation: Based on current law and current estimates of marijuana excise tax revenues, staff recommends increasing the appropriation for the State Aid for Charter School Facilities line item by \$3.0 million cash funds from the Charter School Facilities Assistance Account within the Public School Capital Construction Assistance Fund. Current law deposits the first \$40.0 million in marijuana excise tax revenues into the Public School Capital Construction Assistance Fund and 12.5 percent of that amount into the Charter School Facilities Account. The FY 2015-16 appropriation for charter school capital construction includes \$2.0 million from the Charter School Facilities Assistance Account and current revenue estimates indicate that approximately \$5.0 million should be available for FY 2016-17. Because the Department spends the excise tax moneys in the year after collection (e.g., FY 2014-15 revenues are spent in FY 2015-16), the Department's expenditures will be controlled by available revenues (up to the upper limit of the appropriation). Thus, based on current law, staff recommends appropriating a total of \$5.0 million from the excise tax revenues in FY 2016-17 to allow the Department to spend the full amount anticipated to be available.

Given recent growth in the appropriation for charter school capital construction and the new revenue source in marijuana excise taxes (up to a limit of \$5.0 million per year), staff also recommends that the General Assembly consider enacting legislation to reduce the statutory use of State Education Fund moneys for charter school capital construction (currently \$20.0 million per year in FY 2015-16 and subsequent years) to make those revenues available for other uses (such as reducing the negative factor). Based on the Department's current estimates, the General Assembly could reduce the State Education Fund expenditures for this line item by \$3.0 million for FY 2016-17 and still maintain a constant appropriation of \$22.0 million. (Given that the State Education Fund expenditure is specified in statute, any change would require a bill.)

Analysis: In 2001 (S.B. 01-129) the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction, providing that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures. The amount that each charter school received per pupil was originally calculated as 130 percent of the minimum per pupil capital reserve amount that each district is required to budget; for FY 2001-02, qualified charter schools received \$322 per pupil. Thus, the amount of funding was originally required to increase each year based on the number of qualified charter schools, the number of pupils attending such schools, and inflationary increases in the minimum per pupil capital reserve amount.

Subsequently, the General Assembly modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute [see Section 22-54-124 (3) (a) (IV) (B), C.R.S.]. Second, with the exception of a charter school that operates within a state facility, any charter school with "capital construction costs" is eligible to receive funding. Moneys appropriated each year are allocated among charter schools on a per pupil basis, except

that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools receive.

Current law provides two sources of state funding for this line item (State Aid for Charter School Facilities)¹¹:

- Section 22-54-124 (3) (a) (IV) (B), C.R.S., requires the General Assembly to appropriate \$20.0 million cash funds from the State Education Fund each year beginning in FY 2015-16 (increased from \$7.0 million in FY 2013-14 and \$13.5 million in FY 2014-15); and
- Section 22-43.7-104 (2) (d), C.R.S., deposits 12.5 percent of marijuana excise taxes deposited into the Public School Capital Construction Assistance Fund (the first \$40.0 million of annual marijuana excise taxes) into the Charter School Facilities Assistance Account within the Public School Capital Construction Assistance Fund. In accordance with the Committee's policy regarding the use of marijuana tax funds, the Department utilizes marijuana excise tax revenues in the year after they are collected (so FY 2014-15 collections are being spent in FY 2015-16). Based on projections of FY 2014-15 collections from the 2015 Session, the FY 2015-16 appropriation includes \$2.0 million from marijuana excise tax revenues.

Based on those revenue sources, the FY 2015-16 appropriation includes \$22.0 million for this line item, including \$20.0 million from the State Education Fund and \$2.0 million from marijuana excise taxes. Looking toward FY 2016-17, the Department expects a total of \$25.0 million to be available based on current law, including \$20.0 million from the State Education Fund, roughly \$4.0 million in new marijuana tax collections, and nearly \$1.0 million in excess marijuana tax collections from FY 2014-15 (actual collections were \$993,696 above the \$2.0 million assumed in the appropriation).

Because the Department's expenditures are based on prior year marijuana tax collections, they should be controlled by the lesser of either the appropriation or the actual revenue collections. Thus, while the Department's revenue expectations are slightly higher than the Legislative Council Staff December 2015 Revenue Forecast, appropriating \$5.0 million from marijuana excise tax revenues for FY 2016-17 should allow the Department to spend that amount if the revenues are available. Thus, based on current law, staff recommends approving a total appropriation of \$25.0 million for this line item, including \$20.0 million cash funds from the State Education Fund and \$5.0 million cash funds from marijuana excise taxes deposited into the Charter School Facilities Assistance Account.

While staff's recommendation aligns with the revenues anticipated to be dedicated to the program under current law, staff notes the rapid growth in charter school capital construction appropriations in recent years, measured both by the total appropriation and the per pupil distribution (see the table and chart below). Based on the degree of growth and the recent

¹¹ In addition to funding provided through the State Aid for Charter School Facilities line item, charter schools are also eligible for capital construction funding provided through the B.E.S.T. program.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

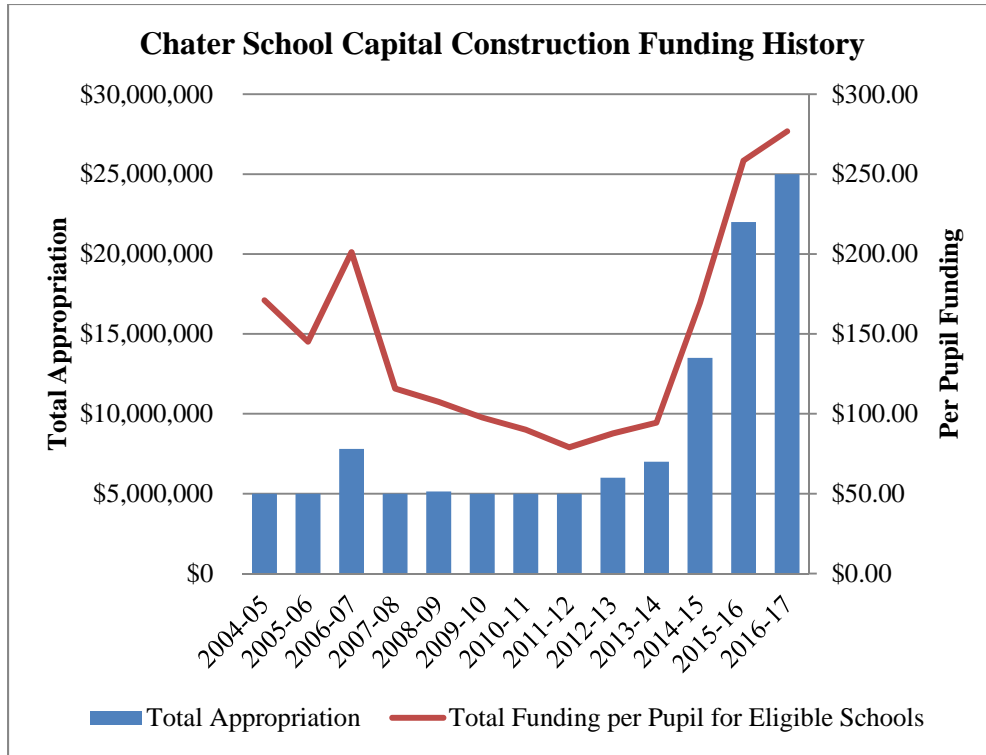
addition of a new revenue source in marijuana excise taxes, the General Assembly may wish to consider reducing the annual appropriation from the State Education Fund in order to make those resources available for other needs (such as reducing the negative factor). For example, reducing the State Education Fund appropriation by \$3.0 million for FY 2016-17 would allow the total appropriation for charter school capital construction to remain constant at \$22.0 million (assuming \$5.0 million is available from marijuana revenues).

History of State Funding for Charter School Capital Construction Costs				
Fiscal Year	Total Appropriation	Total Funding per Pupil for Eligible Schools a/	State Education Fund Approp.	Dedicated Marijuana Excise Tax Funding c/
2004-05	\$5,000,000	\$171.06	\$5,000,000	
2005-06	5,000,000	145.09	5,000,000	
2006-07	7,800,000	201.17	7,800,000	
2007-08	5,000,000	115.77	5,000,000	
2008-09 b/	5,135,000	107.47	5,135,000	
2009-10	5,000,000	97.64	5,000,000	
2010-11	5,000,000	90.06	5,000,000	
2011-12	5,000,000	78.98	5,000,000	
2012-13	6,000,000	87.67	6,000,000	
2013-14	7,000,000	94.40	7,000,000	
2014-15	13,500,000	169.29	13,500,000	
2015-16	22,000,000	258.48	20,000,000	2,000,000
2016-17 estimate	25,000,000	276.84	20,000,000	5,000,000

a/ These figures represent the amount that most eligible schools receive; eligible schools *operating in a district facility* receive one-half this amount per student.

b/ Of the amount appropriated, \$135,000 was allocated to a charter school for the deaf.

c/ Based on estimate of 12.5 percent of marijuana excise tax revenues credited to the Public School Capital Construction Assistance Fund in the preceding fiscal year.



➔ Staff Initiated B.E.S.T. Priority Assessment Adjustment

Request: This is a JBC Staff initiated recommendation and the Department has not officially requested an extension of funding for the B.E.S.T. program’s priority assessment update in FY 2016-17. The Department did, however, bring the issue to staff’s attention and report the need for funding in FY 2016-17.

Recommendation: Staff recommends providing an additional \$150,000 above the Department’s official request for the B.E.S.T. program priority assessment in FY 2016-17 (for a total appropriation of \$200,000 in FY 2016-17). The recommendation effectively extends the Department’s spending authority for \$150,000 of the one-time funding provided in FY 2015-16 to allow the Department and the vendor to complete the final portion of the contract work in FY 2016-17. Thus, while the official budget request eliminates \$2.7 million in one-time funding to annualize the FY 2015-16 decision item, the recommendation would add back \$150,000 of that reduction.

Analysis: In FY 2015-16, the General Assembly approved an increase of \$2.7 million cash funds from the Public School Capital Construction Assistance Fund to support a contract to reconfigure the B.E.S.T. program’s priority assessment database and to train B.E.S.T. program staff in facility assessment. The increase was requested and approved as one-time funding and the Department’s November 1, 2015, budget request eliminates the entire \$2.7 million for FY 2016-

17, leaving a continuation appropriation of \$50,000 cash funds in the Financial Assistance Priority Assessment line item.

The winning bid for the contract came in well below the FY 2015-16 appropriation (less than \$1.0 million in costs based on the current contract). However, in large part as a result of turnover in the Department's procurement staff, the Department has indicated that completing the work required by the contract will require a limited amount of expenditure in early FY 2016-17. The Department's current estimates indicate that \$150,000 should be sufficient.

Based on the importance of the priority assessment database (as highlighted in a 2013 performance audit by the State Auditor's Office), staff recommends providing the \$150,000 in FY 2016-17 to allow the Department and vendor to complete the database update. If the General Assembly wishes to provide the flexibility to spend the funds in FY 2016-17, it has two options:

- *Roll-forward:* Amend the FY 2015-16 Long Bill (through a supplemental "add-on") to allow the Department to spend the funds in FY 2016-17.
- *New Appropriation:* Appropriate \$150,000 in FY 2016-17 to cover the anticipated costs.

The unused funds from the FY 2015-16 appropriation will revert to the Public School Capital Assistance Fund and be available for FY 2016-17. For the sake of simplicity, staff is recommending the second option (a "new" appropriation of \$150,000 cash funds in FY 2016-17) to allow the Department to finish the project. Thus, staff recommends a total appropriation of \$200,000 cash funds for the Financial Assistance Priority Assessment line item for FY 2016-17.

➔ Staff Initiated Facility Schools Unit Adjustment

Request: This is a JBC Staff initiated recommendation and the Department is not officially requesting an increase in funding for the Facility Schools Unit and Facility Schools Board. The Department did, however, bring the discrepancy between the current funding and statutory requirements to the JBC Staff's attention.

Recommendation: Staff recommends increasing the appropriation for the Facility Schools Unit and Facility Schools Board line item by \$54,555 reappropriated funds *above the Department's November 1, 2015 budget request* in order to align the appropriation for the Facility Schools Unit with the statutory direction (see Section 22-2-408 (2), C.R.S.) that the Department *shall* annually withhold two percent of the amount payable to each facility school to support the operations of the Facility Schools Unit and the Facility Schools Board. Based on the statutory direction, the Department has already been withholding amounts above the appropriation in this line item in order to reach the 2.0 percent direction in statute. The recommendation, based on information provided by the Department, would improve the transparency of funding supporting the Facility Schools Unit and Board.

Analysis: Section 22-2-408 (2), C.R.S., directs the Department to withhold 2.0 percent of the amount payable to each approved facility school to offset the costs of the Facility Schools Unit

JBC Staff Figure Setting: FY 2016-17
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and the Facility Schools Board. The Long Bill depicts the amount assumed to be withheld as reappropriated funds in the Facility Schools Unit and Facility Schools Board line item.

In prior years (through FY 2015-16), the JBC Staff has seen the 2.0 percent limit as a ceiling on the appropriation for the Facility Schools Unit and Facility Schools Board line item. Each year, the Department has requested and received a continuation level of funding representing something less than the 2.0 percent called for in statute. For example, the FY 2015-16 appropriation for the Facility Schools Unit and Facility Schools Board line item comprised 1.5 percent of the amount appropriated for the Facility School Funding line item and roughly 1.6 percent with the Facility Schools Unit’s share of the Leased Space line item.

While staff has seen the 2.0 percent as a ceiling on the amount withheld from the Facility School Funding line item, the Department and the State Controller have withheld the full 2.0 percent required by statute and the Department has spent the additional amount to cover costs of the Facility Schools Unit and Board not covered by the administrative line item appropriation. For FY 2016-17, the Department brought the issue to staff’s attention and (informally) asked whether the appropriation to the Facility Schools Unit and Facility Schools Board line item could be increased to include the 2.0 percent withholding amount (minus the appropriation for leased space).

Upon further review, staff agrees that increasing the appropriation for the Facility Schools Unit to reflect the additional withheld amount will improve the transparency of the Unit’s budget relative to the current situation. Prior to the Department bringing the issue to staff’s attention, staff did not know that the Department was withholding funds in excess of the amounts anticipated in the Long Bill (for the Facility Schools Unit and Facility Schools Board and Leased Space line items). Given the statutory direction to withhold 2.0 percent, staff recommends increasing the appropriation for the Facility Schools Unit and Facility Schools Board by \$54,555 reappropriated funds (above the Department’s November 1, 2015, request) to align appropriations with the 2.0 percent withholding amount (see the following table for the calculations based on the recommended appropriation for Facility School Funding).

Facility School Unit and Facility Schools Board Funding: FY 2016-17	
Description	Updated Estimates
Total Facility Schools Funding	\$16,604,845
2.0 Percent withholding pursuant to Section 22-2-408 (2), C.R.S.	\$332,097
Minus Facility Schools Unit Leased Space	(14,432)
Recommendation for Facility Schools Unit and Facility Schools Board line item	\$317,665
Department November 1, 2016 Request	\$263,110
Recommended Change from Department Request	\$54,555

Following this change, it is staff’s clear expectation that the Department will not withhold any additional funds from distributions to facility schools over and above the appropriated amounts. Staff also assumes that if a reduction in facility school distributions decreases the 2.0 percent

withholding amount that the Department will reduce its expenditures of withheld funds accordingly.

➔ Staff Initiated Start Smart Nutrition Program Reduction

Request: This is a JBC Staff initiated recommendation and the Department is not requesting a reduction to the General Fund appropriation supporting the Start Smart Nutrition Program for FY 2016-17.

Recommendation: Staff recommends reducing the appropriations for both line items associated with the Start Smart Nutrition Program to account for lower-than-expected caseload, reduce the General Fund appropriation for FY 2016-17, and spend down the Start Smart Nutrition Program Fund balance. Specifically, staff recommends the following appropriations for the two line items associated with the Start Smart Nutrition Program:

- \$700,000 General Fund for the Start Smart Nutrition Program Fund line item (a reduction of \$670,489 General Fund from the FY 2015-16 appropriation); and
- \$1,100,000 (including \$400,000 cash funds and \$700,000 reappropriated funds) for the Start Smart Nutrition Program line item (a reduction of \$322,998 total funds from the FY 2015-16 appropriation).

Analysis: The Start Smart Nutrition Program, created in S.B. 07-059 (Section 22-82.7-103, C.R.S.), reimburses schools \$0.30 per meal for breakfasts served to students eligible for reduced price meals. Thus, the program covers the difference between the free and reduced price reimbursement and allows students eligible for reduced price meals to receive breakfast for free. Without the program, schools generally charge students the \$0.30 difference between the reimbursements for free and reduced price meals.

Section 22-82.7-105, C.R.S., creates the Start Smart Nutrition Program Fund (Start Smart Fund) to support the program. Section 22-82.7-104 (1), C.R.S., requires the General Assembly to appropriate between \$700,000 and \$1.5 million into the fund each fiscal year, which is then reappropriated out of the fund to support the actual program. The General Assembly appropriated \$700,000 General Fund into the Start Smart Fund each year for FY 2007-08 through FY 2012-13. Based on increasing caseload, the General Assembly increased the General Fund deposit to \$800,000 in FY 2013-14 (through the supplemental process) and provided further increases in FY 2014-15 and FY 2015-16.

However, according to the Department changes in the regulations surrounding federal nutrition programs (and specifically allowed changes to the eligibility process) have reduced pressure on the Start Smart program. For both FY 2014-15 and FY 2015-16, the General Fund deposits significantly exceed actual (FY 2014-5) and currently anticipated (FY 2015-16) expenditures. As a result, the balance of the cash fund grew to nearly \$200,000 at the end of FY 2014-15 and the Department expects to end FY 2015-16 with roughly \$585,000 in the cash fund. Based on the Department's current estimates of expenditures for FY 2016-17, funding the Department's request would leave a balance of more than \$950,000 in the cash fund. The staff recommendation, which provides the statutory minimum General Fund appropriation in FY

2016-17, would still leave a balance of \$278,283 in the cash fund at the end of FY 2016-17 (see the following table).

Start Smart Nutrition Program Fund					
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
	Actual	Actual	Estimate	Estimate	Estimate
Beginning Fund Balance	\$114,433	\$63,336	\$198,633	\$584,598	\$278,283
General Fund Appropriation to the Cash Fund	800,000	1,097,983	1,370,489	700,000	800,000
Interest Earnings	3,881	6,182	6,000	6,000	6,000
Program Expenditures	<u>(854,978)</u>	<u>(968,868)</u>	<u>(990,524)</u>	<u>(1,012,315)</u>	<u>(1,034,586)</u>
Ending Fund Balance	\$63,336	\$198,633	\$584,598	\$278,283	\$49,696
Spending Authority (Annual Appropriation from the Cash Fund)*	\$914,000	\$1,136,983	\$1,422,998	\$1,100,000	\$1,100,000
Appropriation Exceeds/(Falls Short of) Expenditures	\$59,022	\$168,115	\$432,474	\$87,685	\$65,414

Please note that further reducing the General Fund appropriation in FY 2016-17 would require legislation to reduce the statutory minimum appropriation. In addition, please note that the staff recommendation assumes that the General Fund appropriation would need to increase at least to some extent in FY 2017-18 and subsequent years because anticipated expenditures still exceed \$1.0 million per year.

➔ Staff Initiated National Board Stipends Adjustment

Request: This is a JBC Staff initiated recommendation and the Department is not requesting an adjustment to the Stipends for Nationally Board Certified Teachers line item. The Department did, however, provide the estimates driving the staff recommendation.

Recommendation: Based on the Department’s current estimates of stipends to be awarded in FY 2016-17, staff recommends approving an appropriation of \$1,384,000 cash funds from the State Education Fund for the Stipends for Nationally Board Certified Teachers line item. The recommendation reflects a reduction of \$196,800 below the FY 2015-16 appropriation and is based on the assumption that the General Assembly intends to continue to fund stipends for *all* National Board certified educators, regardless of whether they teach in low-performing, high needs schools. To the extent that the goal of the program is to attract additional National Board certified teachers to teach in low-performing, high needs schools, staff recommends that the Committee and General Assembly consider the effectiveness of the current model.

Analysis: House Bill 12-1261 extended a program (originally created by H.B. 08-1364) to provide stipends to school teachers holding certification from the National Board for Professional Teaching Standards. Subject to available appropriations, the program provides an annual stipend of \$1,600 to each National Board certified teacher and an *additional* \$3,200 stipend to such teachers employed in low-performing, high needs schools (defined as schools accredited with a priority improvement plan or a turnaround plan).

JBC Staff Figure Setting: FY 2016-17
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House Bill 12-1261 included an appropriation of \$604,800 cash funds from the State Education Fund based on an estimate of the number of eligible teachers in low-performing, high needs schools. Under the bill, if appropriations are insufficient to provide stipends to all qualified teachers, then the Department only provides the increased stipends to teachers in low-performing, high needs schools. In FY 2013-14, the General Assembly appropriated \$1,617,600 cash funds from the State Education Fund to provide stipends to all eligible teachers, including those outside of low-performing, high needs schools. The FY 2014-15 Long Bill reduced the appropriation to \$1,580,800 based on actual utilization of the program but continued to fund stipends for all National Board certified educators. The FY 2015-16 Long Bill continued that level of funding for FY 2015-16.

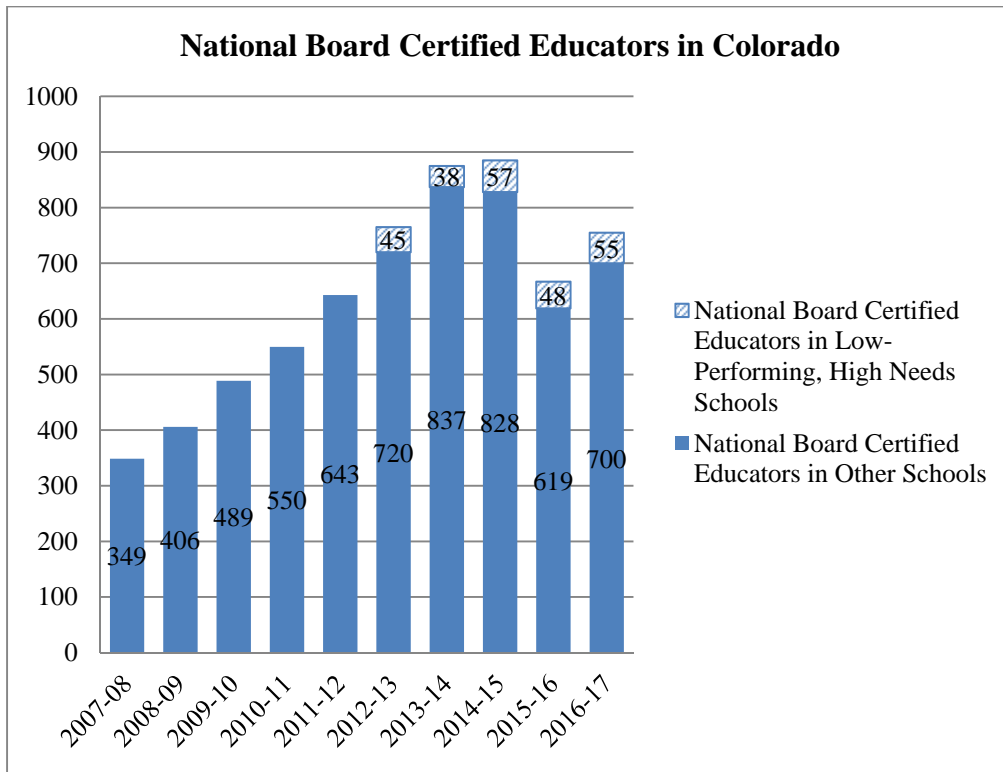
As shown in the following table, the Department now anticipates a lower level of need in both FY 2015-16 (a total of \$1,187,416) and FY 2016-17 (a total of \$1,384,000, as reflected in the staff recommendation for FY 2016-17). The staff recommendation assumes that the General Assembly intends to continue to fund stipends for all eligible teachers, including those outside of low-performing, high needs schools (as it has for FY 2013-14 through FY 2015-16). For FY 2016-17, the Department’s estimates indicate that funding stipends for all eligible teachers will require \$1,384,000 (as assumed in the recommendation). In contrast, providing stipends only to eligible teachers in low-performing, high needs schools (as the General Assembly did in FY 2012-13) would require an estimated \$264,000.

Stipends for Nationally Board Certified Educators Under H.B. 12-1261				
	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17
	Actual**	Estimate/Approp.	Current	Estimate
			Estimate as of	
			2/25/16**	
National Board Certified Educators in Low-Performing, High Needs Schools*	56	55	48	55
Stipend per Educator	\$4,800	\$4,800	\$4,800	\$4,800
Total Payment for Educators in Low-Performing, High Needs Schools**	\$220,800	\$264,000	\$225,600	\$264,000
National Board Certified Educators in Other Schools	618	823	619	700
Stipend Per Educator	\$1,600	\$1,600	\$1,600	\$1,600
Total Estimated Payment for Educators in Other Schools	\$1,004,288	\$1,316,800	\$961,816	\$1,120,000
Total National Board Certified Educators	675	878	667	755
Total Estimated Payment for All National Board Certified Educators**	\$1,225,088	\$1,580,800	\$1,187,416	\$1,384,000

*The schools are not categorized until December each year and the listed schools change each year. As a result, the number of educators in such schools is inherently a projection for the annual appropriation.

**Stipends are pro-rated for those who are less than 1.0 FTE. Statute allows for pro-rated stipends, so these figures may be lower than simple multiplication would imply.

Staff notes that, to the extent that the goal of the program is to recruit additional National Board certified educators to low-performing, high needs schools, the results to date do not appear to be overly promising. The Department has only tracked that specific information since FY 2012-13. However, over that period, and through the Department’s projections for FY 2016-17, less than 10 percent of the State’s National Board certified educators have been in low-performing, high needs schools. The following graph shows the growth in National Board certified educators since FY 2007-08, including the number in low-performing, high needs schools each year since the Department began tracking that information in FY 2012-13.



➔ Staff Initiated CPR Grant Program Elimination

Request: This is a JBC Staff initiated change. The Department is requesting continuation funding for the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program (\$65,000 cash funds), with no change from the FY 2015-16 appropriation. However, the Department agrees that there is currently no funding source identified for the program in FY 2016-17.

Recommendation: Based on a lack of available revenues in the cash fund supporting the program, staff recommends eliminating the program’s line item from the FY 2016-17 Long Bill unless the General Assembly identifies a fund source to support the program.

Analysis: House Bill 14-1276 (Grant Program to Train High School Students in CPR) created the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program in order to provide grants to train high school students in CPR. The bill made a one-time transfer of \$250,000 General Fund to the School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Fund to support the program in FY 2014-15. The Department spent \$183,631 on the program in FY 2014-15, leaving \$67,707 in the cash fund at the end of FY 2014-15 (with interest earnings of \$1,338). With \$65,000 appropriated in FY 2015-16, the Department currently projects that the cash fund will end FY 2015-16 with a balance of \$3,257 (see table below). The Department has not identified a revenue source to support the additional \$61,743 in requested spending authority for FY 2016-17. While H.B. 14-1276 allows for gifts, grants, and donations to support the program, the Department has not received any such gifts, grants, or donations. The recommendation assumes that it would not be reasonable or productive to administer a grant program in FY 2016-17 to award less than \$5,000 in grants.

School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Fund			
	FY 14-15 Actual	FY 15-16 Estimate	FY 16-17 Estimate
Beginning Fund Balance	\$0	\$67,707	\$3,207
General Fund Transfer to the Cash Fund	250,000	0	0
Interest Earnings	1,338	500	50
Program Expenditures	<u>(183,631)</u>	<u>(65,000)</u>	<u>0</u>
Ending Fund Balance	\$67,707	\$3,207	\$3,257
Spending Authority (Annual Appropriation from the Cash Fund)*	\$250,000	\$65,000	\$0
Appropriation Exceeds/(Falls Short of) Expenditures	\$66,369	\$0	\$0

While staff recommends eliminating the program for FY 2016-17 based on a lack of revenues, the General Assembly may wish to provide additional funding. If the Committee wishes to continue to support the grant program in FY 2016-17, a General Fund appropriation appears to be necessary. Under that scenario, staff would recommend a direct appropriation of the desired amount of General Fund and an appropriation of \$3,257 cash funds (from the existing fund balance) for FY 2016-17.

LINE ITEM DETAIL – ASSISTANCE TO PUBLIC SCHOOLS

(A) Public School Finance

Administration

This line item includes funding to support Department staff who administer the School Finance Act, the Colorado Preschool Program, and full-day kindergarten programs. This unit oversees the Financial Policy and Procedures Advisory Committee, and provides technical assistance to

school districts related to preschool and full-day kindergarten programs, as well as statutory and regulatory budgetary, accounting, and reporting requirements. This unit works with the State Treasurer's Office to intercept charter school debt payments, and with the Department of Human Services to withhold School to Work Alliance Program matching funds for vocational rehabilitation. This unit also distributes funding for other programs, including facility school funding, transportation reimbursements, small attendance center aid, grant writing funds for boards of cooperative services, and concurrent enrollment funding.

This line item also supports an audit team to ensure compliance related to funds that districts receive for school finance, public school transportation, and English language proficiency programs, as well as funds that facility schools and state agencies receive for education programs.

As authorized by S.B. 09-215, this line item is supported by "off-the-top" funding from the State Share of Districts' Total Program Funding line item. This funding mechanism was reinstated in 2009 to reduce General Fund expenditures and maintain critical Department functions. The Long Bill shows the majority of the line item's funding as reappropriated funds from the State Share of Districts' Total Program Funding line item, with some cash funds from the State Education Fund.

Statutory Authority: Sections 22-2-112 and 22-2-113, C.R.S.

Request: The Department requests an appropriation of \$1,776,557 (including \$1,693,228 reappropriated funds and \$83,329 cash funds from the State Education Fund) and 17.9 FTE for FY 2016-17. The request includes the following increases above the FY 2015-16 appropriation:

- \$72,025 reappropriated funds associated with request R3 (CPP Tax Checkoff, discussed above); and
- \$35,764 total funds to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request for an appropriation of \$1,776,557 (including \$1,621,203 reappropriated funds, \$83,329 cash funds from the State Education Fund, and \$72,025 cash funds from the Public Education Fund) and 17.9 FTE. The recommendation includes the following changes from the FY 2015-16 appropriation:

- An increase of \$72,025 cash funds from the Public Education Fund to support training and professional development associated with the Colorado Preschool Program (request R3, discussed above). As discussed above, the recommendation includes a technical correction to make that appropriation as cash funds from the Public Education Fund rather than reappropriated funds as requested by the Department.
- \$35,764 total funds to annualize FY 2015-16 salary survey and merit pay, as requested by the Department, which is consistent with the Committee's common policies.

In its performance plans under the SMART Act, the Department evaluates the performance of the School Finance Unit based on the accuracy of annual payments to school districts.

JBC Staff Figure Setting: FY 2016-17
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According to the Department’s October 2015 Performance Report, for the past two years (FY 2013-14 and FY 2014-15) the Department has averaged 99.8 and 99.9 percent error-free distributions, respectively. The following table shows the recommended changes from the FY 2015-16 appropriation.

Assistance to Public Schools, Public School Finance, Administration					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	\$1,668,768	\$0	\$81,760	\$1,587,008	17.9
TOTAL	\$1,668,768	\$0	\$81,760	\$1,587,008	17.9
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$1,668,768	\$0	\$81,760	\$1,587,008	17.9
R3 CPP tax checkoff	72,025	0	72,025	0	0.0
Annualize prior year budget actions	<u>35,764</u>	<u>0</u>	<u>1,569</u>	<u>34,195</u>	<u>0.0</u>
TOTAL	\$1,776,557	\$0	\$155,354	\$1,621,203	17.9
Increase/(Decrease)	\$107,789	\$0	\$73,594	\$34,195	0.0
Percentage Change	6.5%	0.0%	90.0%	2.2%	0.0%
FY 2016-17 Executive Request:	\$1,776,557	\$0	\$83,329	\$1,693,228	17.9
Request Above/(Below) Recommendation	\$0	\$0	(\$72,025)	\$72,025	0.0

State Share of Districts’ Total Program Funding

The State Share of Districts’ Total Program Funding line item provides for the State’s share of funding under the statutory school finance formula; the appropriation does not reflect the local share of funding. A detailed discussion of this line item is above, with the discussion of R1/BA1 (Increase Total Program).

Statutory Authority: Section 22-54-101, et seq., C.R.S.

Request: As discussed above with R1 and BA1, the Department's request for school finance for FY 2016-17 would increase the state share of districts’ total program funding by \$117.8 million total funds above the FY 2015-16 appropriation (as adjusted by H.B. 16-1253). The request is based on the Office of State Planning and Budgeting’s December 2015 forecast of the inflation rate for CY 2015 (a projection of 1.5 percent, as compared to the actual rate of 1.2 percent) and incorporates the projections of: the funded pupil count, the at-risk pupil count, and available local revenues. As adjusted by BA1, the request would:

JBC Staff Figure Setting: FY 2016-17
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- Increase *total program* funding by a total of \$133.5 million above the FY 2015-16 level as adjusted by H.B. 16-1253 (including increases of \$117.8 million in the state share and \$15.7 million in the local share of funding).
- Increase the General Fund appropriation for the state share by \$156.3 million above the FY 2015-16 adjusted appropriation.
- Decrease the cash funds appropriation from the State Education Fund by \$60.4 million below the FY 2015-16 adjusted appropriation based on a projection of available revenues.
- Increase the cash funds appropriation from the State Public School Fund by \$21.8 million based on projections of available revenues.
- Increase the dollar value of the negative factor by \$40.8 million, from \$830.7 million (11.7 percent) in FY 2015-16 to \$871.5 million (12.0 percent) in FY 2016-17. The request does not specify a targeted negative factor in FY 2017-18 or subsequent years.

Finally, BA1 includes a request to release restrictions on the FY 2015-16 appropriation imposed by the State Controller as a result of the Department’s overexpenditure of \$836,508 from the State Public School Fund in FY 2014-15. As discussed during the FY 2016-17 briefing and FY 2015-16 supplemental processes, a revenue shortfall in the State Public School Fund in FY 2014-15 as a result of declining federal mineral lease revenues caused the Department’s overexpenditure. As a result of the overexpenditure, however, the State Controller has restricted the Department’s appropriation for FY 2015-16.

Recommendation: As discussed above with request R1/BA1 (Total Program Increase), based on current law staff recommends approving an appropriation of \$4,115,002,841 total funds (including \$3,572,995,719 General Fund) for FY 2016-17. As required by current law, the recommendation maintains the negative factor as a constant dollar amount (\$830,702,393) from FY 2015-16 to FY 2016-17. As also discussed above, staff also recommends approving the request to direct the State Controller to release the restriction on the Department’s FY 2015-16 appropriation as a result of the FY 2014-15 overexpenditure from the State Public School Fund. The following table shows the recommended change from the FY 2015-16 appropriation as adjusted by H.B. 16-1253.

Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	\$4,088,321,146	\$3,367,837,348	\$720,483,798	0.0
SB 15-267 (School Finance)	25,000,000	25,000,000	0	0.0
HB 16-1253 (Current year adjustments school finance)	<u>(133,542,173)</u>	<u>(93,542,173)</u>	<u>(40,000,000)</u>	<u>0.0</u>
TOTAL	\$3,979,778,973	\$3,299,295,175	\$680,483,798	0.0
FY 2016-17 Recommended				

JBC Staff Figure Setting: FY 2016-17
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Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding				
	Total Funds	General Fund	Cash Funds	FTE
Appropriation				
FY 2015-16 Appropriation	\$3,979,778,973	\$3,299,295,175	\$680,483,798	0.0
R1/BA1 Total program increase	<u>135,223,868</u>	<u>273,700,544</u>	<u>(138,476,676)</u>	<u>0.0</u>
TOTAL	\$4,115,002,841	\$3,572,995,719	\$542,007,122	0.0
Increase/(Decrease)				
	\$135,223,868	\$273,700,544	(\$138,476,676)	0.0
Percentage Change	3.4%	8.3%	(20.3%)	0.0%
FY 2016-17 Executive Request:				
Request Above/(Below) Recommendation	(\$17,441,886)	(\$117,393,684)	\$99,951,798	0.0

Hold-harmless Full-day Kindergarten Funding

Current law [Section 22-28-104 (2) (a) (III), C.R.S.] authorizes a total of 28,360 half-day preschool slots for the Colorado Preschool Program (CPP) for FY 2014-15, including 8,200 slots for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. Pursuant to H.B. 08-1388, schools can no longer use standard (non-ECARE) CPP slots to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, H.B. 08-1388 included a "hold harmless" provision [Section 22-54-130, C.R.S.]. Thus, these 60 districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP.

Statutory Authority: Section 22-28-104 (2) (a) (III), C.R.S.

Request: As discussed above with the State Share of Districts' Total Program line item, the Department requests \$7,894,561 cash funds from the State Education fund for FY 2016-17. The request includes an increase of \$88,093 above the FY 2015-16 appropriation associated with requests R1 and BA1 (discussed above).

Recommendation: Based on current law, staff recommends an appropriation of \$7,922,486 cash funds from the State Education Fund (an increase of \$116,018 above the FY 2015-16 appropriation) to provide the estimated amount necessary to fund this line item under staff's recommendation for school finance in FY 2016-17. As discussed in prior years, staff continues to argue that this statute creates ongoing state obligations based on a relatively arbitrary point in time (districts that used CPP slots for full-day kindergarten students in FY 2007-08). However, given that the statute remains in place, staff recommends continuing to fund the line item based on current law.

District Per Pupil Reimbursement for Juveniles Held in Jail

Section 22-32-141, C.R.S., enacted as S.B. 10-054, requires the General Assembly to appropriate moneys to reimburse school districts for educational services provided to juveniles held in jails. This act authorized the appropriation of moneys from the Read-to-Achieve Cash Fund for such purpose. The enactment of H.B. 12-1238 (Early Literacy) eliminated the Read-to-Achieve Cash Fund and supported this line item with cash funds from the State Education Fund in FY 2012-13 and subsequent years.

This line item provides funding for two types of expenses:

- Funding for all juveniles receiving educational services in jail (whether or not they were included in a district's pupil enrollment): The district providing educational services receives the daily rate established for facility schools for each day of service (recognizing that they are only required to provide four hours of educational services per week).
- Funding for juveniles who were not included in a district's pupil enrollment: The district providing educational services can receive reimbursement for costs incurred up to state average per pupil revenue, prorated for the period services are provided.

Statutory Authority: Section 22-32-141, C.R.S.

Request: The Department requests continuation level funding (\$25,000 cash funds from the State Education Fund) for school district reimbursements in FY 2016-17. The General Assembly reduced the appropriation from \$100,000 in FY 2012-13 to \$25,000 in FY 2013-14 because: (1) usage in recent years was well below the previous appropriation; and (2) two bills enacted in the 2012 Session (H.B. 12-1139 and H.B. 12-1271) appeared likely to further reduce the number of juveniles held in adult jails.

Recommendation: Staff recommends approving the request. The Department had no expenditures from this line item for FY 2012-13 through FY 2014-15, and the appropriation may no longer be necessary. However, because the reimbursement statute remains in place, staff recommends appropriating the requested continuation funding to provide flexibility in the event that the Department receives a request. Any unspent moneys will remain in the State Education Fund.

At-risk Supplemental Aid

House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools. The bill provided an appropriation of \$3,839,627 cash funds from the State Education Fund in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount as in FY 2012-13. In FY 2014-15, the General Assembly increased the appropriation to \$5,094,358 cash funds from the State Education Fund in an effort to fully fund the statutory calculation.

Statutory Authority: Section 22-30.5-112.2, C.R.S.

Request: The Department requests a continuation appropriation of \$5,094,358 cash funds from the State Education Fund, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The funding necessary to fully cover this program in FY 2016-17 is uncertain. The Department estimates that a small increase *may* be necessary to fully fund the program in FY 2016-17 but the requested and recommended continuation appropriation should fully or nearly fully fund the program. A precise estimate of the funding required in FY 2016-17 is not available.

AT-RISK PER PUPIL ADDITIONAL FUNDING (new line item requested)

Created in S.B. 15-267 (School Finance) and first funded in FY 2015-16, this line item provides additional funding to school districts and Institute charter schools for at-risk pupils. The program provides funding on a per pupil basis, calculated as \$5.0 million divided by the number of at-risk pupils statewide for the applicable budget year. In order to support the program, S.B. 15-267 increased the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year (see Section 22-41-102 (3) (e), C.R.S.) and dedicated that funding to the At-risk Per Pupil Additional Funding program beginning in FY 2015-16. The bill sets the \$5.0 million level of funding in statute and directs the General Assembly to appropriate that amount of funding for the program each year beginning in FY 2015-16.

Statutory Authority: Section 22-54-136, C.R.S.

Request: The Department requests the creation of a new Long Bill line item and a continuation appropriation of \$5.0 million cash funds from the State Public School Fund (from interest and income earned on the Permanent Fund that is transferred to the State Public School Fund), with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request, which is consistent with current law as enacted in S.B. 15-267. Senate Bill 15-267 permanently increased transfers interest and income earned on the Permanent Fund to the State Public School Fund and directs that the funds be used for this program.

Small Rural Districts Additional Funding

House Bill 15-1321 (Flexibility and Funding for Rural School Districts) appropriates \$10.0 million cash funds from the State Education Fund in FY 2015-16 to provide one-time funding (on a per pupil basis) to small rural districts (with fewer than 1,000 students) and eligible charter schools. The bill provides the funding on a one-time basis, directs recipient districts and schools to use the funding for non-recurring expenses, and repeals the program effective July 1, 2016.

Statutory Authority: Section 22-54-137, C.R.S.

Request: The Department is not requesting the creation of a line item and is not requesting any funding for this program in the FY 2016-17 Long Bill.

Recommendation: Staff recommends approving the request and providing no funding for this program in the FY 2016-17 Long Bill. The appropriation in H.B. 15-1321 is clearly one-time in nature and the bill repeals the relevant section of statute as of July 1, 2016. As a result, under current law the program will no longer exist in FY 2016-17 and any effort to fund the program in FY 2016-17 would require additional legislation.

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education Programs for Children with Disabilities

The federal *Individuals with Disabilities Education Act (IDEA)* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.] require school districts to provide free educational services to children, ages three to 21, who by reason of one or more conditions are unable to receive reasonable benefit from ordinary educational services. Districts are also required to provide free educational services to children "whose presence in the ordinary educational program is detrimental to the education of others and who must therefore receive modified or supplementary assistance and services in order to function and learn". Services provided must be individualized and appropriate for the specific needs of the child, and, to the extent possible, be provided in the least restrictive environment. Federal and state law require administrative units (usually a school district or a board of cooperative service) to provide all necessary services to children identified as having a disability regardless of the cost or other district needs and priorities.

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children¹²), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

Pursuant to Sections 22-20-114 and 114.5, C.R.S., the Department allocates *state funds* among units as follows:

- "Tier A": Administrative units receive \$1,250 for each child with a disability who was reported on the prior year special education count.

¹² Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

- "Tier B": Administrative units receive an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: intellectual disability; serious emotional disability; hearing impairment, including deafness; vision impairment, including blindness; deaf-blindness; autism spectrum disorders; traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation.
- "Tier C": Administrative units receive grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. These grants are distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.
- Child Find: Administrative units receive funds to offset the costs incurred in conducting child find activities under Part C of IDEA for children who are less than three years of age (e.g., screening and evaluation of children with disabilities from birth through two years of age). The total dollar amount allocated for this purpose increases each year based on the lesser of the rate of inflation or the annual percentage change in state funding for special education services, and the number of children evaluated by administrative units in the preceding budget year.
- "Educational Orphans": Up to \$500,000 is used to reimburse administrative units for excess costs paid to eligible facilities within the unit's boundaries for "educational orphans", those students with disabilities: (a) for whom parental rights have been relinquished or terminated; (b) the parents of whom are incarcerated or cannot be located; (c) the parents of whom reside out of the state but the Department of Human Services has placed such children within the administrative unit; or (d) who are legally emancipated.

Statutory Authority: Sections 22-20-114 and 114.5, C.R.S.

Request: The Department's request for FY 2016-17 includes a total of \$167.6 million state funds (including \$71.6 million General Fund and \$96.0 million cash funds from the State Education Fund), an increase of \$2.4 million (1.4 percent) in state funding. The Department's request also reflects \$104,043 reappropriated funds and 1.0 FTE from funds transferred from the Department of Human Services, Division of Vocational Rehabilitation, and \$155.4 million in federal funds that are anticipated to be available to reimburse administrative units and support 62.0 federally-funded Department FTE. The request includes the following increases above the FY 2015-16 appropriation:

- \$2,384,414 cash funds from the State Education Fund (an 1.4 percent increase in state funding) to provide the inflationary increase required by amendment 23 (request R2 and BA2, discussed above); and
- \$150,631 federal funds to annualize FY 2015-16 salary survey and merit pay.

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Recommendation: Staff recommends reflecting a total appropriation of \$322,663,964, including: \$71,572,347 General Fund; \$95,565,575 cash funds from the State Education Fund (a 1.2 percent annual increase in *state* funding associated with the inflationary increase required by Amendment 23); \$104,043 reappropriated funds; and \$155,421,999 federal funds. Staff also recommends reflecting the requested 63.0 FTE. The recommendation includes the following changes from the FY 2015-16 appropriation:

- An increase of \$1,902,517 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2 and BA2).
- An increase of \$150,631 federal funds to annualize FY 2015-16 salary survey and merit pay. Staff recommends reflecting the annualization of prior year salary survey and merit pay for this line item because the funds are not state funds, are not base building for the categorical programs, and are therefore not subject to inflationary increases required by Amendment 23.

The following table shows the recommended changes from the FY 2015-16 appropriation for the Special Education Programs for Children with Disabilities categorical program.

Assistance to Public Schools, Categorical Programs, Special Education - Children with Disabilities						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$320,610,816	\$71,572,347	\$93,663,058	\$104,043	\$155,271,368	63.0
TOTAL	\$320,610,816	\$71,572,347	\$93,663,058	\$104,043	\$155,271,368	63.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$320,610,816	\$71,572,347	\$93,663,058	\$104,043	\$155,271,368	63.0
R2/BA2 Categorical programs increase	1,902,517	0	1,902,517	0	0	0.0
Annualize prior year budget actions	<u>150,631</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,631</u>	<u>0.0</u>
TOTAL	\$322,663,964	\$71,572,347	\$95,565,575	\$104,043	\$155,421,999	63.0
Increase/(Decrease)	\$2,053,148	\$0	\$1,902,517	\$0	\$150,631	0.0
Percentage Change	0.6%	0.0%	2.0%	0.0%	0.1%	0.0%
FY 2016-17 Executive Request:	\$323,145,861	\$71,572,347	\$96,047,472	\$104,043	\$155,421,999	63.0
Request Above/(Below) Recommendation	\$481,897	\$0	\$481,897	\$0	\$0	0.0

English Language Proficiency Program

Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students with limited English proficiency. The Department

previously provided data detailing the number of students eligible for state funding as well as the number receiving English language learner (ELL) services who are not eligible for state funding, by grade level. This data indicated that the largest numbers of students are receiving ELL services in preschool through third grade (46 percent).

Some federal funding is available for such programs, and, with the enactment of H.B. 14-1298 (School Finance), the State now provides assistance to districts through three mechanisms. First, districts receive "at-risk" funding through the School Finance Act for some students with limited English proficiency. Second, districts receive funding through the English Language Proficiency Act (ELPA) categorical program for students with limited English proficiency. As enacted in H.B. 14-1298, Section 22-24-104 (2) (a), C.R.S., limits state ELPA funding to a maximum of five years per student (prior to FY 2014-15, statute limited payments to no more than two years per student). Third, beginning in FY 2014-15, districts receive additional funding (a total of \$27.0 million in FY 2014-15) through the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298.

Section 22-24-104 (3), C.R.S., requires the Department to allocate the categorical program funding in two parts:

- Three-quarters of the amount appropriated provides funding to districts serving students who: (a) speak languages other than English and do not comprehend or speak English; or (b) students who comprehend or speak some English, but whose primary comprehension or speech is in a language other than English. Annual per eligible student funding for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.
- The remaining 25 percent of the amount appropriated is distributed to districts that serve students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either: (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on the instrument or technique developed and approved by the Department. Annual per eligible student funding for these students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

Statutory Authority: Section 22-24-106, C.R.S.

Request: The Department's request for FY 2016-17 includes a total of \$18.9 million state funding (including \$3.1 million General Fund and \$15.8 million cash funds from the State Education Fund) and \$11.2 million federal funds. The request reflects continuation of 4.6 federally funded FTE. The request includes the following increases above the FY 2015-16 appropriation:

- \$805,693 cash funds from the State Education Fund associated with R2 and BA2 (discussed above) to provide the inflationary increase required by Amendment 23. The request represents an increase of 4.4 percent in state funding.

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- \$3,938 federal funds to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends a total appropriation of \$30,024,205, including \$3,101,598 General Fund and \$15,684,186 cash funds from the State Education Fund, an increase of \$642,860 (3.5 percent) in state funding. Staff recommends reflecting \$11,238,421 federal funds and 4.6 federally funded FTE in this line item. The recommendation includes the following increases above the FY 2015-16 appropriation:

- An increase of \$642,860 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2 and BA2).
- An increase of \$3,938 federal funds (reflected for informational purposes) to annualize FY 2015-16 salary survey and merit pay. Because these are not state funds, are not base building for Amendment 23 inflationary purposes, and are reflected for informational purposes, staff recommends reflecting the increase in the Long Bill.

The following table shows the recommended changes from the FY 2015-16 appropriation for the English Language Proficiency categorical program.

Assistance to Public Schools, Categorical Programs, English Language Proficiency Program					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	<u>\$29,377,407</u>	<u>\$3,101,598</u>	<u>\$15,041,326</u>	<u>\$11,234,483</u>	<u>4.6</u>
TOTAL	\$29,377,407	\$3,101,598	\$15,041,326	\$11,234,483	4.6
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$29,377,407	\$3,101,598	\$15,041,326	\$11,234,483	4.6
R2/BA2 Categorical programs increase	642,860	0	642,860	0	0.0
Annualize prior year budget actions	<u>3,938</u>	<u>0</u>	<u>0</u>	<u>3,938</u>	<u>0.0</u>
TOTAL	\$30,024,205	\$3,101,598	\$15,684,186	\$11,238,421	4.6
Increase/(Decrease)	\$646,798	\$0	\$642,860	\$3,938	0.0
Percentage Change	2.2%	0.0%	4.3%	0.0%	0.0%
FY 2016-17 Executive Request:	\$30,187,038	\$3,101,598	\$15,847,019	\$11,238,421	4.6
Request Above/(Below) Recommendation	\$162,833	\$0	\$162,833	\$0	0.0

(I) Other Categorical Programs

Public School Transportation

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that one of Colorado's 178 school districts (San Juan – Silverton) does not provide transportation services. Statewide, over 43 percent of students are transported. School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 60 million miles each year.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Eight districts have received voter approval to levy separate mills to generate additional local revenues.¹³ Currently, ten districts report that they are collecting fees from individuals for transporting students to and from school.¹⁴ In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

This line item also supports 2.0 FTE who provide oversight of student transportation programs in school districts. This unit administers regulations related to safe transportation of students, and provides extensive training, technical assistance, and monitoring to assist districts in providing safe, efficient, and effective transportation of children.

Statutory Authority: Section 22-51-104, C.R.S.

Request: The Department's request for FY 2016-17 includes a total of \$56,780,467, including \$56,330,467 in state funding (a 1.3 percent annual increase) and 2.0 FTE and a continuation appropriation of \$450,000 from the State Public School Transportation Fund, which consists of moneys that are recovered by the Department when it identifies a transportation-related overpayment to a district. The requested appropriation from the State Public School Transportation Fund would allow the Department to re-distribute moneys that are recovered in the current fiscal year in FY 2016-17. The request includes the following increases above the FY 2015-16 appropriation:

¹³ Districts include: Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

¹⁴ Districts collecting fees include: Adams – Adams 12 Five Star, Adams - Brighton, Douglas, El Paso – Academy, El Paso – Lewis Palmer, El Paso - Falcon, Jefferson, Rio Blanco – Rangely, Summit, and Teller – Woodland Park.

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- \$730,387 cash funds from the State Education Fund to provide inflationary increases required by Amendment 23 (request R2 and BA2); and
- \$2,819 cash funds from the State Education Fund to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends a total appropriation of \$56,657,903 and 2.0 FTE. The recommendation includes \$36,922,227 General Fund, \$19,285,676 cash funds from the State Education Fund, and \$450,000 cash funds from the State Public school Transportation Fund. The recommendation includes an increase of \$610,642 cash funds from the State Education Fund associated with request R2 and BA2 (discussed above) to provide the inflationary increase required by Amendment 23.

In a change from the request, staff does not recommend providing additional state funding to annualize FY 2015-16 salary survey and merit pay. Staff does not recommend including additional base building funds (under Amendment 23) in the appropriation for that purpose. Particularly given the limited amount of funding involved (a total of \$2,819), staff recommends that the Department absorb those costs within the recommended inflationary increase as part of the cost of operating the program.

The following table shows the components of staff’s recommendation relative to the FY 2015-16 appropriation. For transparency purposes, the table shows the requested increase to annualize salary survey and merit pay and the recommended elimination of that increase.

Assistance to Public Schools, Categorical Programs, Public School Transportation				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$56,047,261</u>	<u>\$36,922,227</u>	<u>\$19,125,034</u>	<u>2.0</u>
TOTAL	\$56,047,261	\$36,922,227	\$19,125,034	2.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$56,047,261	\$36,922,227	\$19,125,034	2.0
R2/BA2 Categorical programs increase	610,642	0	610,642	0.0
Annualize prior year budget actions	2,819	0	2,819	0.0
Eliminate salary survey and merit pay annualization (state funds)	<u>(2,819)</u>	<u>0</u>	<u>(2,819)</u>	<u>0.0</u>
TOTAL	\$56,657,903	\$36,922,227	\$19,735,676	2.0
Increase/(Decrease)	\$610,642	\$0	\$610,642	0.0
Percentage Change	1.1%	0.0%	3.2%	0.0%

Assistance to Public Schools, Categorical Programs, Public School Transportation				
	Total Funds	General Fund	Cash Funds	FTE
FY 2016-17 Executive Request:	\$56,780,467	\$36,922,227	\$19,858,240	2.0
Request Above/(Below) Recommendation	\$122,564	\$0	\$122,564	0.0

Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education

The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.]. The state funds are distributed to school districts to partially reimburse costs related to personnel, books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250.

The program requires each participating district to estimate program costs and enrollments at the beginning of each school year and provide actual cost data at the end of the school year. Districts receive funding quarterly based on such estimated figures. Any difference between a district's estimated and actual costs is added or subtracted from the first quarterly payment in the following fiscal year. If the appropriation is insufficient to fully fund the amount districts are eligible to receive, the Department of Higher Education prorates distributions accordingly.

Statutory Authority: Section 23-8-102, C.R.S.

Request: The Department requests a total of \$25.7 million in state funding in FY 2016-17 (a 1.1 percent annual increase).

Recommendation: Staff recommends a total appropriation of \$25,639,363, including \$17,792,850 General Fund and \$7,846,513 cash funds from the State Education Fund (a 0.8 percent increase in state funding). The recommendation includes an increase of \$202,715 cash funds from the State Education Fund associated with request R2 and BA2 (discussed above).

Special Education Programs for Gifted and Talented Children

The state *Exceptional Children's Educational Act* defines a gifted child as one whose "aptitude or competence in abilities and talents and potential for accomplishments in one or more domains, as defined by state board rule, are so outstanding that he or she requires special provisions to meet his or her educational needs" [see Section 22-20-202 (11), C.R.S.]. Pursuant to Section 22-20-204, C.R.S. (as amended by H.B. 14-1102 (Gifted Education Programs), each administrative unit is required to adopt and implement a program to identify and serve gifted children. The plan must be implementable within the local, state, and federal resources available for gifted

education programs. State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for universal screening of students, employing a gifted education coordinator, teacher salaries for appropriately licensed and endorsed personnel, programming options and counseling related to serving gifted children, materials used in serving gifted children, professional development for personnel who serve gifted children, and direct administrative costs incurred in implementing the gifted education program. In order to receive funding, an administrative unit (district, multi-district administrative unit, or board of cooperative service) must submit a comprehensive program plan and annual proposed budget for gifted education identification, programming, personnel, and accountability. The Department uses the appropriation: (a) for administrative unit per pupil distributions; (b) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school/rural districts; (c) to support ten regional grants for gifted education consultants and professional development; and (d) for state administration.

Statutory Authority: Section 22-26-101, C.R.S.

Request: The Department requests a total of \$12.2 million in state funding (a 0.8 percent annual increase) and 1.5 FTE in FY 2016-17. The request includes the following changes from the FY 2015-16 appropriation: (1) an increase of \$93,070 cash funds from the State Education Fund associated with request R2 and BA 2 (discussed above); and (2) an increase of \$2,964 cash funds from the State Education Fund to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends a total appropriation of \$12,169,325 and 1.5 FTE, including \$5,500,000 General Fund and \$6,669,325 cash funds from the State Education Fund (a 0.6 percent increase in state funding). The recommendation includes an increase of \$74,260 cash funds from the State Education Fund associated with request R2 and BA2 (discussed above). Similar to the staff recommendation for transportation, staff recommends rejecting the requested increase to annualize FY 2015-16 salary survey and merit pay and directing the Department to absorb those increases within the inflationary increase associated with R2 and BA2. The following table shows the components of staff’s recommendation relative to the FY 2015-16 appropriation.

Assistance to Public Schools, Categorical Programs, Special Education Programs for Gifted and Talented Children				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$12,095,065</u>	<u>\$5,500,000</u>	<u>\$6,595,065</u>	<u>1.5</u>
TOTAL	\$12,095,065	\$5,500,000	\$6,595,065	1.5
FY 2016-17 Recommended Appropriation				

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Assistance to Public Schools, Categorical Programs, Special Education Programs for Gifted and Talented Children				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation	\$12,095,065	\$5,500,000	\$6,595,065	1.5
R2/BA2 Categorical programs increase	74,260	0	74,260	0.0
Annualize prior year budget actions	2,964	0	2,964	0.0
Eliminate salary survey and merit pay annualization (state funds)	(2,964)	0	(2,964)	0.0
TOTAL	\$12,169,325	\$5,500,000	\$6,669,325	1.5
Increase/(Decrease)	\$74,260	\$0	\$74,260	0.0
Percentage Change	0.6%	0.0%	1.1%	0.0%
FY 2016-17 Executive Request:	\$12,191,099	\$5,500,000	\$6,691,099	1.5
Request Above/(Below) Recommendation	\$21,774	\$0	\$21,774	0.0

Expelled and At-risk Student Services Grant Program

This program, first funded in FY 1997-98, provides grants to school districts, boards of cooperative services, and charter schools [see Section 22-38-101 et seq., C.R.S.] for the provision of educational services to expelled students and to students at risk of being suspended or expelled. The Department evaluates grant applications received, and the State Board of Education approves annual grant awards. The Department places strong emphasis on research-validated programs and strategies, and programs are required to show significant district support for program sustainability after grant funding ends. Pursuant to Section 22-33-205, C.R.S., the Board is required to award grants based on the following:

- at least 45 percent of moneys appropriated for the program shall be annually awarded to applicants that provide educational services to students from more than one school district; and
- at least one-half of any increases in the appropriation for FY 2009-10 (\$500,000) shall be annually awarded to applicants that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

The Department awards grants on a rolling basis (i.e., when one grant is completed, the funding is reallocated to fund a new award).

The Department is also authorized to retain: (a) up to one percent of moneys appropriated for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated for the purpose of partnering with organizations and agencies that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

For FY 2009-10, the General Assembly increased funding for this program by approximately \$1.0 million. The Department approved funding for 19 new sites from a total of 50 applicants.

The Department also increased funding for seven existing sites (by a total of \$635,700) for the purpose of providing services and supports designed to reduce the number of truancy cases requiring court involvement. These awards were targeted toward those judicial districts with the highest number of truancy court referrals. Finally, the Department contracted with Rocky Mountain Children's Law Center (a total of \$25,000) to work with selected judicial districts to develop alternatives to guardian ad litem services in truancy proceedings.

Statutory Authority: Sections 22-33-205 and 22-38-101 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$7,495,796 state funds and 1.0 FTE in FY 2016-17. The request includes \$2,236 cash funds from the State Education Fund to annualize FY 2015-16 salary survey and merit pay. Consistent with prior years, the request does not include an inflationary increase for this program associated with request R2 and BA2 (discussed above).

Recommendation: Staff recommends a continuation appropriation of \$7,493,560 total funds (including \$5,788,807 General Fund and \$1,704,753 cash funds from the State Education Fund) with no change from the FY 2015-16 appropriation. The recommendation is \$2,236 cash funds below the request because the recommendation does not annualize FY 2015-16 salary survey and merit pay. The Department requested the annualization of salary survey and merit pay outside of request R2 and BA2 (discussed above). Because funding the categorical programs above the inflationary increase required by Amendment 23 will require additional inflationary increases indefinitely, staff does not recommend appropriating the additional funding in FY 2016-17. Staff's recommendation would require the Department to absorb the annualization within existing funds.

Small Attendance Center Aid

Pursuant to Section 22-54-122, C.R.S., school districts that operate a school with fewer than 200 pupils that is located twenty or more miles from any similar school in the same district are eligible to receive additional state funding to offset the unique costs associated with operating such schools. In addition, since FY 2008-09, small attendance center aid has been limited to those districts that received the aid prior to FY 2008-09. The amount of additional state aid that a district is eligible to receive is based on the number of eligible schools it operates, the number of pupils in each eligible school, and the district's per pupil funding.

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. From FY 1998-99 through FY 2007-08, the appropriation for this line item was sufficient to reimburse eligible districts for the full amount statutorily allowed. For FY 2008-09 through FY 2014-15, the appropriation fell short of full funding. For FY 2015-16, the General Assembly increased funding for the program by \$117,171 cash funds from the State Education Fund in order to fully fund the estimated need as of FY 2014-15. The following table details the allocation of small attendance center aid for FY 2014-15 (data are not yet available for FY 2015-16). On average, eligible schools received an additional \$1,080 per pupil in FY 2014-15.

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Small Attendance Center Aid: FY 2014-15					
School District	School	14-15 Enrollment	Full Funding Per Formula	Amount Distributed	Distribution per FTE
Dolores	Rico Elementary	14.7	\$31,209	\$25,114	\$1,708
Gunnison	Marble Charter School	36.2	101,008	81,284	2,245
Huerfano	Gardner School	71.1	113,616	91,430	1,286
La Plata - Durango	Fort Lewis Mesa Elementary	132.1	120,552	97,011	734
Larimer - Poudre	Red Feather Elementary	33.5	96,605	77,740	2,321
Logan - Valley	Caliche Elementary	140.7	99,484	80,057	569
Logan - Valley	Caliche Jr./Sr. High	136.0	105,634	85,006	625
Mesa - Mesa Valley	Gateway School	28.6	83,910	67,525	2,361
Montrose - West End	Paradox Valley Charter School	55.6	81,576	65,646	1,471
Park	Guffey Community Charter School	38.6	95,145	76,565	1,984
Park	Lake George Charter School	94.3	126,229	101,579	1,077
Pueblo 70	Beulah School	107.2	137,219	110,423	1,030
Totals		888.6	\$1,192,187	\$959,379	\$1,080

Statutory Authority: Section 22-54-122, C.R.S.

Request: The Department requests a continuation appropriation of \$1,076,550 in state funds, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request.

Comprehensive Health Education

The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended guidelines for implementing these local programs; develop a plan for training teachers to provide comprehensive health education and student wellness; and provide technical assistance upon the request of a school district or board of cooperative services (and within available resources).

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds. Fiscal year 2015-16 is the third year of a three-year grant cycle for both the comprehensive health education programs and the local student wellness programs.

Statutory Authority: Section 22-25-101, C.R.S.

Request: The Department requests a continuation appropriation of \$1,010,215 in state funds and 1.0 FTE, including an increase of \$4,819 cash funds from the State Education Fund to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends a continuation appropriation of \$1,005,396 total funds (including \$300,000 General Fund and \$705,396 cash funds from the State Education Fund) with no change from the FY 2015-16 appropriation. The recommendation is \$4,819 cash funds below the request because the recommendation does not annualize FY 2015-16 salary survey and merit pay. The Department requested the annualization of salary survey and merit pay outside of request R2 and BA2 (discussed above). Because funding the categorical programs above the amount required by Amendment 23 will require additional inflationary increases indefinitely, staff does not recommend appropriating the additional funding in FY 2016-17. Staff's recommendation would require the Department to absorb the annualization within existing funds.

(C) Grant Programs, Distributions, and Other Assistance

(I) *Health and Nutrition*

Background Information - Federal School Lunch Program: The National School Lunch Program provides low cost or free meals (breakfast, lunch, and after school snacks) to children. Public or non-profit private schools and residential child care institutions that participate in the program receive federal cash subsidies and donated commodities from the U.S. Department of Agriculture for each meal served. In return, they must serve meals that meet federal nutrition requirements, and they must offer free or reduced price meals to eligible children based on the following eligibility criteria:

- *Free* meals: Families with incomes below 130% of the federal poverty level (e.g., \$31,525 for a family of four in FY 2015-16) are eligible.
- *Reduced price* meals: Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$31,526 and \$44,863 for a family of four in FY 2015-16) are eligible.

Federal per meal reimbursements differ depending on whether the meal was served to a child who is eligible for free, reduced, or "full" price meals. For example, for school breakfasts, most schools currently receive \$1.66 for each free meal served, \$1.36 for each reduced price meal served, and \$0.29 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the Department of Education administers a multitude of school nutrition programs, largest being the National School Lunch and Breakfast Program, and operates the programs through agreements with local school food authorities (usually school districts). Families are asked to complete a meal application to determine eligibility for free or reduced price meals. This information is confidential and is not shared with any other state or local agencies unless allowed by federal regulation. In FY 2015-16, per the October 1 pupil count, a total of 309,995

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children are eligible for free meals, and another 66,083 children are eligible for reduced price meals. The percentage of students who are eligible for *free* meals is used as a factor to determine the level of per pupil funding for each school district, so districts have a financial incentive to encourage families to complete these forms even if they do not plan to participate in the school’s lunch or breakfast program.

The following table provides Colorado eligibility and participation data related to the National School Lunch and Breakfast Programs.

Data Concerning National School Lunch Program in Colorado						
	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual*	FY 16-17 Estimate
Children <i>eligible</i> for <u>free</u> meals	288,568	297,167	305,172	305,362	309,995	315,616
<i>Annual % Change</i>	3.3%	3.0%	2.7%	0.1%	1.5%	1.8%
Children <i>eligible</i> for <u>reduced</u> price meals	60,362	61,732	62,850	64,419	66,083	67,596
<i>Annual % Change</i>	5.6%	2.3%	1.8%	2.5%	2.6%	2.3%
Children eligible for free or reduced price meals	348,930	358,899	368,022	369,781	376,078	383,212
Percent of children eligible for <u>reduced</u> price meals who <i>participate</i> in <u>lunch</u> program	62.3%	59.6%	61.2%	62.1%	62.1%	62.1%
Percent of children eligible for <u>reduced</u> price meals who <i>participate</i> in <u>breakfast</u> program	28.9%	30.3%	34.6%	36.6%	36.6%	36.6%

* Note: The eligible counts are actuals from the October 2015 Pupil Count. The participation percentages are estimates from prior year.

Federal Nutrition Programs

This line item reflects (for informational purposes) all federal funding that is available for nutrition programs. The federal funds and a small amount of General Fund included in this line item support 9.0 FTE who administer the various state and federal nutrition programs. It is staff’s understanding that the state funding in this line item is required to comply with a federal maintenance of effort requirement associated with these federal funds.

Statutory Authority: Federal nutrition program statutes.

Request: The Department requests a continuation appropriation of \$156,554,412 total funds (including \$88,564 General Fund and \$156,465,848 federal funds) and 9.0 FTE. The request is for a continuation appropriation according to OSPB’s common policies, including annualization of FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request, which is consistent with the Committee’s common policies. As discussed above, it is staff’s understanding that the state funding in this line item is required to comply with federal maintenance of effort requirements.

State Match for Federal School Lunch Program

Under federal law, states must comply with a maintenance of effort (MOE) requirement in order to receive a portion of federal funds available through the National School Lunch Program. Colorado must comply with a \$2,472,644 MOE requirement.

Pursuant to S.B. 01-129, the General Assembly is now required to appropriate by separate line item an amount to comply with the MOE requirement for National School Lunch Program [see Section 22-54-123, C.R.S.]. The state matching funds are allocated by the Department among participating school districts. Districts may only use funds provided by this line item for the school lunch program, and districts that have previously used their own general fund moneys to subsidize school lunch service are not allowed to use moneys received from this line item to supplant that level of subsidy. Senate Bill 01-129 included an appropriation of \$2,472,644 from the State Public School Fund for FY 2001-02, and the General Assembly has appropriated the same amount annually in subsequent fiscal years. Subsequently, the federal government has indicated that states are required to meet the MOE requirement each school year as a condition of the state's receipt of federal "general cash assistance" funds, and the intent of this requirement is that a minimum amount of state revenues be provided to supplement the federal funds provided to schools to support the overall aim of the National School Lunch Program (which is to provide lunches to children in school). States are required to "ensure that State revenues, and State revenues only, can be shown to have been transferred into the school food service accounts of participating schools, or that school food service expenses have been borne by State revenues where these are to be counted in meeting the revenue match".

Statutory Authority: Section 22-54-123, C.R.S.

Request: The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2016-17, unchanged from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the Department's request. Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the state revenue matching requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It is possible that the State would risk the loss of about \$18 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- interest and investment income earned on the Public School (Permanent) Fund that is credited to the State Public School Fund.

Child Nutrition School Lunch Protection Program

Pursuant to S.B. 08-123 [Section 22-82.9-101 et seq., C.R.S.], the Child Nutrition School Lunch Protection Program provides state funding to reimburse school districts for each lunch served to

a child in kindergarten through fifth grade¹⁵ who is eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through this program based on the number of lunches served to eligible children.

The following table provides data related to districts' school lunch programs and the Child Nutrition School Lunch Protection Program.

Data Concerning Districts' School Lunch Programs and the Child Nutrition School Lunch Protection Program				
	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual*	FY 15-16 Estimate
Total number of reduced priced lunches served (all grade levels)	6,130,901	6,113,084	6,335,687	6,462,401
Number of above meals for which state reimbursement is available	1,785,307	1,817,321	3,758,860	3,890,260
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	10,850	11,775	22,308	22,884
Child Nutrition School Lunch Protection Program Expenditures	\$710,020	\$726,913	\$1,536,142	\$1,589,329
<i>Annual percent change</i>	<i>3.9%</i>	<i>2.4%</i>	<i>111.3%</i>	<i>3.5%</i>

* Note: HB 14-1156 Eligibility Age for the School Lunch Protection Program expanded the Program from PK-2nd grade to PK-5th grade.

As amended by S.B. 15-235 (Increasing Cap on Appropriation for School Lunch Protection Program), the act requires that "the General Assembly shall annually appropriate by separate line item in the annual general appropriation bill an amount of not less than \$850,000 and not more than \$2.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through fifth grade participating in the school lunch program who would otherwise be required to pay a reduced price for lunch." The act authorizes the Department to spend up to 2.0 percent of appropriated moneys for administrative costs (*e.g.*, \$50,000 for a \$2.5 million appropriation).

Statutory Authority: Section 22-82.9-101 et seq., C.R.S.

Request: The Department requests continuation funding of \$1,661,258 total funds (including \$811,258 General Fund and \$850,000 cash funds from the State Education Fund) for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request, which appears to be sufficient to support the program's anticipated expenditures in FY 2016-17.

¹⁵ Prior to FY 2014-15, statute limited the program to kindergarten through second grade. However, H.B. 14-1156 (Eligibility Age School Lunch Protection Program) expanded the program to include kindergarten through fifth grade in FY 2014-15 and subsequent years.

Start Smart Nutrition Program Fund and Start Smart Nutrition Program

Pursuant to S.B. 07-059 [Section 22-82.7-101 et seq., C.R.S.], the Start Smart Nutrition Program provides state funding to reimburse school districts for each breakfast served to a child eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through the Start Smart Nutrition Program based on the number of breakfasts served to children eligible for reduce price meals. The cost of the Program is driven by three factors:

- the number of districts and schools that provide a school breakfast program;
- the number of children who are eligible for reduced price meals; and
- the number of eligible children who participate in school breakfast programs.

The following table provides data related to districts' school breakfast programs and the Start Smart Nutrition Program.

Data Concerning Districts' School Breakfast Programs and the Start Smart Nutrition Program					
	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Estimate
Number of <i>school districts</i> that offer a school breakfast program	169	166	172	173	172
Number of <i>schools</i> that offer a school breakfast program	1,305	1,325	1,298	1,368	1,393
Number of reduced price breakfasts served (and reimbursed by State)	2,542,715	2,727,002	2,842,184	3,190,503	3,254,313
Estimated number of students who benefit from Start Smart subsidy	17,445	18,705	19,035	19,519	20,023
Start Smart expenditures*	\$765,105	\$818,589	\$852,655	\$964,516	\$990,524
<i>Annual percent change</i>	<i>12.5%</i>	<i>7.0%</i>	<i>4.2%</i>	<i>13.1%</i>	<i>2.7%</i>

*Expenditures include the Department's administrative expenditures. Section 22-82.7-105, C.R.S., allows the department to expend not more than one percent of the moneys annually appropriated for the program to offset the direct and indirect costs incurred by the department in implementing the program.

Statutory Authority: Section 22-82.7-101 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$1,370,721 General Fund to the Start Smart Nutrition Program Fund in FY 2016-17, with no change from the FY 2015-16 appropriation. The request also includes a total appropriation of \$1,422,998 (including \$1,370,489 reappropriated funds and \$52,509 cash funds) to support the Start Smart Nutrition Program in FY 2016-17, also with no change from the FY 2015-16 appropriation.

Recommendation: As discussed above (JBC Staff Initiated Start Smart Reduction), staff recommends approving the following amounts for the Start Smart line items:

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- \$700,000 General Fund for the Start Smart Nutrition Program Fund line item (a reduction of \$670,721 below the FY 2015-16 appropriation and the Department’s FY 2016-17 request); and
- \$1,100,000 total funds for the Start Smart Nutrition Program line item.

As detailed in the following table, the Department expects moneys in the Start Smart Nutrition Program Fund to be sufficient to cover the requested appropriation while spending down the fund balance in the Start Smart Nutrition Fund. The recommendation allows the State to save nearly \$750,000 General Fund in FY 2016-17 relative to the Department’s request. Please note, however, that staff expects the necessary General Fund appropriation to increase again (to an estimated \$1.0 million) in FY 2017-18.

Start Smart Nutrition Program Fund					
	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Estimate	FY 16-17 Estimate	FY 17-18 Estimate
Beginning Fund Balance	\$114,433	\$63,336	\$198,633	\$584,598	\$278,283
General Fund Appropriation to the Cash Fund	800,000	1,097,983	1,370,489	700,000	800,000
Interest Earnings	3,881	6,182	6,000	6,000	6,000
Program Expenditures	<u>(854,978)</u>	<u>(968,868)</u>	<u>(990,524)</u>	<u>(1,012,315)</u>	<u>(1,034,586)</u>
Ending Fund Balance	\$63,336	\$198,633	\$584,598	\$278,283	\$49,696
Spending Authority (Annual Appropriation from the Cash Fund)*	\$914,000	\$1,136,983	\$1,422,998	\$1,100,000	\$1,100,000
Appropriation Exceeds/(Falls Short of) Expenditures	\$59,022	\$168,115	\$432,474	\$87,685	\$65,414

Breakfast After the Bell

The General Assembly added this line item to the FY 2014-15 Long Bill to support the Breakfast After the Bell program created in H.B. 13-1006. For FY 2014-15, the bill requires schools where at least 80 percent of students qualify for free or reduced-price lunch to offer a free breakfast to every student enrolled in the school. In FY 2015-16, the program expands to include all schools with at least 70 percent of students qualifying for free or reduced-price lunch. The bill exempts schools in small rural districts with fewer than 1,000 total students. Schools may choose the method and time to offer breakfast, so long as it occurs after the first bell of the school day. Schools where at least 90 percent of students ride to bus to school may choose to offer breakfast on the bus rather than at school.

Statutory Authority: Sections 22-82.8-101 through 104, C.R.S.

Request: The Department requests a continuation appropriation of \$29,412,780 total funds (including \$23,524 General Fund and \$29,389,256 federal funds) and 0.3 FTE, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The vast majority of funding for this line item is from federal funds that are reflected in the Long Bill for informational purposes

only. Staff recommends continuing to reflect the continuation funding amount in the FY 2016-17 Long Bill.

S.B. 97-101 Public School Health Services

Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative educational services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services¹⁶ provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

Districts are required to use the Medicaid funds received to provide student health care services. Each district is required to develop a local services plan that identifies the types of health services needed by students and the services it plans to provide. Districts spend the Medicaid funds for a variety of health-related purposes. The majority of funds are spent: providing nursing and other health clinic services; providing mental health services; providing speech, language, and vision services; providing physical and occupational therapy services; for health-related materials, equipment, and supplies; and conducting health insurance outreach activities (for Medicaid and CHP+).

The Department of Health Care Policy and Financing is responsible for the Medicaid billing aspects of the program, including developing regulations and administrative guidelines for submitting claims and contracting with individual districts. The Department of Education is responsible for providing technical assistance to districts in meeting administrative requirements and developing local service plans. Up to ten percent of the federal Medicaid funds that districts "earn" may be used to cover administrative costs incurred by the Department of Health Care Policy and Financing (DHCPF) and the Department of Education, and the remainder is paid directly to districts and BOCES for the provision of health care services.

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. Since FY 2006-07, the appropriation to the Department of Education has only reflected the federal Medicaid funds that are used by the Department of Education to administer the program.

Statutory Authority: Section 25.5-5-318, C.R.S.

¹⁶ Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

Request: The Department requests a continuation appropriation of \$154,654 reappropriated funds and 1.4 FTE pursuant to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving an appropriation of \$154,008 reappropriated funds and 1.4 FTE. The recommendation includes the following changes from the FY 2015-16 appropriation: (1) an increase of \$2,313 to annualize the FY 2015-16 salary survey and merit pay; and (2) a decrease of \$646 to align with the revised estimates of the program's spending for FY 2016-17.

School Health Professionals Grant Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Health Professionals Grant Program authorized in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Pursuant to Sections 22-96-101 through 105, C.R.S., the program is intended to enhance the presence of school health professionals (generally school nurses) in secondary schools throughout the State to facilitate better screening, education, and referral care for secondary school students with substance abuse and other behavioral health needs. Local education providers apply for grants under the program. As outlined in Section 22-96-103, C.R.S., the program is intended to provide funding for the following purposes:

- To increase the presence of school health professionals in secondary schools to provide substance abuse and behavioral health care to secondary school students;
- To provide training and resources for school staff on the implementation of evidence-based programs for substance abuse prevention education for all secondary school students; and
- To allow school health professionals to connect secondary school students at risk for substance abuse with services provided by community-based organizations for treatment and counseling.

Statutory Authority: Sections 22-96-101 through 105, C.R.S.

Request: The Department requests a continuation appropriation of \$2,280,833 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE for FY 2016-17 according to OSPB's common policies, including an increase of \$389 to annualize FY 2015-16 salary survey.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies. For FY 2015-16, the Department has granted a total of \$2,154,094 to 20 school districts statewide. Given the new nature of the program, performance information is not yet available. Staff recommends continuation funding based on the assumption that the General Assembly intends to continue to support the program.

School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program created in H.B.

14-1276 (Grant Program to Train High School Students in CPR). House Bill 14-1276: (1) created a grant program to support CPR and automated defibrillator training programs for high school students; (2) transferred \$250,000 General Fund to the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund (created in the bill) to support the program and appropriated \$250,000 cash funds from the new cash fund to support grants in FY 2014-15. The bill did not include transfers to the cash fund in subsequent years and was silent with respect to funding beyond FY 2014-15.

Statutory Authority: Section 22-1-129, C.R.S.

Request: The Department requests a continuation appropriation of \$65,000 cash funds from the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund, with no change from the FY 2015-16 appropriation.

Recommendation: As discussed above (Staff Initiated CPR Grant Program Elimination), based on a lack of available revenues to support the program in FY 2016-17, staff recommends eliminating this line item from the Long Bill and not providing funding for FY 2016-17.

(II) Capital Construction

Background Information - Building Excellent Schools Today (B.E.S.T.) Program. House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the B.E.S.T. program. The B.E.S.T. 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, the B.E.S.T. program is supported by royalty and rental income earned on state trust lands, interest earned on the Public School Fund, lottery proceeds, and (beginning in FY 2013-14) up to \$40.0 million per year in recreational marijuana excise tax revenues pursuant to Amendment 64 and Proposition AA. Under current law, the following moneys are annually credited to the Public School Capital Construction Assistance (PSCCA) Fund:

- 50 percent of the gross amount of revenues from income and mineral royalties derived from state public school lands, or more if required to make lease payments under the terms of lease-purchase agreements (\$92.5 million in FY 2014-15);
- all local matching moneys for COP projects (\$16.7 million in FY 2014-15);
- lottery proceeds that would otherwise be transferred to the General Fund (\$1.9 million in FY 2014-15);
- recreational marijuana excise tax revenues (\$23.9 million in FY 2014-15); and
- interest and investment income earned on the PSCCA Fund (\$2.0 million in FY 2014-15).

With the enactment of S.B. 14-112, moneys in the PSCCA Fund are subject to appropriation for: (a) direct and indirect administrative costs incurred by the PSCCA Division and Board (including the financial assistance priority assessment); (b) lease payments required for lease-

purchase agreements; and (c) cash grants to support construction projects (prior to FY 2014-15, moneys for cash grants were continuously appropriated to the Department).

The act created a PSCCA Board and Division within the Department of Education to administer the grant program. The PSCCA Board is required 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 (published in 2010 and currently being updated);
- (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. The act limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above 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 the statewide assessment of public school facilities. The assessment covers 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.

In FY 2015-16, the General Assembly added significant funding and FTE to the Division of Public School Capital Construction Assistance to support the B.E.S.T. program. The increases include \$2.7 million cash funds in one-time funding to support a contract to update the program's priority assessment database and train program staff in facility assessment and \$509,311 cash funds and 6.0 FTE to add an in-house assessment team to continually update and maintain the program priority assessment database.

Division of Public School Capital Construction Assistance

This line item supports the PSCCA Board and the Division of PSCA staff.

Statutory Authority: Section 22-43.7-105, C.R.S.

Request: The Department requests a continuation appropriation of \$1,485,190 cash funds from the Public School Capital Construction Assistance Fund and 15.0 FTE for FY 2016-17 according to OSPB's common policies. The request includes the following changes from the FY 2015-16 appropriation:

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- An increase of \$80,497 to annualize FY 2015-16 request R7 (BEST Statewide Financial Assistance Priority Assessment); and
- An increase of \$12,220 to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving an appropriation of \$1,382,625 cash funds and 15.0 FTE. The recommendation is \$102,565 below the Department’s request based on a technical correction to the Department’s annualization of FY 2015-16 request R7. The following table shows the recommended changes from the FY 2015-16 appropriation.

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Division of Public School Capital Construction Assistance				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$1,392,473</u>	<u>\$0</u>	<u>\$1,392,473</u>	<u>15.0</u>
TOTAL	\$1,392,473	\$0	\$1,392,473	15.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$1,392,473	\$0	\$1,392,473	15.0
Annualize prior year budget actions	<u>(9,848)</u>	<u>0</u>	<u>(9,848)</u>	<u>0.0</u>
TOTAL	\$1,382,625	0	\$1,382,625	15.0
Increase/(Decrease)	(\$9,848)	\$0	(\$9,848)	0.0
Percentage Change	(0.7%)	0.0%	(0.7%)	0.0%
FY 2016-17 Executive Request:	\$1,485,190	\$0	\$1,485,190	15.0
Request Above/(Below) Recommendation	\$102,565	0	\$102,565	0.0

Public School Capital Construction Assistance Board – Lease Payments

This line item provides spending authority to make payments as required by lease-purchase agreements. The State portion of funding required to make lease payments may not exceed 50 percent of the \$80 million maximum total annual lease payments. Thus, the state share of payments may not exceed \$40 million per year. Further, pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements is subject to annual appropriation by the General Assembly.

Statutory Authority: Section 22-43.7-104 (3), C.R.S.

Request: The Department requests a continuation appropriation of \$65.0 million cash funds from the Public School Capital Construction Assistance Fund to support B.E.S.T. COP payments, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The B.E.S.T. program has already issued COPs requiring a total of \$63.7 million in payments in FY 2016-17 (including an assumed \$8.7 million in federal subsidies). The COP issuance documentation requires the State to appropriate sufficient funds to pay the *gross base rent* due each year, not reduced by the federal subsidy. Thus, it appears that the General Assembly has little option other than to appropriate the requested amount. The following table shows the components of the \$65.0 million appropriation.

FY 2015-16 and FY 2016-17 Gross Base Rent Payments for BEST COPs			
	FY 2015-16 Appropriation	FY 2016-17 Estimate/ Request	Change from FY 2015-16
State Share COP Payment	\$38,645,975	38,596,821	(\$49,154)
LEA Matching Money Lease Payment	16,394,967	16,395,136	169
Federal Subsidy	8,616,613	8,704,144	87,531
Gross Base Rent Payments for BEST COPs	<u>63,657,555</u>	<u>63,696,101</u>	<u>38,546</u>
Total Lease Payments Appropriation/Request	\$65,000,000	\$65,000,000	\$0

Public School Capital Construction Assistance Board – Cash Grants

The General Assembly added this line item to the FY 2014-15 Long Bill to appropriate funds to support the B.E.S.T. Program’s cash grants. As discussed above, prior to FY 2014-15, moneys for B.E.S.T. cash grants were continuously appropriated to the Department. However, the enactment of S.B. 14-112 made the program’s cash grants subject to annual appropriation by the General Assembly.

Statutory Authority: Section 22-43.7-104, C.R.S.

Request: The Department’s November 1, 2015, budget request seeks a continuation appropriation of \$50.0 million cash funds from the Public School Capital Construction Assistance Fund to support BEST cash grants in FY 2016-17, with no change from the FY 2015-16 appropriation. However, the B.E.S.T. Program’s annual report to the General Assembly proposes to increase funding to \$70.0 million in FY 2016-17.

Recommendation: As discussed above (Staff Initiated B.E.S.T. Cash Grants Adjustment), staff recommends approving an appropriation of \$70,000,000 cash funds from the Public School Capital Construction Assistance Fund. While the Department’s November 1, 2015, budget request seeks a continuation appropriation of \$50,000,000 (unchanged from the FY 2015-16 appropriation), staff’s recommendation aligns with the BEST program’s February 2016 report to the legislature. The legislative report and the staff recommendation are based on updated information and estimates of BEST Program revenues that were not available at the time of the November 1 budget request. As discussed during the FY 2016-17 JBC Staff Budget Briefing for the Department of Education, staff is reluctant to increase spending for the B.E.S.T. Program prior to the completion of the priority assessment system update. However, staff is recommending the proposed increase because: (1) it aligns with the report provided by the

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B.E.S.T. Board in February 2016; and (2) H.B. 15-1367 made a one-time transfer of \$40.0 million associated with marijuana taxes to the program’s fund in FY 2015-16 (contingent upon voter approval of Proposition BB), and staff assumes that the General Assembly’s expectation with that bill and the passage of Proposition BB was that expenditures would increase in FY 2016-17.

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Public School Capital Construction Assistance Board - Cash Grants				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	\$50,000,000	\$0	\$50,000,000	0.0
TOTAL	\$50,000,000	\$0	\$50,000,000	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$50,000,000	\$0	\$50,000,000	0.0
Staff initiated B.E.S.T. cash grants adjustment	<u>20,000,000</u>	<u>0</u>	<u>20,000,000</u>	<u>0.0</u>
TOTAL	\$70,000,000	0	\$70,000,000	0.0
Increase/(Decrease)	\$20,000,000	\$0	\$20,000,000	0.0
Percentage Change	40.0%	0.0%	40.0%	0.0%
FY 2016-17 Executive Request:	\$50,000,000	\$0	\$50,000,000	0.0
Request Above/(Below) Recommendation	(\$20,000,000)	0	(\$20,000,000)	0.0

Financial Assistance Priority Assessment

This line item provides the funding necessary to conduct the financial assistance priority assessment of public school facilities throughout the state as required by Section 22-43.7-108, C.R.S. Pursuant to Section 22-43.7-104 (3), C.R.S., subject to annual appropriation, the Department may expend moneys in the PSCCA Fund to pay the costs of contracting for the financial assistance priority assessment. The Department contracted with Parsons (an assessment, design, and construction consultant) for the original assessment. In FY 2015-16, the General Assembly provided an additional \$2.7 million in one-time funding to: (1) reconfigure and adjust the priority assessment database; and (2) train the new assessment staff added to the Division of Public School Capital Construction Assistance through FY 2015-16 R7.

Statutory Authority: Section 22-43.7-108, C.R.S.

Request: The Department requests a continuation appropriation of \$50,000 cash funds from the Public School Capital Construction Assistance Fund, a reduction of \$2.7 million from the FY 2015-16 appropriation to eliminate one-time funding provided in FY 2015-16.

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Recommendation: As discussed above (Staff Initiated B.E.S.T. Priority Assessment Adjustment), staff recommends approving a total appropriation of \$200,000 cash funds from the Public School Capital Construction Assistance Fund for FY 2016-17. The recommendation is \$150,000 above the request because updated information from the Department indicates that up to \$150,000 may be necessary to complete the contract work to update the program’s priority assessment database. The General Assembly provided \$2.7 million for the project in FY 2015-16. However, as a result of contracting delays associated with turnover in the Department’s procurement staff, the Department has indicated that it will need to retain spending authority for up to \$150,000 to close out the contract in the summer of 2016. Please note that while there is a minor delay in project completion, the actual contract costs to update the database (roughly \$830,000 based on the initial contract) are less than one-third of the \$2.7 million appropriated for the contract in FY 2015-16. The following table shows the recommended changes from the FY 2015-16 appropriation.

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Financial Assistance Priority Assessment				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$2,750,000</u>	<u>\$0</u>	<u>\$2,750,000</u>	<u>0.0</u>
TOTAL	\$2,750,000	\$0	\$2,750,000	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$2,750,000	\$0	\$2,750,000	0.0
Staff initiated B.E.S.T. priority assessment adjustment	150,000	0	150,000	0.0
Annualize prior year budget actions	<u>(2,700,000)</u>	<u>0</u>	<u>(2,700,000)</u>	<u>0.0</u>
TOTAL	\$200,000	0	\$200,000	0.0
Increase/(Decrease)	(\$2,550,000)	\$0	(\$2,550,000)	0.0
Percentage Change	(92.7%)	0.0%	(92.7%)	0.0%
FY 2016-17 Executive Request:				
Request Above/(Below) Recommendation	(\$150,000)	0	(\$150,000)	0.0

State Aid for Charter School Facilities

In 2001 (S.B. 01-129) the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction, providing that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures. The amount that each charter school received per pupil was originally calculated as 130 percent of the minimum per pupil capital reserve amount that each district is required to budget; for FY 2001-02, qualified charter schools received \$322 per pupil. Thus, the amount of funding was originally required to increase each year based on the number of qualified charter schools, the

number of pupils attending such schools, and inflationary increases in the minimum per pupil capital reserve amount.

Subsequently, the General Assembly modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute [see Section 22-54-124 (3) (a) (III) (A), C.R.S.]. Second, with the exception of a charter school that operates within a state facility, any charter school with "capital construction costs" is eligible to receive funding. Moneys appropriated each year are allocated among charter schools on a per pupil basis, except that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools receive. With the enactment of H.B. 14-1292 (Student Success Act), the General Assembly made the following changes to funding for the program:

- Increased the appropriation from the State Education Fund from \$7.0 million in FY 2013-14 to \$13.5 million in FY 2014-15 and required an increase to \$20.0 million in FY 2015-16 and subsequent years; and
- Authorized additional funding for charter school capital construction from marijuana excise tax revenues. Beginning July 1, 2014, the bill directs the State Treasurer to deposit 12.5 percent of marijuana excise tax moneys deposited into the Public School Capital Construction Assistance Fund (PSCCAF) into the Charter School Facilities Assistance Account within the PSCCAF. Moneys in the account are subject to annual appropriation by the General Assembly. Consistent with the Committee's policy to spend prior year marijuana revenues, the Department intends to spend moneys deposited into the Charter School Facilities Assistance Account in the year *after* the moneys are collected. Thus, the Department intends to distribute revenues collected in FY 2015-16 to charter schools in FY 2016-17. Based on an estimated \$34.0 million in marijuana excise tax revenues in FY 2015-16, the Department anticipates a transfer of roughly \$4.0 million to the Charter School Facilities Assistance Account to be available for charter school construction in FY 2016-17.

Statutory Authority: Section 22-54-124 (3) (a) (III) (A), C.R.S.

Request: The Department requests a continuation appropriation of \$22.0 million cash funds (including \$20.0 million from the State Education Fund and \$2.0 million from the Public School Facilities Assistance Account), with no change from the FY 2015-16 appropriation.

Recommendation: As discussed above (Staff Initiated Charter School Capital Construction Adjustment), staff recommends approving an appropriation of \$25.0 million cash funds, including \$20.0 million from the State Education Fund and \$5.0 million from the Charter School Facilities Assistance Account (originally from marijuana excise taxes), based on current law. The following table shows a history of per pupil funding amounts for this line item from FY 2004-05 through the FY 2016-17 recommendation.

State Funding for Charter School Capital Construction Costs				
Fiscal Year	Total Appropriation	Total Funding per Pupil for Eligible Schools a/	State Education Fund Approp.	Dedicated Marijuana Excise Tax Funding c/
2004-05	\$5,000,000	\$171.06	\$5,000,000	
2005-06	5,000,000	145.09	5,000,000	
2006-07	7,800,000	201.17	7,800,000	
2007-08	5,000,000	115.77	5,000,000	
2008-09 b/	5,135,000	107.47	5,135,000	
2009-10	5,000,000	97.64	5,000,000	
2010-11	5,000,000	90.06	5,000,000	
2011-12	5,000,000	78.98	5,000,000	
2012-13	6,000,000	87.67	6,000,000	
2013-14	7,000,000	94.40	7,000,000	
2014-15	13,500,000	169.29	13,500,000	
2015-16	22,000,000	258.48	20,000,000	2,000,000
2016-17 estimate	25,000,000	276.84	20,000,000	5,000,000

a/ These figures represent the amount that most eligible schools receive; eligible schools *operating in a district facility* receive one-half this amount per student.

b/ Of the amount appropriated, \$135,000 was allocated to a charter school for the deaf.

c/ Based on estimate of 12.5 percent of marijuana excise tax revenues credited to the Public School Capital Construction Assistance Fund in the preceding fiscal year.

Based on self-reported enrollment projections for FY 2016-17 and estimated marijuana excise tax revenues from FY 2015-16 (to be spent in FY 2016-17), Department staff estimates that this appropriation would provide about \$277 per FTE (with charter schools in district facilities receiving about \$138 per FTE).

(III) Reading and Literacy

Background – Early Literacy and H.B. 12-1238

House Bill 12-1238 (READ Act) eliminated the Read-to-Achieve Program and replaced it with the Early Literacy Program. Section 22-7-1210, C.R.S., provides two fund sources for the Early Literacy Program:

- Tobacco litigation settlement moneys previously supporting the Read-to-Achieve Program (five percent of the annual settlement moneys received by the State, up to a maximum of \$8.0 million dollars). Based on the Legislative Council Staff January 2016 Tobacco Master Settlement Agreement (MSA) forecast, staff anticipates a total of \$4,378,678 in tobacco moneys to be available to support early literacy programs in FY 2016-17.
- \$34.0 million per year transferred from the State Education Fund to the Early Literacy Fund, beginning in FY 2014-15 (as increased by H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance)).

Staff thus anticipates a total of \$38,378,678 in “new” revenues to be available for early literacy activities in FY 2016-17 (as shown in the following table).

Early Literacy Program Fund Sources in FY 2016-17	
Description	Revenue Estimate
<i>Projected Funds Available</i>	
Tobacco Settlement Moneys	\$4,378,678
State Education Fund Moneys	<u>34,000,000</u>
Projected Early Literacy Fund Revenues	\$38,378,678

Within those resources, Sections 22-7-1210 (4) and (5), C.R.S., direct the Department to:

- provide \$4.0 million per year in competitive grants;
- spend \$1.0 million per year on regional professional development provided by Department staff;
- utilize up to 1.0 percent of the total annual appropriation from the Early Literacy Fund to administer the program; and
- distribute any remaining funds as “per pupil intervention funding,” distributed to local education providers based on the number of students in each district identified as having significant reading deficiencies in the preceding school year.

Early Literacy Competitive Grant Program

Created in FY 2013-14, this line item supports the following activities authorized or required by H.B. 12-1238:

- \$4.0 million per year for the competitive grant program, as directed by the bill;
- \$1.0 million for regional professional development and support provided by Department staff, as directed by the bill; and
- Up to 1.0 percent of the annual appropriation *from the Early Literacy Fund* to support the Department’s administration of early literacy activities.

The funds for the proposed line item are largely from tobacco settlement funds that formerly supported the Read-to-Achieve program which H.B. 12-1238 eliminated and replaced with the Early Literacy Program. However, because the bill directs the Department to spend more than \$5.0 million on activities included in this line item, State Education Fund moneys transferred to the Early Literacy Fund will also support some of the activities in this line item.

Statutory Authority: Section 22-7-1210 (4), C.R.S.

Request: The Department requests a continuation appropriation of \$5,197,604 cash funds from the Early Literacy Fund and 8.0 FTE pursuant to OSPB’s common policies, including an increase of \$11,899 to annualize FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request. Pursuant to the Committee’s common policy to use the Legislative Council Staff January 2015 Tobacco Master Settlement Agreement (MSA) forecast for programs supported with MSA funds, staff’s recommendation includes \$4,378,678 in anticipated MSA revenues transferred to the Early Literacy Fund pursuant to Section 22-7-1210 (3), C.R.S. The remaining \$818,926 is from State Education Fund moneys transferred to the Early Literacy Fund pursuant to Section 22-7-1210 (1) (d) (I), C.R.S. In compliance with the direction in Section 22-7-1210 (4) (b), C.R.S., staff’s recommendation includes:

- \$4.0 million for the competitive grant program required by the bill;
- \$1.0 million and 7.0 FTE to support regional professional development activities required by the bill; and
- \$197,604 and 1.0 FTE for program administration (representing 0.5 percent of the total \$38.4 million recommended appropriation from the Early Literacy Fund).

Early Literacy Program Per Pupil Intervention Funding

Created in FY 2014-15, this line item reflects funding to be distributed to local education providers based on the statutory formula for early literacy per pupil intervention funding. The FY 2013-14 Long Bill supported this line item with interest income earned on the Public School (Permanent) Fund transferred to the Early Literacy Fund. However, S.B. 13-260 (School Finance) eliminated the annual transfer of interest earned on the Permanent Fund and instead transferred \$16.0 million from the State Education Fund to the Early Literacy Fund to support the Early Literacy Program in FY 2013-14. The enactment of H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance) increased the annual transfer from the State Education Fund to the Early Literacy Fund by \$18.0 million (for a total transfer of \$34.0 million) in FY 2014-15 and subsequent years.

The following table shows READ Act assessment results and per pupil funding amounts for FY 2014-15 and FY 2015-16.

Early Literacy Per Pupil Intervention Funding for FY 2014-15 and FY 2015-16						
Grade	Number of Students READ Act Tested in 2014	Number Identified with SRD in 2014 (Funded FY 2014-15)	2014 percent with SRD	Number of Students READ Act Tested in 2015	Number Identified with SRD in 2015 (Funded FY 2015-16)	2015 percent with SRD
Half-day Kindergarten	17,822	1,210	6.8%	16,815	1,045	6.2%
Full-day Kindergarten	47,411	2,921	6.2%	47,395	3,081	6.5%
Grade 1	66,309	11,619	17.5%	67,065	11,338	16.9%
Grade 2	65,419	10,536	16.1%	66,915	10,317	15.4%
Grade 3	<u>64,382</u>	<u>11,220</u>	17.4%	<u>66,117</u>	<u>10,639</u>	16.1%
Total	261,343	37,506	14.4%	264,307	36,420	13.8%
Total Intervention Funding		\$33,186,433			\$32,587,969	

Early Literacy Per Pupil Intervention Funding for FY 2014-15 and FY 2015-16						
Grade	Number of Students READ Act Tested in 2014	Number Identified with SRD in 2014 (Funded FY 2014-15)	2014 percent with SRD	Number of Students READ Act Tested in 2015	Number Identified with SRD in 2015 (Funded FY 2015-16)	2015 percent with SRD
Per Pupil Allocation		\$884.83			\$894.78	

Statutory Authority: Section 22-7-1210 (4) (b) (IV), C.R.S.

Request: The Department requests a continuation appropriation of \$33,242,424 cash funds from the Early Literacy Fund (originally from the State Education Fund) and 1.0 FTE, unchanged from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. Combined with the Early Literacy Competitive Grant Program (discussed above), the request exceeds the anticipated *new* revenue available in the Early Literacy Fund by \$61,350. However, there is sufficient fund balance in the Early Literacy Fund to cover additional amount required by the request and recommendation.

Early Literacy Assessment Tool Program

The General Assembly added this line item to the FY 2014-15 Long Bill to provide ongoing support for the Early Literacy Assessment Tool (ELAT) Program originally created in H.B. 12-1345 (2012 School Finance Bill). The READ Act (H.B. 12-1238) requires public school teachers in kindergarten through third grade to administer an interim assessment to all students to determine whether children are on track to reach grade level reading proficiency. Students identified as significantly below grade level must take a diagnostic assessment to determine specific areas of need for reading improvement. Teachers then use the assessment data to develop a collaborative intervention plan (READ Plan) with the child’s parents.

Associated with the early literacy assessment requirements in the READ Act, House Bill 12-1345 required the Department to issue a competitive request for proposals to procure an Early Literacy Assessment Tool (ELAT) for districts’ use and appropriated \$3.0 million cash funds from the State Education Fund to procure the tool. For participating districts, the use of the ELAT defrays assessment costs that would otherwise be required by the READ Act; districts may choose between seven state-approved assessments for READ Act implementation (one of which is the ELAT) but must pay for tools other than the ELAT. The ELAT provision (Section 22-2-141, C.R.S.) requires the ELAT software to, at a minimum:

- Provide individualized assessments with immediate results;
- Store and analyze assessment results, recommend activities that are aligned with the assessment results, and assist in tracking student performance and identifying strategies to improve student performance;
- Provide student grouping recommendations based on the assessment scores and provide proposed lesson plans on a short-term cycle; and

- Assist in generating and populating individualized plans to improve students’ reading skills.

The Department transitioned from the diagnostic assessment that the state provided in FY 2013-14 (“Burst”) to the “DIBELS Deep” diagnostic assessment in FY 2014-15 (the program used both assessments in FY 2014-15 but has transitioned fully to DIBELS Deep in FY 2015-16).

The Department has contracted with Amplify to supply the ELAT, and participation has grown each year in terms of districts, schools, and students using the system. In FY 2013-14, 123 school districts and the State Charter School Institute (a total of 417 schools, covering roughly 90,500 students) used the tool. In FY 2014-15, usage grew to 126 school districts and the State Charter School Institute (a total of 482 schools, covering more than 109,000 students). The program has added 6 more districts (total of 132) in FY 2015-16, for a total of 517 schools covering 119,121 students.

Statutory Authority: Section 22-2-141, C.R.S.

Request: The Department requests a continuation appropriation of \$2,795,767 cash funds from the State Education Fund, with no change from the FY 2015-16 appropriation.

Recommendation: Based on the Department’s current estimates for FY 2016-17, staff recommends approving an appropriation of \$2,791,604 for the ELAT in FY 2016-17 (a reduction of \$4,163 from the FY 2015-16 appropriation). Based on the current contract costs, the recommendation would allow for an increase of 5,000 students using the ELAT (largely through additional districts and schools participating). The following table shows the basis of the staff recommendation for FY 2016-17.

FY 2016-17 ELAT Contract Cost Estimates			
	Estimated Number of Students	Cost per Student	Total Cost
Returning Students	119,121	\$21.50	\$2,561,102
New Students (Growth)	<u>5,000</u>	\$22.25	<u>\$111,250</u>
Subtotal - Per Student Contract Costs	124,121		\$2,672,352
Contract - Professional Development and Direct Support to Schools			<u>\$119,252</u>
Total Contract Costs			\$2,791,604

Staff notes that the program has shown promising results in terms of improving the percentage of students reading at benchmark levels in each applicable grade (kindergarten through third). As shown in the following tables, schools using the system are seeing improvements at both mid- and end of year checkpoints. Because the system provides the Department with access to data not provided by schools and districts that are not using the system, staff does not have comparable results in non-ELAT schools for comparative purposes.

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FY 2014-15 Full Year ELAT Results								
Percentage of Students Well Below Benchmark					Percentage of Students at Benchmark			
Grade	August	December	May	Change - Aug to May	August	December	May	Change - Aug to May
Kindergarten	28%	13%	8%	-20%	53%	70%	80%	27%
First	26%	21%	18%	-8%	58%	68%	69%	11%
Second	20%	18%	15%	-5%	70%	73%	73%	3%
Third	23%	18%	15%	-8%	67%	71%	75%	8%

FY 2015-16 Mid-Year ELAT Results							
Percentage of Students Well Below Benchmark				Percentage of Students at Benchmark			
Grade	August	December	Change	August	December	Change	
Kindergarten	28%	14%	-14%	53%	70%	17%	
First	25%	21%	-4%	59%	68%	9%	
Second	21%	19%	-2%	69%	72%	3%	
Third	23%	18%	-5%	67%	71%	4%	

Adult Education and Literacy Grant Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Adult Education and Literacy Grant Program created in H.B. 14-1085 (Adult Education and Literacy). The program provides funding to local education providers (including public and private schools, institutions of higher education, nonprofit community-based organizations, and other related agencies) that are members of workforce development partnerships that provide basic education to adults.

Statutory Authority: Section 22-10-104, C.R.S.

Request: The Department requests a continuation appropriation of \$961,444 General Fund for FY 2016-17 according to OSPB’s common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request based on the assumption that the General Assembly intended for the program to be ongoing. The Department submitted a report to the General Assembly in January 2016 discussing the performance of the FY 2014-15 grantees. Based on the first year of implementation, staff has some concerns about the limited number of students participating in the program (the report indicates that grantees reported enrolling 393 students in grant-supported programs from January 2015 to April 2015). Staff will continue to work with the Department to monitor the program going forward.

(IV) Professional Development and Instructional Support

Content Specialists

This line item provides funding to support five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student achievement: (1) mathematics; (2) science; (3) social studies (history, geography, civics, and economics); (4) arts (visual arts and music); and (5) achievement gaps.

Statutory Authority: Section 22-7-1005, C.R.S.

Request: The Department requests a continuation appropriation of \$469,900 cash funds from the State Education Fund and 5.0 FTE pursuant to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with Committee policy.

SCHOOL BULLYING PREVENTION AND EDUCATION CASH FUND (New line item requested)

The Department is requesting the creation of this line item to support ongoing appropriations to the School Bullying Prevention and Education Cash Fund (which is continuously appropriated to the Department) to support the School Bullying Prevention and Education Grant Program originally created in H.B. 11-1254 (Bullying in Schools). House Bill 11-1254 authorized the receipt of gifts, grants, and donations to support the program but did not provide state funding and the program did not receive any state funding prior to FY 2015-16.

House Bill 15-1367 (Retail Marijuana Taxes) includes a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the School Bullying Prevention and Education Cash Fund. Because the School Bullying Prevention and Education Cash Fund is continuously appropriated to the Department, a second appropriation out of the cash fund is not necessary.

Statutory Authority: Sections 22-93-101 through 106, C.R.S.

Request: The Department requests a continuation appropriation of \$2.0 million cash funds from the Marijuana Tax Cash Fund for FY 2016-17. The request shifts the fund source from the Proposition AA Refund Account of the General Fund (as in the FY 2015-16 appropriation) to the Marijuana Tax Cash Fund but maintains the funding amount.

Recommendation: Staff recommends approving the request. The recommendation assumes that the General Assembly intends for the funding to be ongoing, and it is too early to analyze the potential effectiveness of the funding/program. The following table shows the recommended changes from the FY 2015-16 appropriation.

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Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, School Bullying Prevention and Education Cash Fund				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
H.B. 15-1367 Contingent appropriations	\$2,000,000	\$2,000,000	\$0	0.0
TOTAL	\$2,000,000	\$2,000,000	\$0	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$2,000,000	\$2,000,000	\$0	0.0
Annualize HB 15-1367 (Retail Marijuana Taxes)	0	(2,000,000)	2,000,000	0.0
TOTAL	\$2,000,000	\$0	\$2,000,000	0.0
Increase/(Decrease)	\$0	(\$2,000,000)	\$2,000,000	0.0
Percentage Change	0.0%	(100.0%)	0.0%	0.0%
FY 2016-17 Executive Request:	\$2,000,000	\$0	\$2,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Student Reengagement Grant Program Fund

The Department is not requesting (and staff is not recommending) the creation of this line item in the FY 2016-17 Long Bill. For FY 2015-16, H.B. 15-1367 (Retail Marijuana Taxes) includes a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the Student Reengagement Grant Program Fund (discussed above) which is then reappropriated to the Office of Dropout Prevention and Student Re-engagement to support the Student Re-engagement Grant Program. The appropriation is contingent upon the voters' approval of Proposition BB during the November 2015 election, and the Department has access to the funds for FY 2015-16.

Office of Dropout Prevention and Student Reengagement

House Bill 09-1243 [Section 22-14-101 et. seq., C.R.S.] created the Office of Dropout Prevention and Student Re-engagement to collaborate with local education providers to reduce student dropout rates and to increase graduation rates. The act created the Student Re-engagement Grant Program Fund, consisting of gifts, grants, and donations as well as any moneys appropriated by the General Assembly to the Fund.

In FY 2009-10, this line item received a one-time increase of \$307,944 federal American Recovery and Reinvestment Act (ARRA) funds for the purposes of enhancing the State's competitiveness for federal Race-to-the-Top Grant awards; these moneys were expected to be spent in both FY 2009-10 and FY 2010-11.

The Department received a five-year competitive grant award of \$14.1 million through the U.S. Department of Education's High School Graduation Initiative Program to begin in FY 2010-11.

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The Department has used these funds to partner with 54 high needs high schools to implement dropout prevention and recovery projects. The goal of the project is to: develop sustainable, replicable models for dropout prevention and recovery; improve interim indicators; reduce the dropout rate; increase the student re-engagement rate; and, increase the graduation rate for high school students. The federal grant expired September 30, 2015. However, the Department received an extension allowing them to spend the remaining funds (\$1.6 million as of July 1, 2015) through September 1, 2016.

For FY 2015-16, H.B. 15-1367 (Retail Marijuana Taxes) includes a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the Student Reengagement Grant Program Fund (discussed above) which is then reappropriated to the Office of Dropout Prevention and Student Re-engagement to support the Student Re-engagement Grant Program. The appropriation is contingent upon the voters’ approval of Proposition BB during the November 2015 election; as a result of the passage of Proposition BB, the Department has access to the funds in the current year.

Statutory Authority: Section 22-14-109, C.R.S.

Request: The Department requests a continuation appropriation of \$2,117,578 total funds (including \$2.0 million cash funds from the Marijuana Tax Cash Fund and \$117,578 federal funds) to provide ongoing support to the Student Re-engagement Grant Program. The request seeks to fund the program directly from the Marijuana Tax Cash Fund rather than making an initial appropriation to the Student Re-engagement Grant Program Fund and then reappropriating the funds to the Department.

Recommendation: Staff recommends approving the request, including the direct appropriation from the Marijuana Tax Cash Fund to support the program rather than a dual appropriation to a separate cash fund. The following table shows the recommended changes from the FY 2015-16 appropriation.

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Office of Dropout Prevention and Student Reengagement						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$117,578	\$0	\$0	\$0	\$117,578	0.9
H.B. 15-1367 Contingent appropriations	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,117,578	\$0	\$0	\$2,000,000	\$117,578	0.9
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,117,578	\$0	\$0	\$2,000,000	\$117,578	0.9
Annualize HB 15-1367 (Retail Marijuana Taxes)	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>0</u>	<u>0.0</u>

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Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Office of Dropout Prevention and Student Reengagement						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL	\$2,117,578	0	\$2,000,000	\$0	\$117,578	0.9
Increase/(Decrease)	\$0	\$0	\$2,000,000	(\$2,000,000)	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
FY 2016-17 Executive Request:	\$2,117,578	\$0	\$2,000,000	\$0	\$117,578	0.9
Request Above/(Below) Recommendation	\$0	0	\$0	\$0	\$0	0.0

Stipends for Nationally Board Certified Teachers

House Bill 12-1261 extended a program (originally created by H.B. 08-1364) to provide stipends to school teachers holding certification from the National Board for Professional Teaching Standards (NBPTS). Subject to available appropriations, the program provides an annual stipend of \$1,600 to each national board certified teacher and an *additional* \$3,200 stipend to such teachers employed in low-performing, high needs schools (defined as schools accredited with a priority improvement plan or a turnaround plan).

House Bill 12-1261 included an appropriation of \$604,800 cash funds from the State Education Fund based on an estimate of the number of eligible teachers in low-performing, high needs schools. Under the bill, if appropriations are insufficient to provide stipends to all qualified teachers, then the Department only provides the increased stipends to teachers in low-performing, high needs schools. In FY 2013-14, the General Assembly appropriated \$1,617,600 cash funds from the State Education Fund to provide stipends to eligible teachers outside of low-performing, high needs schools. The FY 2014-15 Long Bill reduced the appropriation to \$1,580,800 based on actual utilization of the program.

Statutory Authority: Section 22-2-504, C.R.S.

Request: The Department requests a continuation appropriation of \$1,580,800 cash funds from the State Education Fund for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: As discussed above (Staff Initiated Stipends for Nationally Board Certified Teachers Adjustment), staff recommends approving an appropriation of \$1,384,000 cash funds from the State Education Fund for FY 2016-17. The recommendation represents a reduction of \$196,800 from the FY 2015-16 appropriation; however, as shown in the table below the recommendation represents an increase of \$196,584 from the Departments *current* estimates of expenditures under this line item in FY 2015-16. Staff’s recommendation assumes that the General Assembly intends to continue to fund stipends for all eligible teachers, including those outside of low-performing, high needs schools (as it has for FY 2013-14 through FY 2015-16). For FY 2016-17, the Department’s estimates indicate that funding stipends for all eligible teachers will require \$1,384,000 (as assumed in the recommendation). In contrast, providing

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stipends only to eligible teachers in low-performing, high needs schools (as the General Assembly did in FY 2012-13) would require an estimated \$264,000 (see following table).

Stipends for Nationally Board Certified Educators Under H.B. 12-1261				
	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17
	Actual**	Estimate/Approp.	Current	Estimate
			Estimate as of	
			2/25/16**	
National Board Certified Educators in Low-Performing, High Needs Schools*	56	55	48	55
Stipend per Educator	\$4,800	\$4,800	\$4,800	\$4,800
Total Payment for Educators in Low-Performing, High Needs Schools**	\$220,800	\$264,000	\$225,600	\$264,000
National Board Certified Educators in Other Schools	618	823	619	700
Stipend Per Educator	\$1,600	\$1,600	\$1,600	\$1,600
Total Estimated Payment for Educators in Other Schools	\$1,004,288	\$1,316,800	\$961,816	\$1,120,000
Total National Board Certified Educators	675	878	667	755
Total Estimated Payment for All National Board Certified Educators**	\$1,225,088	\$1,580,800	\$1,187,416	\$1,384,000

*The schools are not categorized until December each year and the listed schools change each year. As a result, the number of educators in such schools is inherently a projection for the annual appropriation.

**Stipends are pro-rated for those who are less than 1.0 FTE. Statute allows for pro-rated stipends, so these figures may be lower than simple multiplication would imply.

Quality Teacher Recruitment Program

The General Assembly added this line item to the FY 2014-15 Long Bill to support appropriations for the Quality Teacher Recruitment Program created in S.B. 13-260 (School Finance). Section 22-94-102, C.R.S., directs the Department to contract with organizations working with school districts and boards of cooperative educational services (BOCES) to recruit, select, train, and retain highly qualified teachers in areas that have historically had difficulty attracting and retaining such teachers.

In December 2013, the Department selected the Public Education Business Coalition (PEBC) and Teach for America (TFA-Colorado) as grant recipients. The grant provided each organization \$1,470,000 per year for the two year grant period (FY 2013-14 and FY 2014-15) and expected each program to place teachers by the start of the 2014-15 school year. Under the Grant, the Department expected PEBC to place 65 teachers in the following 14 school districts: Adams 12, Alamosa, Aurora, Brighton, Center, Crowley, Durango, East Otero, Huerfano, Ignacio, Jefferson County, Monte Vista, Montezuma-Cortez, and North Conejos. The Department expected TFA to place 95 teachers in the following three districts: Denver, Harrison School District 2, and Pueblo City Schools.

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Section 22-94-103, C.R.S., requires the vendors conducting the program to submit annual reports to the Department and requires the Department to contract with a third party to conduct annual evaluations of the program. The Department has contracted with OMNI Research to evaluate the program, and OMNI submitted the first report on the program in September 2014 and a second report in August 2015. The following table shows each organization’s actual placements for the 2014-15 school year relative to the expectations in the grant, as well as the average cost per placement based on the August 2015 OMNI report. Please note that the school districts receiving placements pay the salaries of any placed teachers. Thus, the costs shown in the following table cover recruiting and training costs but do *not* include salaries for the teachers.

Quality Teacher Pipeline FY 2014-15 Placement Data			
	TFA-Colorado	PEBC	Total
Targeted Placements	95	65	160
Teachers placed in a high-need district in 2014-15	74 (78%)	56 (86%)	130
Teachers remaining in the program through 2014-15	69	52	121
Teachers remaining in program that meet "highly qualified" requirements	69	47*	116
Number of districts served	3	12	15
Number of schools served	38	30	68
Number of students served	4,869	4,246	
<i>Placed as Teacher of Record</i>	65	9	73
<i>Placed as Resident</i>	0	47	47
Total Grant Amount (over 2 years)	\$2,940,000	\$2,940,000	\$5,880,000
State Cost per Actual Placement (over 2 years)*	\$42,608.70	\$56,538	\$48,595

*Five PEBC teachers were placed in non-core content areas (physical education) and not included in "highly qualified" calculations. As a result, 100% of the eligible teachers met the requirements.

**Note that statute requires the vendors to match the state funding so the total costs per placement (including external funds) are double these amount.

The August 2015 OMNI report also included preliminary data on the programs’ placement of a second cohort of teachers for the 2015-16 school year (as of June 29, 2015). Based on the preliminary data, both organizations improved relative to their targeted number of placements, and TFA-Colorado exceeded its targeted number of initial placements for FY 2015-16.

Quality Teacher Pipeline Preliminary FY 2015-16 Placement Data			
	TFA-Colorado	PEBC	Total
Targeted Placements (new teachers for FY 2015-16)	58	65	123
Total teachers recruited	101	69	130
Total teachers placed	80	64	144
<i>Placed as Teacher of Record</i>	80	7	87
<i>Placed as Resident</i>	N/A	57	57
Total teachers recruited but not placed as of June 29, 2015	21	5	26

Please note that the TFA-Colorado program places all teachers as the “teacher of record” in the first year of the program and requires a two year commitment from recruits. In contrast, PEBC has placed the majority of recruits as “residents” in mentor teacher classrooms for the first year.

The PEBC participants will become teachers of record in the second year and have made a five year commitment to the program (including the residency year).

Statutory Authority: Section 22-94-102, C.R.S.

Request: The Department requests a continuation appropriation of \$3.0 million cash funds from the State Education Fund in FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request for FY 2016-17. Staff notes that both organizations fell somewhat short of the placements anticipated in the grant for FY 2014-15 but performance (at least as measured by the number of placements) improved for the second cohort placed for FY 2015-16. According to the original OMNI report, both organizations found rural placements to be particularly challenging and are working to improve their processes for rural placements. Over two years the program has, however, placed a total of roughly 265 teachers in schools and districts that have struggled to recruit teachers. Given the cost of recruiting and placing the teachers, staff recommends that the Committee consider both performance and retention information in evaluating the value of the program going forward. To date, the data available for both metrics is limited at best simply because of the recent implementation of the program as well as ongoing changes in systems used to measure educator effectiveness.

Educator Perception

The General Assembly added this line item to the FY 2014-15 Long Bill to provide \$100,000 General Fund to support the administration of the biennial Teaching, Empowering, Leading, and Learning (TELL) Survey which surveys school-based educators statewide to assess teaching conditions.

House Bill 08-1384 (Retention of Qualified Educators) authorized the Department to conduct a biennial survey of teaching and learning conditions. The goal of the bill and program is to survey every school-based licensed educator regarding their perceptions of teaching and learning conditions to provide insights for policy decisions at the school, local district, and state levels. The Department has worked with a variety of partners to administer the survey. According to the tellcolorado.org website, the Department has partnered with the New Teacher Center, the Colorado Association of School Boards (CASB), the Colorado Association of School Executives (CASE), the Colorado League of Charter Schools, the American Federation of Teachers (Colorado), and the Colorado Education Association. The Department is administering the survey for the fourth time in FY 2014-15, although previous administrations were largely supported by alternative fund sources. Because the survey is conducted every other year, the FY 2015-16 appropriation did not include funds to support the survey.

Statutory Authority: Section 22-2-503, C.R.S.

Request: The Department requests an appropriation of \$100,000 General Fund for FY 2016-17, equal to the FY 2014-15 appropriation (the last time the survey was conducted).

Recommendation: Staff recommends approving the request based on the assumption that the General Assembly intends to have the Department continue to conduct the survey on a biennial basis.

English Language Learners Technical Assistance

The General Assembly added this line item to the FY 2014-15 Long Bill to support additional technical assistance staff related to English language learners (ELLs). The line item supports staff providing technical assistance to local education providers to improve services for ELL students statewide.

Statutory Authority: Section 22-24-106, C.R.S.

Request: The Department requests a continuation appropriation of \$373,245 total funds (including \$321,448 General Fund and \$51,797 cash funds from the State Education Fund) and 5.0 FTE pursuant to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request. The Department has used these funds to provide a series of professional development opportunities in FY 2014-15 and FY 2015-16. The Department has worked to target the professional development opportunities based on the needs of school and district personnel to both improve understanding of requirements related to ELL services and deliver effective practices to support improved services. It is still too early to assess the impact of the additional technical assistance but staff will continue to work with the Department to evaluate progress going forward.

English Language Proficiency Act Excellence Awards Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Proficiency Act Excellence Award Program created in H.B. 14-1298 (School Finance). Created in Section 22-24-107, C.R.S., the program awards grants to local education providers and charter schools that achieve the highest growth and academic achievement for English language learners (ELLs) and the highest academic achievement for ELLs who transition out of the English Language Proficiency Program. In its first year (FY 2014-15), the program awarded grants to ten school districts and ten charter schools. For FY 2015-16, delays in the availability of assessment results, as well as an inability to calculate student growth due to the transition from TCAP to CMAS assessments, the Department has not yet identified award recipients for FY 2015-16. However, the Department intends to select ten school districts and ten charter schools again in FY 2015-16.

Statutory Authority: Section 22-24-107, C.R.S.

Request: The Department requests a continuation appropriation of \$500,000 cash funds from the State Education Fund for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. It is too early to assess the impact of the Excellence Awards Program based on a single cohort of recipients. However, the Department reports that additional schools and districts have contacted the Department seeking information on the selection criteria and the requirements to receive awards. Based on the anecdotal data available, the program may provide an additional incentive for schools and districts to seek out best practices that could improve achievement. The Department is currently compiling a report highlighting promising practices among successful districts and schools and expects to release the report by the end of March 2016.

English Language Learners Professional Development and Student Support Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298 (School Finance). House Bill 14-1298 repeals and reenacts the English Language Proficiency Act and creates the Professional Development and Student Support Program to allocate moneys to local education providers to offset costs incurred in complying with the English Language Proficiency Act. House Bill 14-1298 appropriates \$27.0 million to support the program in FY 2014-15. The program is created outside of the English Language Proficiency Program categorical program but distributes funds on a per pupil basis using the same calculation as the reenacted categorical program:

- 75 percent (\$20.25 million) for ELLs who do not comprehend or speak English or who comprehend and speak some English, but whose primary language is something other than English. With 104,723 students in this category in FY 2015-16, that equates to \$193.37 per pupil.
- 25 percent (\$6.75 million) for ELLs who comprehend and speak English, but whose proficiency is below acceptable levels. With 21,224 students in this category in FY 2015-16, that amount equates to \$318.04 per pupil.

Statutory Authority: Section 22-24-108, C.R.S.

Request: The Department requests a continuation appropriation of \$27.0 million cash funds from the State Education Fund for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. With only one complete year of implementation (FY 2014-15), the Department has been unable to evaluate the impact of the additional per pupil funding on services provided to ELL students. The transition from the TCAP assessments to the new statewide (CMAS) assessments has further complicated the Department's ability to measure growth among all students, including ELLs. However, given the legal obligations and persistent achievement gaps associated with ELL students, staff recommends maintaining funding for this program and hopes for an improved ability to evaluate the impact of the program going forward.

Advanced Placement Incentives Pilot Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Advanced Placement Incentives Pilot Program created in H.B. 14-1118 (Advanced Placement Incentives Pilot Program). The program is intended to expand access to advanced placement (AP) courses in rural schools, and particularly for low income students. Only school districts that the Department identifies as rural may participate, and the bill caps participation in the pilot program at 475 students. The bill specifies requirements for schools and districts to participate.

The program provides eligible local education providers \$500 per student that completes an AP course and takes the AP exam. Participating schools or districts may use the funds to: (1) implement school-wide or district-wide AP programs; (2) provide professional development to administrators regarding the content required in non-AP classes to help students prepare for success in AP courses; (3) pay AP exam fees for students participating in the federal school lunch program, provided the fees are not paid with other federal grant moneys; and (4) provide teachers and mentors of AP courses with bonus payments of \$50 for each student who completes and AP course and takes the corresponding exam (up to a maximum of \$2,000 per teacher per year).

Statutory Authority: Sections 22-95-101 through 104, C.R.S.

Request: The Department requests a continuation appropriation of \$260,931 cash funds from the State Education Fund and 0.3 FTE for FY 2016-17 according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which aligns with the Committee's common policies. The Department utilized nearly the entire appropriation in FY 2014-15 and anticipates doing so again in FY 2015-16. Based on the first year of implementation (FY 2014-15), the Department has provided promising results from the 15 school districts served that year, including the following changes relative to the prior year:

- A 17 percent increase in the number of students participating in AP courses;
- A 23 percent increase in the number of AP exams taken (meaning that an increasing percentage of students taking AP courses are also taking the exam);
- A 31 percent increase in AP exams passed; and
- A 35 percent increase in AP exams passed for Hispanic students.

According to the Department, three school districts began AP programs in 2015 as a result of the incentives. While the data do not allow for an inference of direct causation, the changes shown in the first year appear to be promising.

School Turnaround Leaders Development Program

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Turnaround Leaders Development Program created in S.B. 14-124 (School Turnaround Leaders Development Program). The program, first funded with \$2.0 million cash funds from the State Education Fund in FY 2014-15, requires the Department to contract with providers of high-

quality turnaround leadership development programs and award grants to school districts throughout the State to develop school leaders with the skills and competencies required to turn around low-performing schools.

Statutory Authority: Section 22-13-103, C.R.S.

Request: The Department requests a continuation appropriation of \$2,000,991 cash funds from the State Education Fund and 1.2 FTE for FY 2016-17 according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line items for FY 2016-17. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

English Language Proficiency Act Excellence Awards Fund

The FY 2014-15 appropriation (in H.B. 14-1298) included an appropriation of \$500,000 cash funds from the State Education Fund into the English Language Proficiency Act Excellence Awards Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund. However, S.B. 15-108 (Direct Appropriations for CDE Programs) eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary to support the English Language Proficiency Act Excellence Awards Program.

English Language Learners Professional Development and Student Support Fund

Similar to the English Language Proficiency Act Excellence Awards Fund (above), the FY 2014-15 appropriation (in H.B. 14-1298) included an appropriation of \$27.0 million cash funds from the State Education Fund into the English Language Learners Professional Development and Student Support Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund to support the program. However, S.B. 15-108 eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary.

School Turnaround Leaders Development Fund

Similar to the two previous line items, the FY 2014-15 appropriation (in S.B. 14-124) included an appropriation of \$2.0 million cash funds from the State Education Fund into the School Turnaround Leaders Development Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund to support the program. However, S.B. 15-108

eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary.

(V) Facility Schools

While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.¹⁷ In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.¹⁸
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide *average* per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide *statewide base per pupil funding* times 1.73 in an effort to increase funding for facility schools.

The General Assembly also created a Facility Schools Board to adopt curriculum standards, accountability measures, and graduation requirements for facility schools. This act also created the Facility Schools Unit within the Department of Education to perform the following tasks:

- develop and maintain a list of approved facility schools;
- make recommendations concerning curriculum standards and graduation standards;
- maintain information and records for students who receive educational services from approved facility schools; and
- communicate and collaborate with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

¹⁷ Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

¹⁸ Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

Facility Schools Unit and Facility Schools Board

This line item supports the Facility Schools Unit and Board. The Department is authorized to withhold up to 2.0 percent of the amount payable to each approved facility school to cover the costs of the unit and the Board. The reappropriated funds supporting this line item are transferred from the Facility School Funding line item (discussed below).

Statutory Authority: Sections 22-2-401 through 22-2-408, C.R.S.

Request: The Department requests a continuation appropriation of \$263,110 reappropriated funds and 3.0 FTE, pursuant to OSPB’s common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends an appropriation of \$317,665 reappropriated funds (reappropriated from the Facility School Funding line item) and 3.0 FTE. As discussed above (Staff Initiated Facility Schools Unit Adjustment), in addition to the annualization of FY 2015-16 salary survey and merit pay, the staff recommendation includes an increase of \$54,555 reappropriated funds to align with the statutory direction that the Department withhold 2.0 percent of the amount payable to each facility school to offset the costs of the Facility Schools Unit and the Facility Schools Board (see Section 22-2-408 (2), C.R.S.). The recommendation aligns the appropriation with that statutory direction. The following table summarizes the recommended changes from the FY 2015-16 appropriation.

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Facility Schools Unit and Facility Schools Board				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	<u>\$258,535</u>	<u>\$0</u>	<u>\$258,535</u>	<u>3.0</u>
TOTAL	\$258,535	\$0	\$258,535	3.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$258,535	\$0	\$258,535	3.0
Staff initiated facility schools unit adjustment	54,555	0	54,555	0.0
Annualize prior year budget actions	<u>4,575</u>	<u>0</u>	<u>4,575</u>	<u>0.0</u>
TOTAL	\$317,665	0	\$317,665	3.0
Increase/(Decrease)	\$59,130	\$0	\$59,130	0.0
Percentage Change	22.9%	0.0%	22.9%	0.0%
FY 2016-17 Executive Request:	\$263,110	\$0	\$263,110	3.0

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Facility Schools Unit and Facility Schools Board				
	Total Funds	General Fund	Reappropriated Funds	FTE
Request Above/(Below) Recommendation	(\$54,555)	0	(\$54,555)	0.0

Facility Schools Funding

This line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Prior to FY 2013-14, this provision authorized the payment of the state average per pupil revenue times 1.33. Senate Bill 13-260 changed the formula for facility school funding to provide the statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.

Statutory Authority: Section 22-54-129, C.R.S.

Request: The Department requests a continuation appropriation of \$16,794,666 cash funds from the State Education Fund, with no change from the FY 2015-16 appropriation.

Recommendation: There are currently 52 facility schools and two state programs that receive funding through this line item. These programs are allowed to receive reimbursement for each child in attendance for up to 235 days each year. Based on current law (as adjusted by S.B. 15-267), with statewide base per pupil funding at \$6,367.90, these programs will receive up to \$11,016.47 per child per year (\$6,367.90 X 1.73) for FY 2016-17 (or \$46.88 per student per school day). While the Mental Health Institutes and most facility schools provide year-round education programs; the Colorado School for the Deaf and the Blind and a few facility schools do not provide year-round educational programs. The following table provides an estimate of the amount of funding required for this line item for FY 2016-17, and the portions that will be transferred to other state agencies.

Facility School Funding: FY 2016-17	
Description	Updated Estimates
Projected Average Facility Schools FTE	1,485.0
Multiplied by: Statewide Base Per Pupil Funding for FY 2015-16 X 1.73	<u>\$11,016.47</u>
Total Estimated Facility School payments	16,359,453
Plus: Additional Funding (approximately 1.5 percent) to account for placement and attendance fluctuations	245,392
Recommendation for Facility School Funding line item	16,604,845
<u>Estimated portion of the above amount transferred to state agencies:</u>	
<i>Department of Education: Colorado School for the Deaf and the Blind</i>	1,575,894
<i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>	153,189

Facility schools are paid monthly for the number of students receiving educational services. Thus, unlike school districts, payments to facility schools fluctuate throughout the year based on

enrollment and attendance. Staff thus recommends providing an appropriation that is somewhat higher than the total estimated facility school payments, as calculated in the table above. If actual billings fall short of the appropriation, the unspent funds would remain in the State Education Fund.

Staff recommends appropriating \$16,604,845 for FY 2016-17. This amount represents a decrease of \$189,821 from the FY 2015-16 appropriation because the Department has reduced the anticipated pupil count for FY 2016-17, relative to the estimates used in the FY 2015-16 appropriation.

As in prior years, the staff recommendation leaves a cushion of about 1.5 percent to cover potential increases in the number of students placed in facility schools and school attendance fluctuations. Please note that because the facility school funding formula in Section 22-54-129, C.R.S., now uses statewide *base* per pupil funding as the basis of the formula, total funding for facility schools no longer changes based on adjustments to the school finance formula that do not affect base per pupil funding. Prior to FY 2013-14, if separate legislation changed statewide *average* per pupil funding, facility school funding changed as well. Those adjustments are no longer necessary.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding from this line item for educational programs.

- \$1,575,894 to the Colorado School for the Deaf and the Blind (CSDB), School Operations.
- \$153,189 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes, for the Mental Health Institute at Pueblo.

(VI) *Other Assistance*

Appropriated Sponsored Programs

This line item reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences, some grant funds, and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

Statutory Authority: Sections 22-2-117 and 22-30.5-101, C.R.S. Various federal statutes.

Request: The Department requests a continuation appropriation of \$281,611,760 (including \$2,702,223 cash funds, \$4,631,407 reappropriated funds, and \$274,278,130 federal funds) and 68.7 FTE. The request includes an increase of \$147,043 total funds to annualize FY 2015-16 salary survey and merit pay.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends approving the request, which is consistent with the Committee’s common policies. The following table shows the estimated components of the FY 2016-17 budget for Appropriated Sponsored Programs.

Appropriated Sponsored Programs: FY 2016-17 Estimates		
Distribution	Request and Staff Recommendation	
	Amount	FTE
<i>Cash Funds:</i>		
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0
J.P. Morgan Foundation	750,000	0.0
Kaiser Foundation	509,332	1.0
Allowance for Additional Grants	<u>632,891</u>	0.0
Subtotal: Cash Funds	\$2,702,223	1.0
<i>Reappropriated Funds:</i>		
Federal Child Care Block Grant Funds transferred from the Department of Human Services	<u>\$4,631,407</u>	<u>6.0</u>
Subtotal: Reappropriated Funds	\$4,631,407	6.0
<i>Federal Funds:</i>		
Title I Programs	\$207,397,525	27.7
Title II Programs	29,692,065	10.5
After School Learning Centers	12,502,652	5.0
Charter School Grants	10,465,179	4.0
Adult Education - WIA	7,041,872	8.0
Mathematics and Science Partnerships	2,205,159	1.0
Educate Homeless Children	880,554	1.3
Even Start	557,982	0.1
Byrd Scholarship Program	653,851	0.0
Coordinated School Health/ AIDS Prevention	72,969	2.1
Other	<u>2,808,321</u>	2.0
Subtotal: Federal Funds	\$274,278,130	61.7
Total	\$281,611,760	68.7

School Counselor Corps Grant Program

Established in 2008 [Section 22-91-101, *et seq.*, C.R.S.], this competitive grant program provides grants to school districts, boards of cooperative services, and charter schools to increase the availability of effective school-based counseling within middle and secondary schools. The stated goal of the program is to increase the state graduation rate and to increase the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. Subject to available appropriations, the State Board awards three-year grants based on statutory criteria¹⁹. The State Board is required to give priority to schools at which the dropout rate

¹⁹ These criteria include: the school’s dropout rate, the percentage of students eligible for free or reduced price lunch, the percentage of students who graduate and enroll in postsecondary education within two years after graduating high school, whether the applicant has adopted or has committed to adopt national

exceeds the statewide average and/or the percentage of students eligible for free and reduced lunch exceed the statewide average. The Department is authorized to expend up to 2.0 percent of moneys annually appropriated for the Program to offset the costs incurred in implementing the program. This program is subject to available appropriations.

A total of 90 schools received grants through the first grant cycle, which ended in FY 2010-11, and some of those schools received additional performance awards. The Department selected a total of 78 schools for grants in the second cycle, which began in FY 2011-12. The General Assembly increased the appropriation by \$3.0 million cash funds from the State Education Fund in FY 2014-15 (from \$5.0 million in FY 2013-14 to \$8.0 million in FY 2014-15). According to the Department, the additional funds provided in FY 2014-15 allowed the program to fund 12 additional districts, including 43 new (not previously funded) schools. For FY 2015-16, the General Assembly increased funding by an additional \$2.0 million cash funds from the State Education Fund (to a total of \$10.0 million). For FY 2015-16, the program is funding grants to 137 schools in 44 districts. The Department also reports that the additional \$2.0 million provided in FY 2015-16 has supported college and career readiness initiatives in 65 schools in 15 districts.

Statutory Authority: Section 22-91-101, et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$10,004,295 cash funds from the State Education Fund and 2.0 FTE according to OSPB's common policies (an increase of \$4,295 to annualize FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends an appropriation of \$10,000,000 cash funds from the State Education Fund and 2.0 FTE, with no change from the FY 2015-16 appropriation. Given the significant increases in funding in recent years, staff recommends maintaining the current appropriation, which would require the Department to absorb the annualization of salary survey and merit pay within the existing appropriation.

Staff notes that the Department made significant changes to the program for FY 2013-14, including: (1) providing limited funding for the first year of the grant to support planning; (2) requiring reporting at the end of the planning year and using that reporting to determine whether to continue funding; (3) eliminating repeat funding for individual schools; and (4) increasing annual reporting and accountability required of grant recipients. Staff continues to support the Department's changes to the program and believes the additional reporting information and oversight by the Department will allow for a more informed evaluation of the program in future years.

standards for school counselor responsibilities, and the likelihood that the recipient will continue to fund the increased level of school counseling services following the expiration of the grant.

BOCES Funding per Section 25-2-122, C.R.S.

The General Assembly created this program with an initial appropriation of \$1.3 million cash funds from the State Education Fund in H.B. 12-1345 to assist BOCES in working with partner districts to implement and meet the state's educational priorities. With the enactment of H.B. 14-1298 (School Finance), the General Assembly increased the appropriation by \$2.0 million (to a total of \$3.3 million) in FY 2014-15. The Department reports using funds to support the implementation of: educator effectiveness; accountability and improvement planning; standards and assessments; and early literacy efforts under H.B. 12-1238.

Statutory Authority: Section 25-2-122, C.R.S.

Request: The Department requests a continuation appropriation of \$3,308,255 cash funds from the State Education Fund and 1.0 FTE pursuant to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request.

Contingency Reserve Fund

Pursuant to Section 22-54-117 (1) and (4), C.R.S., the State Board is authorized to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

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

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

Statutory Authority: Section 22-54-117, C.R.S. (Please note that S.B.16-066, a JBC bill, would reinstate the Contingency Reserve Fund statutes.)

Request: The Department requests a continuation appropriation of \$1.0 million cash funds from the Contingency Reserve Fund for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request based on the assumption that S.B. 16-066 will be enacted prior to the passage of the FY 2016-17 Long Bill.

Supplemental On-Line Education Services

Pursuant to H.B. 06-1008 [Section 22-5-119, C.R.S.], this program provides funding to ensure that supplemental on-line courses are affordable for school districts, BOCES, and charter schools. This line item provides funding to the Mountain BOCES to contract with a supplemental on-line course provider to offer on-line courses at a cost of no more than \$200 per student per semester course. This is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund. Since FY 2007-08, the General Assembly has annually appropriated \$480,000 cash funds for this purpose. Beginning in FY 2015-16, the Mountain BOCES has changed providers for the Supplemental On-Line Education program, effective July 1, 2015. The Mountain BOCES is now contracting with two providers, Colorado Digital Learning Solutions and the Colorado Digital Board of Cooperative Educational Services (Digital BOCES)/eLearn Collaborative, to operate the program. The new contract is for a three year period (FY 2015-16 through FY 2017-18).

Statutory Authority: Section 22-5-119, C.R.S.

Request: The Department requests continuation funding of \$480,000 cash funds from the State Public School Fund for FY 2016-17.

Recommendation: Staff recommends approving the request. Federal mineral lease revenues (which are deposited into the State Public School Fund) that are not appropriated for this purpose could instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding. However, staff sees this

program model as a cost-effective way to ensure that schools – particularly rural school districts – are able to purchase on-line courses to supplement their course offerings and help students comply with higher education admission guidelines. Staff is aware of concerns with the prior operation of the program and supports the Mountain BOCES’s change in providers. Staff recommends that the General Assembly and the Department continue an increased level of oversight of this program.

Interstate Compact on Educational Opportunity for Military Children

Through H.B. 08-1317 [see Sections 22-90-101 and 24-60-3401, C.R.S.], the General Assembly approved and ratified and authorized the Governor to enter into the Interstate Compact on Educational Opportunity for Military Children on behalf of the State. This compact was developed by the Council of State Governments. The Military Interstate Children’s Compact Commission (MIC3) is a separate, non-profit entity based in Lexington, Kentucky. Colorado is currently one of 40 states that have adopted the Compact. Member states agree, as part of the Compact, to pay an annual assessment to cover the cost of the operations and activities of the Commission.

The Compact is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The Compact provides for uniform treatment of military children transferring between school districts and states. Specifically, the Compact addresses the following issues facing children of active duty service members, of members who die on active duty, and of veterans:

- *Enrollment* - educational records, immunizations, and kindergarten and 1st grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar courseware has been completed; flexibility in accepting state exit and end-of-course exams, national achievement tests, or alternative testing in lieu of graduation testing requirements; and allowing a student to receive a diploma from a sending school district

Statutory Authority: Sections 22-90-101 and 24-60-3401, C.R.S.

Request: The Department requests a continuation appropriation of \$22,826 cash funds from the State Education Fund in FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving an appropriation of \$20,619 cash funds from the State Education Fund for FY 2016-17. Commission staff indicate that the current assessment is \$1.00 per child of active duty military personnel who reside on a base in each member state. The number of children that is used as the basis for the assessment is determined by the Department of Defense. The Commission notifies member states in September of the assessment that will occur the following July. Commission staff indicate that Colorado’s assessment for the current fiscal year is \$22,826, and for FY 2016-17 has been established at \$20,619.

College and Career Readiness

The General Assembly added this line item to the FY 2014-15 Long Bill to provide additional technical assistance associated with college and career readiness reforms. Specifically, the Department requested of the creation of the line item to increase assistance related to individual career and academic plans (ICAPs), new statewide graduation guidelines, concurrent enrollment programs, and the implementation of school and district innovation status.

Statutory Authority: Section 22-2-136, C.R.S.

Request: The Department requests a continuation appropriation of \$181,145 General Fund and 2.0 FTE according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

COLORADO STUDENT LEADERS INSTITUTE (new line item recommended)

Senate Bill 15-290 (Colorado Student Leaders Institute) creates the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. The program will operate for four weeks each summer on the campus of an institution of higher education for FY 2015-16 through FY 2018-19. The bill creates an executive governing board for the institute, sets conditions for the board's composition and selection and sets minimum standards for program curriculum and activities. The bill limits participation to 100 students annually. The bill authorizes appropriations from the State Education Fund to support the program. The bill appropriates \$218,825 cash funds from the State Education Fund to the Department of Education for FY 2015-16 and reappropriates that amount to the Office of the Lieutenant Governor (along with 1.0 FTE) to operate the program.

Statutory Authority: Section 22-44.3-103, C.R.S.

Request: The Department is not requesting funding for this line item for FY 2015-16. The Department interpreted the appropriation clause in the bill as a one-time appropriation that would not continue in FY 2016-17.

Recommendation: Based on the requirement in S.B. 15-290 to support the program through FY 2018-19, and in alignment with the Final Legislative Council Staff Fiscal Note for the bill (dated July 20, 2015), staff recommends approving an appropriation of \$218,825 cash funds from the State Education Fund for FY 2016-17. Staff considers this a technical correction to the Department's request. Please note that the Office of the Governor is requesting reappropriated funds spending authority to support the program; without funding provided to this line item, there would be no money available to support the reappropriated funds in the Office of the Governor.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line item for FY 2016-17. However, the line item remains in the numbers pages at the end of this document because of funding provided in prior years.

Minority Teacher Study Strategy Report

House Bill 14-1175 (Minority K-12 Teachers Study) provided \$50,000 in one-time funding in FY 2014-15 for the Department to study and develop strategies to improve the recruitment, preparation, and retention of high quality minority teachers. The study was completed in 2014 and no funding is necessary.

(D) Indirect Cost Assessment

Indirect Cost Assessment

The General Assembly added this line item to the FY 2013-14 Long Bill to reflect indirect cost assessments for the various subdivisions and line items in the Assistance to Public Schools division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

Statutory Authority: Section 24-31-101 and 102, C.R.S.

Request: The Department requests a continuation appropriation to assess a total of \$2,529,155 in indirect costs to a variety of line items within the Assistance to Public Schools division for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends an appropriation of \$2,308,966 total funds based on updated calculations from the Department.

(3) Library Programs

Background Information: Public libraries are managed and operated locally based on revenues raised from local sources.²⁰ The State provides no direct state funding to libraries other than

²⁰ Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 114 public library jurisdictions with 252 public library buildings. The jurisdictions include two rural bookmobile services classified as separate jurisdictions. Local libraries are funded through property, sales, and specific ownership tax revenues, as well as grants, donations, and fine revenues. Most public library jurisdictions serve rural populations, with 84 percent (96 jurisdictions) serving populations under 50,000, and 42 percent (48 jurisdictions) serving fewer than 5,000 people. In addition to the typical items checked out, Colorado's libraries provide a variety of additional services, including: summer reading programs for children (99 percent); general computer skills training (73 percent); free Wi-Fi access (97 percent); and programs to assist with access and use of online government services (56 percent).

those provided through the State Grants to Publicly-Supported Libraries program and has no authority over public library operations. However, the Commissioner of Education is designated as the ex officio State Librarian, and the State Library is a division within the Department of Education. The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to promote and coordinate the sharing of resources and cooperative relationships among all Colorado libraries to reduce costs at the local level;
- to ensure equal access to information for all Coloradans;
- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

The State Library provides technical support, professional development, and resource sharing opportunities for publicly-supported libraries throughout the state. The State Library cooperatively manages the Colorado Virtual Library, a statewide, Internet-based library network that provides several services to Colorado residents:

- a statewide interlibrary loan system;
- Colorado Online Libraries - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- development of digital infrastructure for improved access to state and local digitized materials and other electronic resources.

The State Library also provides development services for public libraries, school libraries, and institutional libraries in adult and youth correctional facilities and state veterans hospitals. Services to public and school libraries include support of early literacy activities and Summer reading programs. The State Library also operates the State Publications Library (which provides free access to state government documents) and the Colorado Talking Book Library (which provides free materials to individuals who are unable to read standard print material). Finally, the State Library provides research and statistical information to support policy-making, budgeting, planning, and evaluation activities for libraries and library agencies at the local, regional, state, and federal levels.

The following table summarizes the staff recommendation for the Library Programs division.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Library Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$8,529,170</u>	<u>\$4,787,725</u>	<u>\$272,791</u>	<u>\$360,000</u>	<u>\$3,108,654</u>	<u>38.1</u>
TOTAL	\$8,529,170	\$4,787,725	\$272,791	\$360,000	\$3,108,654	38.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$8,529,170	\$4,787,725	\$272,791	\$360,000	\$3,108,654	38.1
Annualize prior year budget actions	<u>53,104</u>	<u>16,297</u>	<u>1,069</u>	<u>0</u>	<u>35,738</u>	<u>0.0</u>
TOTAL	\$8,582,274	\$4,804,022	\$273,860	\$360,000	\$3,144,392	38.1
Increase/(Decrease)	\$53,104	\$16,297	\$1,069	\$0	\$35,738	0.0
Percentage Change	0.6%	0.3%	0.4%	0.0%	1.1%	0.0%
FY 2016-17 Executive Request:	\$8,582,274	\$4,804,022	\$273,860	\$360,000	\$3,144,392	38.1
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS – LIBRARY PROGRAMS (NONE)

LINE ITEM DETAIL – LIBRARY PROGRAMS

Administration

This line item provides state funding and staff for the general administration of library programs and the provision of library services.

Statutory Authority: Section 24-90-105, C.R.S.

Request: The Department requests continuation level funding according to OSPB’s common policies, annualizing FY 2015-16 salary survey and merit pay. The FY 2016-17 request includes a total of \$1,076,732 and 14.3 FTE, consisting of \$822,872 General Fund and \$253,860 cash funds. The source of cash funds is grants and donations.²¹

Recommendation: Staff recommends approving an appropriation of \$1,077,426 total funds, which is consistent with the Committee’s common policies. The recommendation is \$694

²¹ Cash funds for this line item include interest earned on the Mary Jones Trust, which was established in 1981 with an initial donation of \$91,000. As of September 30, 2015, the balance in the Trust was approximately \$659,000. The Trust is intended to support Colorado Talking Book Library projects that have an impact on a large number of library patrons. Since 2002, interest earnings have been used to support staff positions.

General Fund above the request because staff has included funding to annualize salary survey and merit pay associated with the State Grants to Publicly-Supported Libraries Program (discussed below) in this line item because the FTE administering the program are shown in this (Administration) line item. The State Library effectively uses a relatively small amount of state funding to leverage federal funding, reduce public library costs, and ensure equal access to information for underserved and vulnerable populations.

Federal Library Funding

This line item reflects federal funding that is anticipated to be available for library programs, and the Department staff who are supported by such funds. The federal funds supporting this line item are shown in the Long Bill for informational purposes only.

Statutory Authority: 22 U.S.C. 72

Request: The Department requests continuation level funding of \$3,089,065 federal funds and 23.8 FTE according to OSPB's common policies (annualizing the FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies. As noted above, the appropriation is reflected in the Long Bill for informational purposes only.

Colorado Library Consortium

The Colorado Library Consortium is a statewide library cooperative that was formed as a successor to the seven regional library systems that existed prior to significant state funding reductions in 2003.²² The Consortium supports publicly-funded libraries statewide by:

- expediting the discovery, selection, and delivery of information and materials to library patrons (including courier services);
- administering a cooperative purchasing program (negotiating significant discounts on books and other library materials);
- providing and supporting learning opportunities for ongoing professional development to improve library services; and
- identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$2.0 million annual budget consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$682,000), AspenCat integrated library system fees (\$230,000), book recycling (\$40,000), continuing education fees (\$12,000), and other miscellaneous sources such as grants and cooperative projects. The number of materials transported on the statewide courier system has increased

²² The FY 2002-03 Long Bill included \$7.5 million General Fund support for library programs (other than state staff). The Governor vetoed appropriations totaling \$4.5 million, and these appropriations were further reduced in FY 2003-04 to \$359,796.

more than 50 percent since 2010, to nearly 3 million items annually. Participation in the union AspenCat catalog, serving primarily small, rural public and school libraries, has grown 163 percent since 2013, to 101 libraries, with more than 1.4 million items in the shared collection.

Statutory Authority: Section 24-90-105, C.R.S.

Request: The Department requests continuation level funding (\$1.0 million General Fund) for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. This appropriation ensures that the Consortium can offer public libraries a cooperative purchasing program and a statewide courier service at a reasonable cost, reducing public library expenses and facilitating resource sharing.

Colorado Virtual Library

Pursuant to Section 24-90-302 et seq., C.R.S., the State Librarian is responsible for providing electronic resources through libraries to all Colorado residents, to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases;
- digitized collections of Colorado resources;
- indexes and full text database products;
- an interlibrary loan system facilitating resource sharing throughout Colorado; and
- other services associated with providing computer-based library resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. This line item provides funding for ongoing operations, including contract technical staff for operations and programming, contract training and user support, annual hardware and software maintenance fees, leased space, database archiving services, backup tapes, and Internet connectivity.

Statutory Authority: Section 24-90-302, C.R.S.

Request: The Department requests continuation level funding of \$379,796 (including \$359,796 General Fund and \$20,000 cash funds) for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request.

Colorado Talking Book Library, Building Maintenance and Utility Expenses

Background Information: The Colorado Talking Book Library is part of a national library program providing Braille, audio, and large-print books for individuals of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the

federal Pratt Smoot Act in 1931. The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building.

The Library operates in a cost-effective manner. State funds currently support a portion of the operating expenses and some staff, the balance is supported through federal funds, The Friends of the Colorado Talking Book Library, and volunteers. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and some supplies, Braille and recorded books and magazines. The value the existing inventory of materials and equipment provided by NLS is valued at over \$8.1 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons.

Description. In addition to supporting a portion of the Talking Book Library staff and operating expenses (through the Administration line item), this appropriation covers the library's maintenance and utility expenses.

Statutory Authority: Section 24-90-105 (1) (e), C.R.S.

Request: The Department requests continuation level funding of \$70,660 General Fund in FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The Talking Book Library provides essential services for the blind and visually impaired, at relatively little cost to the State.

Reading Services for the Blind

Background Information: Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharge on each telephone access line to cover the following costs:

- the PUC's costs of developing, implementing, and administering telecommunications relay services (not to exceed 3.0 percent of the total costs);
- the cost to local exchange companies of imposing and collecting the surcharge; and
- the costs of providers rendering telecommunications relay services.

The PUC adjusts this surcharge annually, when necessary. Moneys collected by the local exchange companies are credited to the Colorado Disabled Telephone Users Fund. These moneys are currently authorized to be utilized by three different departments. Specifically, the

General Assembly is required to make the following annual appropriations from the Fund (FY 2015-16 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$1,516,956);
- to the Reading Services for the Blind Cash Fund, for use by the State Librarian in support of privately operated reading services for the blind (\$360,000); and
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$1,012,818).

Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding appropriations appear in the other relevant state agencies' budgets. Moneys in the Fund not used for the above purposes are continuously appropriated to the PUC for the reimbursement of providers who render telecommunications services (estimated to be \$1,900,542 in the FY 2015-16 Long Bill).

Description. This line item authorizes the Department of Education to spend moneys in the Reading Services for the Blind Cash Fund for the provision of reading services for the blind. The Department annually spends a portion of the funds to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The services provided by AINC are also made available through the internet, telephone, and podcasts. Prior to FY 2012-13, the General Assembly had allocated \$200,000 per year to the AINC. The FY 2012-13 Long Bill increased the AINC allocation to \$300,000, and the FY 2014-15 Long Bill added \$10,000 for a total of \$310,000 in FY 2014-15. The FY 2015-16 Long Bill appropriated an additional \$50,000 General Fund, for a total of \$360,000 in support for AINC in FY 2015-16.

The remaining \$50,000 is used to purchase 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, internet, and by email. Newsline services now include 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.

Statutory Authority: Section 24-90-105.5, C.R.S.

Request: The Department requests a continuation appropriation of \$410,000 total funds (including \$50,000 General Fund and \$360,000 cash funds) for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request based on the assumption that the General Assembly intends to continue to provide the current level of funding.

State Grants to Publicly-Supported Libraries Program

Background Information: Senate Bill 00-085 created the State Grants to Publicly-Supported Libraries Program to provide funds to enable public libraries, school libraries, and academic libraries to purchase educational resources that they would otherwise be unable to afford. The bill created the State Grants to Publicly-Supported Libraries Fund, which consists of any moneys appropriated by the General Assembly and any other moneys collected by the State Librarian for such purpose. Statute (Section 24-90-407 (2), C.R.S.) allows the Department to spend up to 2.5 percent of the appropriation to administer the program. Because of the structure in statute, the appropriation has historically consisted of two line items: one to appropriate General Fund into the cash fund and one providing spending authority from the cash fund. The enactment of S.B. 15-108 (Direct Appropriations for CDE Programs) eliminates the dual appropriation structure for this program, allowing for a direct appropriation from the General Fund to support the program.

The program operated for FY 2000-01 through FY 2001-02. The Governor vetoed the appropriations to the program for FY 2002-03, and the line items were unfunded from FY 2002-13 through FY 2012-13. The Committee reinstated the relevant line items for FY 2013-14 with an appropriation of \$2.0 million General Fund to the State Grants to Publicly-Supported Libraries Fund line item and \$2.0 million reappropriated funds for the State Grants to Publicly-Supported Libraries Program line item (discussed below). In FY 2015-16, the General Assembly appropriated an additional \$500,000 General Fund, for a total appropriation of \$2.5 million. As in FY 2014-15, the FY 2015-16 Long Bill includes a footnote indicating the General Assembly's intent that the funds be used to support efforts to improve early literacy. The program has awarded \$2,452,400 to 315 grantees statewide (representing 96.9 percent of 327 potential applicants) in FY 2015-16, with a base amount of \$3,500 per grantee (regardless of the size of the population served) and additional amounts on a per capita basis. The Department has used the additional \$500,000 provided in FY 2015-16 to increase the base amount for every grant recipient by \$500 (from \$3,000 in FY 2014-15 to \$3,500 in FY 2015-16).

The Department reports that grantees are using the funds to: launch new e-book resources for parents and families, create new collections for toddler story time, buy online resources, and enhance collections related to early childhood development and other topics associated with early literacy and educational materials.

Statutory Authority: Sections 24-90-401 through 408, C.R.S.

Request: The Department requests a continuation appropriation of \$2,500,694 General Fund according to OSPB's common policies (annualizing FY 2015-16 salary survey and merit pay).

Recommendation: Staff recommends a continuation appropriation of \$2,500,000 General Fund, with no change from the FY 2015-16 appropriation. As discussed above with the Administration line item, staff recommends reflecting the requested annualization of salary survey and merit pay within the Administration line item rather than this line item because the FTE supporting the program are not reflected in this line item. As a result, the staff recommendation for this line item is \$694 General Fund below the request.

Indirect Cost Assessment

Pursuant to the Committee’s common policy to improve the transparency of the treatment of indirect costs, the Committee created a new line item in FY 2013-14 to reflect indirect cost assessments associated with Library Programs. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

Statutory Authority: Section 24-31-101 and 102, C.R.S.

Request: The Department requests a continuation appropriation of \$55,327 federal funds, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The indirect cost assessment for Library Programs is fixed based on the federal grantor’s limitation on the amount of grant funding used for administration purposes. Thus, there will be no change from the FY 2015-16 appropriation.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line items for FY 2016-17. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

Broadband Technology Opportunities Program

The Colorado State Library received a \$2,275,526 federal Broadband Technology Opportunities Program (BTOP) grant from the Department of Commerce in FY 2010-11 to implement public computer centers in 81 underserved communities. The Department also received a matching grant of \$790,000 from the Bill and Melinda Gates Foundation (classified as cash funds for appropriations purposes). The Committee approved the creation of a new line item for FY 2010-11 to reflect the federal grant for informational purposes and to authorize the Department to spend the matching grant. The Department is spent the federal funds over a four year period (through FY 2013-14) and the funding is no longer available.

State Grants to Publicly –Supported Libraries Fund

Under the previous structure of the program, the General Assembly used this line item to appropriate General Fund into the program’s cash fund and then used the next line item to support the program (with reappropriated funds). As discussed above, the enactment of S.B. 15-108 allows for the direct appropriation of General Fund to support the program and eliminates the need for this line item.

(4) School for the Deaf and the Blind

Background Information. The Colorado School for the Deaf and the Blind (CSDB) is a state-funded school that was established for the purpose of providing comprehensive educational services for children under the age of twenty-two who are blind and/or deaf. Originally named the "Colorado Institute for the Education of Mutes", the School opened in a rented house in April 1874 with an appropriation from the Territorial Legislature. The student population rapidly outgrew the space available and in 1876 the School moved to its current campus, made possible with a donation of ten acres by the founder of the city of Colorado Springs. The CSDB received its initial accreditation from the Department of Education in 1961, and in 1977, the CSDB was transferred from the Department of Institutions to the Department of Education.

The CSDB currently occupies 18 buildings on 37 acres. Colorado students from the ages of birth through twenty-one are eligible to receive services either at or through the CSDB. Students enrolled at CSDB must have a documented hearing and/or vision loss and meet the enrollment criteria established by the Board of Trustees. Students may also be enrolled on a diagnostic basis in order to make an accurate determination of the student's eligibility status. A staffing team, including a CSDB staff member, the student's parents, and a local school district representative, determines if the CSDB is the appropriate learning environment based on the educational needs of the student. If a student's parents or legal guardians reside within Colorado and outside the El Paso County area, the student is eligible to participate in the residential living program during the week. There is no tuition for room and board. Out-of-state students are considered on a space available basis and are required to pay tuition.

In addition, pursuant to Section 22-80-102 (2), C.R.S., the CSDB is to "be a resource to school districts, state institutions, and other approved education programs." In this capacity, the CSDB is to provide the following services:

1. Assessment and identification of educational needs;
2. Special curricula;
3. Equipment and materials;
4. Supplemental related services;
5. Special short-term programs;
6. Program planning and staff development;
7. Programs for parents, families, and the public; and
8. Research and development to promote improved educational programs and services.

Enrollment. As summarized in the table below, the CSDB had an on-campus enrollment of 220 students (ages 3 to 21) in the 2014-15 school year, an increase of five students from the 2013-14 school year. The CSDB's total enrollment was 552 students for the 2014-15 school year, including 332 children under age three. That total enrollment included 453 deaf/hard of hearing children and 99 blind/visually impaired children. Compared to FY 2013-14, the CSDB's total enrollment increased by 48 students (9.5 percent). Of the total number of students receiving on-

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campus services, 81 resided at the CSDB (returning home on weekends) and the remaining 139 students only attended classes during the day.

Of the total number of students enrolled, 357 were infants, preschool students, attending classes part-time in local public schools, or in the community-based transition program, and were thus not eligible for per pupil funding. As a result, the CSDB only received per pupil revenue for 195 students. The CSDB indicates that the per pupil operating revenue covered about 10 percent of the average costs per student (including both residential and non-residential students).

Colorado School for the Deaf and the Blind: FY 2014-15 Enrollment						
Description	Children Under 3		On-campus Students		Total Enrollment	
	Number	Annual % Change	Number	Annual % Change	Number	Annual % Change
Deaf/ Hearing Impaired	301	17.6%	152	0.7%	453	11.3%
Blind/ Visually Impaired	31	-6.1%	68	-55.0%	99	-75.7%
Total Enrollment	332	14.9%	220	243.8%	552	469.1%
Number of Residential Students	0	0.0%	81	-62.3%	81	-83.9%
Number of FTE for Whom Facility School Funding is Received	0	0.0%	195	132.1%	195	132.1%
<i>Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts</i>	<i>0.0%</i>		<i>88.6%</i>		<i>35.3%</i>	

In addition, the CSDB provides in-home support services for eligible children under age five and their families across the state. The CSDB reports that these programs served 372 children and their families in FY 2014-15.

The following table summarizes the staff recommendation for the Colorado School for the Deaf and the Blind.

School for the Deaf and the Blind						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$15,977,583	\$11,248,976	\$1,075,000	\$3,653,607	\$0	179.1
TOTAL	\$15,977,583	\$11,248,976	\$1,075,000	\$3,653,607	\$0	179.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$15,977,583	\$11,248,976	\$1,075,000	\$3,653,607	\$0	179.1
R4 CSDB teacher salary adjustment	229,685	229,685	0	0	0	0.0
Annualize prior year budget actions	107,331	96,902	0	10,429	0	1.1

JBC Staff Figure Setting: FY 2016-17
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School for the Deaf and the Blind						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Centrally appropriated line item adjustments	472	472	0	0	0	0.0
Fund source adjustments	0	6,072	0	(6,072)	0	0.0
Other technical adjustments	(1,495)	0	0	(1,495)	0	0.0
TOTAL	\$16,313,576	\$11,582,107	\$1,075,000	\$3,656,469	\$0	180.2
Increase/(Decrease)	\$335,993	\$333,131	\$0	\$2,862	\$0	1.1
Percentage Change	2.1%	3.0%	0.0%	0.1%	0.0%	0.6%
FY 2016-17 Executive Request:	\$16,322,514	\$11,583,478	\$1,075,000	\$3,664,036	\$0	180.2
Request Above/(Below) Recommendation	\$8,938	\$1,371	\$0	\$7,567	\$0	0.0

DECISION ITEMS – SCHOOL FOR THE DEAF AND THE BLIND

➔ R4 CSDB teacher salary adjustment

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

Recommendation: Staff recommends approving the request, which aligns with current law requiring the CSDB to provide salary increases in accordance with the District 11 salary schedule.

Analysis: Section 22-80-106.5, C.R.S. (as amended by S.B. 14-168), requires that teachers employed by the CSDB be compensated “in accordance with the salary schedule adopted pursuant to section 22-63-401, as of January 1 of the preceding fiscal year by resolution of the board of education of the school district within the boundaries of which the main campus of the school is located and with the salary policies that the board of trustees adopts to implement the salary schedule.” The FY 2015-16 appropriation for the CSDB includes \$102,391 to support: (1) \$26,800 to support an ongoing 1.0 percent across-the-board salary increase; (2) \$61,961 to support experience increases (steps); and (3) \$13,630 for educational increments.

In FY 2015-16, District 11 is providing a one-time (non-recurring) 4.0 percent across-the-board salary increase. District 11 has also revised the teacher salary schedule for FY 2015-16,

including increasing pay for first-year teachers and placing all existing teachers on the revised salary schedule. Because salary increases at CSDB lag the increases in District 11 by one year (pursuant to statute), the CSDB is requesting funding (\$101,697 General Fund) for the one-time increase in FY 2016-17. The CSDB is also requesting an additional \$127,988 General Fund as the amount necessary to place the school’s teachers on the revised District 11 salary schedule. The following table summarizes the components of the CSDB request.

Proposed FY 2016-17 CSDB Teacher Salary Increases	
Component	FY 2016-17 Amount (General Fund)
Placement of Teachers on Revised District 11 Salary Schedule	\$127,988
One-time Across-the-board 4.0 Percent Increase	<u>101,697</u>
Total	\$229,685

As discussed at the Department’s hearings with the Committee in December 2013 and December 2014, the CSDB has emphasized that maintaining competitive salaries is critical to ongoing efforts to recruit and retain qualified staff, particularly given a national shortage of the specialized teachers required at the CSDB. The CSDB requires highly specialized teachers and must be able to recruit both inside and outside Colorado. Staff agrees that competitive salaries are important to the school’s ability to recruit and retain qualified teachers. Staff recommends approving the request.

LINE ITEM DETAIL – SCHOOL FOR THE DEAF AND THE BLIND

(A) School Operations

Personal Services

This line item provides funding for most School employees and for certain professional and temporary services.

Statutory Authority: Section 22-80-101.5 et seq., C.R.S.

Request: The Department requests a total of \$10,574,192 and 153.1 FTE, including \$8,957,226 General Fund and \$1,616,966 reappropriated funds. The request includes the following changes from the FY 2015-16 appropriation:

- An increase of \$229,685 General Fund associated with request R4 (CSDB Teacher Salary Adjustment, discussed above);
- An increase of \$91,244 General Fund to annualize FY 2015-16 salary survey and merit pay adjustments for classified employees; and
- An increase of \$62,316 total funds (including \$56,244 General Fund and \$6,072 reappropriated funds) to annualize FY 2015-16 request R5 (CSDB Strategic Plan Implementation).

JBC Staff Figure Setting: FY 2016-17
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Recommendation: Staff recommends an appropriation of \$10,568,120 total funds (including \$8,957,226 General Fund) and 153.1 FTE for FY 2016-17. The recommendation includes the requested increases associated with R4 (CSDB Teacher Salary Adjustment, discussed above) and the increase to annualize FY 2015-16 salary survey and merit pay. The recommendation is \$6,072 reappropriated funds below the request based on a technical correction to the Department’s proposed annualization of FY 2015-16 request R5 (CSDB Strategic Plan Implementation). Staff notes that the General Assembly provided significant additional funding in FY 2015-16 as part of the decision item to improve implementation of the CSDB Strategic Plan, including resources to support a 10-day extension of the CSDB school year. Given that FY 2015-16 is the first year of implementation of the decision item, it is clearly too early to assess potential change in performance at the school. The school, and the JBC staff, will continue to monitor implementation and changes in performance going forward.

The following table shows the components of the staff recommendation relative to the FY 2015-16 appropriation.

School for the Deaf and the Blind, School Operations, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$10,190,967</u>	<u>\$8,580,073</u>	<u>\$0</u>	<u>\$1,610,894</u>	<u>\$0</u>	<u>152.0</u>
TOTAL	\$10,190,967	\$8,580,073	\$0	\$1,610,894	\$0	152.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$10,190,967	\$8,580,073	\$0	\$1,610,894	\$0	152.0
R4 CSDB teacher salary adjustment	229,685	229,685	0	0	0	0.0
Annualize prior year budget actions	147,468	141,396	0	6,072	0	1.1
Fund source adjustments	<u>0</u>	<u>6,072</u>	<u>0</u>	<u>(6,072)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,568,120	\$8,957,226	\$0	\$1,610,894	\$0	153.1
Increase/(Decrease)	\$377,153	\$377,153	\$0	\$0	\$0	1.1
Percentage Change	3.7%	4.4%	0.0%	0.0%	0.0%	0.7%
FY 2016-17 Executive Request:	\$10,574,192	\$8,957,226	\$0	\$1,616,966	\$0	153.1
Request Above/(Below) Recommendation	\$6,072	\$0	\$0	\$6,072	\$0	0.0

Funding Sources. Prior to FY 2008-09, CSDB students were included in the pupil count of each student’s home school district, and the Department transferred the statewide average per pupil operating revenue from the State Share of Districts’ Total Program Funding line item to the CSDB for each eligible enrolled student. The CSDB now receives funds transferred from the Facility School Funding line item. Specifically, pursuant to the changes made in S.B. 13-260

(and discussed above in the Facility Schools section of this document) the CSDB receives statewide base per pupil funding times 1.73 to cover the costs of facilities that provide year-round educational services. This amount is translated into a daily rate, and the CSDB receives a daily rate for each child in attendance for up to 235 days each school year (with a 10-day extension to the CSDB school year approved by the General Assembly, the CSDB currently operates on a 184-day calendar).

Staff’s calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

Projected FY 2016-17 Facility Schools Funding for CSDB	
Projected statewide base per pupil funding (based on current law)	\$6,367.90
Facility school funding for year-round educational programs (1.73 x base PPR)	\$11,016.47
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$46.88
Estimated student-days billed by CSDB (average daily attendance (182.69 projected) x 184 instructional days)	33,615
Projected Transfer to CSDB (Daily rate x Student-days)	\$1,575,894

CSDB Personal Services - Funding Splits	
Total Recommended Funding	\$10,568,120
Less: Estimated Transfer from the Facility Schools Funding Line item	(1,610,894)
Less: Federal Nutritional Funds transferred from the Appropriated Sponsored Programs line item	<u>(35,000)</u>
General Fund portion of appropriation	\$8,957,226

Early Intervention Services

Since April 2001, the "Colorado Home Intervention Program" (called "CHIP") has been operating within the CSDB. This program was first started with federal grants in 1969, and it operated within the Colorado Department of Public Health and Environment from 1975 through March 2001. This home-based, family-centered early intervention program serves hearing impaired children (ages zero to three), and their parents. The program involves a facilitator: working with the child to develop language skills; providing parents with information and counseling to identify strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use of early literacy strategies, thereby easing the child's transition into public school.

Statutory Authority: Section 22-80-102 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$1,226,824 General Fund and 10.0 FTE pursuant to OSPB's common policies, including annualizing the FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

Shift Differential

This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second or "swing" shift and 10.0 percent for third or "graveyard" shift). This Department uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

Statutory Authority: Section 24-50-104 (1) (a), C.R.S.

Request: The Department requests \$110,489 General Fund pursuant to OSPB's common policy to provide 100.0 percent of the prior year actual expenditures for shift differential.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

Operating Expenses

This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay²³, custodial services, equipment rental, storage, dues and subscriptions, and printing.

Statutory Authority: Section 22-80-101.5 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$668,291 General Fund for FY 2016-17. The request includes a reduction of \$56,698 General Fund to annualize FY 2015-16 R5 (CSDB Strategic Plan Implementation).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for

²³ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 14 vehicles²⁴ that are all utilized at the CSDB.

Statutory Authority: Section 24-30-1104 (2), C.R.S.

Request: The Department requests an appropriation of \$18,068 General Fund pursuant to OSPB's common policies.

Recommendation: Staff recommends approving an appropriation of \$16,697 General Fund, consistent with the Committee's common policy for vehicle lease payments.

Utilities

This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

Statutory Authority: Section 22-80-101.5 et seq., C.R.S.

Request: The Department requests a continuation appropriation of \$602,580 General Fund, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. The Committee increased funding for the CSDB's utility expenses by \$27,550 in FY 2014-15 (through the supplemental process) and an additional \$20,220 in the FY 2015-16 Long Bill based on increasing utility costs at the school. The Department's estimates indicate that the requested appropriation should be sufficient for FY 2016-17.

Allocation of State and Federal Categorical Program Funding

The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent years the CSDB has received allocations related to the English language proficiency program, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). These moneys are transferred from the various line items in the Assistance to Public Schools, Categorical Programs section of the Long Bill.

Statutory Authority: Section 22-20-103 et seq., C.R.S. (Special Education for Children with Disabilities).

Request: The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE, with no change from the FY 2015-16 appropriation.

²⁴ Currently, these vehicles include: seven vans, three sedans, two buses, and two trucks.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies. The disbursements of categorical funding are based on the CSDB's annual student count and, as a result, fluctuate some from year to year. The recommendation is intended to allow the CSDB to receive and spend all categorical funding for which it is eligible. The continuation level of funding is appropriate.

Medicaid Reimbursements for Public School Health Services

Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. Section 25.5-5-318 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

- (a) special education services for children with disabilities;
- (b) the Colorado preschool program; or
- (c) the School Finance Act.

Based on this provision, the CSDB has used the additional federal Medicaid moneys available to increase special education services to its students (e.g., providing an additional day of occupational or physical therapy, in accordance with a student's individual education program).

Statutory Authority: Section 22-80-102 (5), C.R.S.

Request: The Department requests a continuation appropriation of \$403,244 reappropriated funds and 1.5 FTE pursuant to OSPB's common policies, including annualization of FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policies. The recommendation is intended to allow the CSDB to receive and spend all of the Medicaid funding for which it is eligible.

(B) Special Purpose

Fees and Conferences

This line item provides spending authority for the Department to spend fees charged and received for various conferences or meetings held at the CSDB. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". This appropriation allows the CSDB to host conferences that benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. These fees offset additional custodial, maintenance, and security costs incurred. The CSDB also collects

other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado.

Statutory Authority: Section 22-80-102, C.R.S.

Request: The Department requests a continuation appropriation of \$120,000 cash funds for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. Staff recommends maintaining the appropriation at its current level despite the low levels of expenditures in recent years, as the recommendation is intended to allow the Department to receive and spend any fees earned.

Outreach Services

The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of students' educational needs; special curricula; equipment and materials; supplemental related services; special short-term programs; program planning and staff development; programs for parents, families and the public; and research and development to promote improved educational programs and services. The reappropriated funds portion of this appropriation represents federal funds transferred from school districts for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting CSDB enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often, the districts themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.
- CSDB employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In FY 2009-10, this line item was increased by \$755,836 cash funds and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The outreach services include technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. In FY 2015-16, the General Assembly added an additional 0.8 FTE associated with FY 2015-16 R5 (CSDB Strategic Plan Implementation). The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

Statutory Authority: Section 22-80-102, C.R.S.

Request: The Department requests a continuation appropriation of \$1,026,495 (including \$755,000 cash funds and \$271,495 reappropriated funds) and 6.2 FTE pursuant to OSPB's common polices, including annualization of the FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$1,025,000 (including \$755,000 cash funds and \$270,000 reappropriated funds) and 6.2 FTE. The program's expenditures have been well below the appropriated spending authority in recent years, and staff recommends maintaining the current (round number) appropriation of \$1,025,000 because the increased spending authority to annualize salary survey and merit pay does not appear to be necessary.

Tuition from Out-of-state Students

The CSDB is statutorily authorized to admit students from other states "...upon payment to the superintendent of such a sum quarterly as the board of trustees determines, to be not less than the total cost per capita of the students for the year immediately preceding the year in which the application is made." [see Section 22-80-110, C.R.S.] The CSDB is not allowed to admit a student from another state, however, to the exclusion of any Colorado resident. Tuition payments are generally used for curriculum, technology, and dorm furniture.

Historically, the CSDB has admitted students from Wyoming who cannot be appropriately served in their home school district. Wyoming does not have a state school to serve children who are deaf and/or blind. Prior to FY 2007-08, the CSDB required Wyoming to pay their students' tuition using federal funds (available under the federal *Individuals with Disabilities Education Act*), which were treated as cash funds but are not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state, rather than federal funds. This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child.

Statutory Authority: Section 22-80-110, C.R.S.

Request: The Department requests a continuation appropriation of \$200,000 cash funds spending authority for FY 2016-17, with no change from the FY 2015-16 appropriation.

Recommendation: Staff recommends approving the request. Although the appropriation has not been necessary in recent years, staff recommends continuing the appropriation at its current level to allow the CSDB to serve any students deemed appropriate, which benefits both the student and the CSDB. The CSDB will only be able to spend funds actually received as tuition from out-of-state students.

Grants

This line item provides spending authority for the CSDB to receive various grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are appropriated through separate line items.

Statutory Authority: Section 22-80-102, C.R.S.

Request: The Department requests a continuation appropriation of \$1,202,331 reappropriated funds spending authority and 9.0 FTE pursuant to OSBP's common policies, including annualization of FY 2015-16 salary survey and merit pay.

Recommendation: Staff recommends a continuation appropriation of \$1,200,000 reappropriated funds and 9.0 FTE. The program's expenditures have been well below the appropriated spending authority in recent years, and staff recommends maintaining the current (round number) appropriation of \$1,200,000 because the increased spending authority to annualize salary survey and merit pay is not necessary.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff recommends **continuing** the following footnotes, with modifications in struck type and small caps:

- 6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – Pursuant to Section 22-35-108 (2) (a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for ~~FY 2015-16~~ FY 2016-17. It is the intent of the General Assembly that the Department of Education be authorized to utilize up to ~~\$3,679,676~~ \$3,737,250 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 550 FTE participants funded at a rate of ~~\$6,690~~ \$6,795 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Comment: House Bill 19-1319²⁵ created the ASCENT Program for students who voluntarily extend their high school education beyond 12th grade in order to attend college courses (“fifth year” students). The stated objectives of the program include: (1) increasing the percentage of students who participate in higher education, especially among low-income and traditionally under-served populations; (2) decreasing the number of high school dropouts; (3) decreasing the time required for a student to complete a postsecondary degree; (4) reducing state expenditures for public education; and (5) increasing the number of educational pathways available to students.

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

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

In order to inform the General Assembly of the level of interest in the ASCENT Program, on September 1 local education providers submit an estimate of the number of current

²⁵ See Section 22-35-108, C.R.S.

grade 12 seniors who will seek designation as ASCENT Program participants in the following fiscal year. The Department reports this data as part of its annual budget request. The Department has also requested that districts update ASCENT Program estimates in February, and the Department provides the updated estimates to the Joint Budget Committee. Ultimately, statute charges the State Board of Education with determining how many qualified students may be designated as ASCENT participants for the following school year, based on available appropriations and guidelines established by the State Board.

In the current year, a total of 444 FTE students are participating in the ASCENT Program. Based on historic use of the program, including in the current year, the Department expects 550 slots to be sufficient in FY 2016-17. In addition, please note that the enactment of S.B. 15-138 makes more funding available for ASCENT participants in FY 2016-17. That bill allows participating school districts to use funding for unused slots from the current year to support ASCENT slots in the following year. As a result, school districts have until the end of this fiscal year to encumber any funds associated with unused slots in FY 2015-16 to provide ASCENT slots in FY 2016-17, and that funding is in addition to the amounts assumed in the FY 2016-17 appropriation. Participating districts must remit any FY 2015-16 ASCENT funds remaining unencumbered by the end of the fiscal year to the Department. The Department will credit such funds to the State Public School Fund.

- 6a Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance; Capital Construction; Public School Capital Construction Assistance Board – Cash Grants – This appropriation remains available until the completion of the project or the close of ~~FY 2017-18~~ FY 2018-19, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Public School Capital Construction Assistance Fund.

Comment: The General Assembly added this footnote to the FY 2015-16 Long Bill to allow the Department to spend cash grants provided through the B.E.S.T. Program over a three-year period in order to allow for project completion.

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

Comment: This General Assembly has included this footnote in the Long Bill for several years to express the intent of the appropriation. The Department annually spends a portion of the appropriation (specified at \$360,000 in FY 2015-16 and in the

recommendation for FY 2016-17) to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHz. AINC is working through cable associations with the cities to expand local coverage. The services provided by AINC are also made available through the internet, telephone, and podcasts.

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

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

Comment: The General Assembly restored this line item and added this footnote to the Long Bill in FY 2013-14. Assuming that the footnote still reflects the General Assembly's intent for the line item, staff recommends continuing the footnote.

Staff recommends **discontinuing** the following footnotes:

- 5 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – It is the intent of the General Assembly that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year 2015-16, 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: Section 22-54-104 (5) (c) (III) (A), C.R.S., requires the Legislative Council Staff 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 study conducted in FY 2015-16 will impact funding requirements for FY 2016-17 and FY 2017-18. The statute does not call for a study in FY 2016-17 and the footnote is not needed for the FY 2016-17 Long Bill.

REQUESTS FOR INFORMATION

Staff recommends **continuing** the following requests for information, with modifications in struck type and small caps:

- 2 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. -- The Department of Education is requested to work with the Department of Higher Education 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 programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2014-15~~ 2015-16 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year ~~2013-14~~ 2014-15 and actual district expenditures for each program in fiscal year ~~2013-14~~ 2014-15. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2013-14~~ 2014-15 and actual district expenditures in fiscal year ~~2013-14~~ 2014-15.

Comment: This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs.

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- The Department is requested to provide to the Joint Budget Committee, on or before November 1, ~~2015~~ 2016, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2014-15~~ 2015-16: (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 are attributable to the Program.

Comment: Funding for the Colorado Preschool Program (CPP) is included in the State Share of Districts' Total Program Funding line item. This request provides the Joint Budget Committee with data related to CPP, including the costs of the program, how many existing slots are being used to serve three-year-old children or to provide a full

day of preschool to an individual child, and the adequacy of the number of authorized slots.

- 2 Department of **Education, Assistance to Public Schools, Grant Programs and Other Distributions** -- The Department is requested to provide information to the Joint Budget Committee by November 1, ~~2015~~ 2016, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal years ~~2013-14~~ 2014-15 and ~~2014-15~~ 2015-16.

Comment: This request ensures that the Joint Budget Committee receives information about a distribution of state funds that occurs off-budget. Specifically, 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 above language requests data for both FY 2014-15 and FY 2015-16.

Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Education annually calculates two separate indirect cost rates, one affecting federal funds and another for cash funds. The Department’s indirect cost methodology is based on three components: an “*Indirect Cost Pool*”, an “*Indirect Cost Base*”, and an “*Indirect Cost Rate*”.

The Department calculates and negotiates the federal indirect cost rate with the U.S. Department of Education (USDE). The Department calculates the federal rate based on the most recent year of actual expenditures. For example, actual expenditures from FY 2013-14 are the basis of the FY 2015-16 federal indirect rate. In a change from prior years, the Department has negotiated a three-year fixed federal indirect cost rate with USDE. The negotiated rate of 9.9 percent, which was based on an onsite audit by the USDE, will apply for FY 2015-16 through FY 2017-18. The Department calculates the federal rate as the indirect cost pool divided by the indirect cost base (as illustrated in the tables below) but must negotiate the final rate with USDE. Prior to FY 2015-16, this was an annual negotiation.

The Department bases the cash fund indirect cost rate on the approved federal rate, with some modifications. For example, the USDE prohibits the collection of indirect costs from contracts over \$25,000. For the cash fund rate, the Department adds the USDE exclusions back into the indirect cost pool to arrive at the cash fund indirect cost rate. The Department primarily applies the cash fund rate to the Educator Licensure Cash Fund but also applies the rate to private gifts, grants, and donations. Similar to the federal rate, the Department has now set a fixed cash fund rate of 11.5 percent for cash fund indirect cost recoveries for FY 2015-16 through FY 2017-18.

The *Indirect Cost Pool* is comprised of expenses in the Management and Administration Division, including expenses associated with the following line items: General Department and Program Administration, Health, Life, and Dental, Short-term Disability, S.B. 04-257 Amortization Equalization Disbursement, S.B. 06-235 Supplemental Amortization Equalization Disbursement, and Payment to Risk Management and Property Funds. The Department categorizes the indirect cost pool differently, however, based on the costs actually included in the pool for calculation purposes. **Table 1** (on the following page) outlines which *costs* are included in the department’s Indirect Cost Pool.

Table 1		
Department of Education Indirect Cost Pool		
Division	Cost Description	FY 2013-14 Actual
Statewide Indirect Costs		\$589,922
Management and Administration		
	Human Resources	\$230,410
	Accounting and Purchasing	926,480
	Department Overhead	603,737
	Sick and Annual Leave Payouts	369,532
	Budget	397,599
	Information Management	1,449,617
Total Departmental Indirect Cost Pool		\$3,977,375
Other Costs		
	Depreciation	\$168,456
	State Auditor	176,603
	Carryforward undercollections from FY 2012-13	237,005
Total Other Costs		\$582,064
Total Indirect Cost Pool		\$5,149,361

The *Indirect Cost Base* is the denominator in the calculation of the federal indirect cost rate. The indirect cost base consists of Departmental salaries, fringe benefits, and operating expenses. The federal calculation excludes the items for which the USDE prohibits indirect cost collections and excludes departmental indirect costs. **Table 2** summarizes the department’s indirect cost base.

Table 2	
Department of Education Indirect Cost Base	
	FY 2013-14 Actual
CDE salaries, fringe benefits, operating expenses	\$90,740,058
Less: Expenditures Excluded by USDE	(41,055,997)
Less: Departmental Indirect Costs	(3,977,375)
Total Indirect Cost Base	\$45,706,686

The federal *indirect cost rate* is calculated by dividing the indirect cost pool by the indirect cost base. **Table 3** illustrates how the Department calculates the federal indirect cost rate. However,

as discussed above, the Department and USDE have negotiated a three-year rate of 9.9 percent (which is roughly 1.3 percent below the calculated rate).

Table 3	
Department of Education Indirect Cost Rate	
Federal Rate = Indirect Cost Pool / Direct Cost Base	
Division	FY 2013-14 Actual
Indirect Cost Pool	\$5,149,361
Divided by the Indirect Cost Base	45,706,686
Federal Indirect Cost Rate	11.27%

The Department applies the federal indirect cost rate to all federally funded expenditures for salaries, fringe benefits, operating expenses, and travel costs. The USDE prohibits charging indirect costs to federal funds supporting contracts in excess of \$25,000, grant distributions to school districts and other recipients, and capital expenditures in excess of \$5,000. In addition, some federal programs impose indirect cost limits. For example, the Library Service and Technology Act (LSTA) grant limits indirect cost recoveries to 4 percent, regardless of the negotiated indirect cost rate for other federal funds.

The Department also does not charge indirect costs to General Fund expenditures, some cash funded expenditures (most importantly those supported by the State Education Fund), or reappropriated fund expenditures.

FY 2016-17 Indirect Cost Assessment Request

For FY 2016-17 the Department’s November 1, 2015, request includes a total of \$3,201,673 for indirect cost assessments. This amount is less than the (fixed) Indirect Cost Pool of \$5,149,361 in large part because of the exclusions required by USDE. *Table 4* shows the FY 2016-17 Department indirect cost assessment based on the most current data available from the Department. Please note that the assessment amounts in the table vary slightly from the November 1 budget request. The Department’s November 1 budget request did not adjust the indirect cost assessment line items for FY 2016-17. The following data represents the Department’s current estimates for FY 2016-17.

Table 4				
Department Indirect Cost Assessment Request				
Division	Total	CF	RF	FF
Management and Administration	\$549,469	\$321,464	\$0	\$228,005
Assistance to Public Schools	2,308,966	25,000	55,571	2,228,395
Library Programs	55,327		0	55,327
Total FY 2016-17 Request	\$2,913,762	\$346,464	\$55,571	\$2,511,727

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Table 4				
Department Indirect Cost Assessment Request				
Division	Total	CF	RF	FF
Management and Administration	\$617,191	\$355,325	\$0	\$261,866
Assistance to Public Schools	2,529,155	25,000	55,571	2,448,584
Library Programs	55,327		0	55,327
Total FY 2015-16 Appropriation	\$3,201,673	\$380,325	\$55,571	\$2,765,777
Difference (FY 17 - FY 16)	(\$287,911)	(\$33,861)	\$0	(\$254,050)

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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DEPARTMENT OF EDUCATION
Richard Crandall, Commissioner

(1) MANAGEMENT AND ADMINISTRATION

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

(A) Administration and Centrally-Appropriated Line Items

State Board of Education	<u>290,566</u>	<u>296,962</u>	<u>307,789</u>	<u>311,194</u>	<u>311,194</u>
FTE	2.0	1.8	2.0	2.0	2.0
General Fund	290,566	296,962	307,789	311,194	311,194
General Department and Program Administration	<u>3,630,448</u>	<u>3,919,761</u>	<u>4,199,880</u>	<u>4,252,945</u>	<u>4,252,945</u>
FTE	33.4	34.4	34.6	34.6	34.6
General Fund	1,589,218	1,715,092	1,763,782	1,792,171	1,792,171
Cash Funds	167,868	140,033	175,090	177,081	177,081
Reappropriated Funds	1,873,362	2,064,636	2,261,008	2,283,693	2,283,693
Office of Professional Services	<u>2,475,697</u>	<u>2,624,258</u>	<u>2,723,133</u>	<u>2,757,793</u>	<u>2,212,518</u>
FTE	23.3	24.8	25.0	25.0	25.0
Cash Funds	2,475,697	2,624,258	2,723,133	2,757,793	2,212,518

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Division of On-line Learning	<u>317,360</u>	<u>389,585</u>	<u>352,273</u>	<u>359,549</u>	<u>359,549</u>
FTE	2.5	3.3	3.3	3.3	3.3
General Fund	0	46,027	0	0	0
Cash Funds	317,360	343,558	352,273	359,549	359,549
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Health, Life, and Dental	<u>3,946,296</u>	<u>3,559,982</u>	<u>4,740,929</u>	<u>4,834,978</u>	<u>4,834,978</u>
General Fund	1,658,677	1,429,754	1,700,148	1,802,970	1,802,970
Cash Funds	231,526	193,063	565,607	653,174	653,174
Reappropriated Funds	469,931	284,788	508,433	429,949	429,949
Federal Funds	1,586,162	1,652,377	1,966,741	1,948,885	1,948,885
Short-term Disability	<u>63,088</u>	<u>74,195</u>	<u>88,638</u>	<u>77,458</u>	<u>77,458</u> *
General Fund	22,532	24,969	27,057	25,329	25,329
Cash Funds	2,152	3,851	11,949	11,387	11,387
Reappropriated Funds	7,763	6,412	9,944	8,124	8,124
Federal Funds	30,641	38,963	39,688	32,618	32,618
S.B. 04-257 Amortization Equalization					
Disbursement	<u>1,339,263</u>	<u>1,521,739</u>	<u>1,897,700</u>	<u>2,054,352</u>	<u>2,054,352</u> *
General Fund	465,616	514,962	581,811	675,152	675,152
Cash Funds	88,715	78,899	255,387	301,250	301,250
Reappropriated Funds	145,774	130,841	212,557	214,983	214,983
Federal Funds	639,158	797,037	847,945	862,967	862,967

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>1,044,791</u>	<u>1,426,627</u>	<u>1,833,003</u>	<u>2,032,954</u>	<u>2,032,954</u> *
General Fund	418,860	482,812	561,976	668,120	668,120
Cash Funds	48,913	73,967	246,680	298,112	298,112
Reappropriated Funds	0	122,626	205,310	212,744	212,744
Federal Funds	577,018	747,222	819,037	853,978	853,978
Salary Survey	<u>735,578</u>	<u>1,054,844</u>	<u>468,386</u>	<u>6,591</u>	<u>6,591</u>
General Fund	220,235	368,711	140,890	6,591	6,591
Cash Funds	70,526	48,653	63,546	0	0
Reappropriated Funds	0	92,103	52,885	0	0
Federal Funds	444,817	545,377	211,065	0	0
Merit Pay	<u>394,216</u>	<u>353,938</u>	<u>428,311</u>	<u>0</u>	<u>0</u>
General Fund	87,546	119,477	129,831	0	0
Cash Funds	40,248	18,611	59,326	0	0
Reappropriated Funds	0	31,124	49,810	0	0
Federal Funds	266,422	184,726	189,344	0	0
Workers' Compensation	<u>630,906</u>	<u>383,251</u>	<u>435,201</u>	<u>544,098</u>	<u>506,964</u> *
General Fund	241,762	242,122	166,333	207,989	193,794
Cash Funds	60,466	63,335	38,082	70,226	65,432
Reappropriated Funds	70,912	77,794	53,443	46,272	43,115
Federal Funds	257,766	0	177,343	219,611	204,623
Legal Services	<u>398,293</u>	<u>594,818</u>	<u>576,806</u>	<u>583,726</u>	<u>583,726</u>
General Fund	187,967	262,271	264,318	267,489	267,489
Cash Funds	193,871	324,119	293,486	297,235	297,235
Reappropriated Funds	16,455	8,428	19,002	19,002	19,002

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Administrative Law Judge Services	<u>78,573</u>	<u>154,350</u>	<u>177,671</u>	<u>220,863</u>	<u>224,252</u> *
Cash Funds	65,011	128,406	147,004	171,918	185,545
Reappropriated Funds	13,562	25,944	30,667	48,945	38,707
Payment to Risk Management and Property Funds	<u>92,314</u>	<u>75,598</u>	<u>79,031</u>	<u>112,609</u>	<u>108,806</u>
General Fund	92,314	75,598	79,031	112,609	108,806
Leased Space	<u>0</u>	<u>0</u>	<u>1,018,956</u>	<u>1,018,956</u>	<u>918,507</u>
General Fund	0	0	86,643	86,643	63,222
Cash Funds	0	0	217,184	217,184	168,459
Reappropriated Funds	0	0	24,135	24,135	20,213
Federal Funds	0	0	690,994	690,994	666,613
Capitol Complex Leased Space	<u>673,113</u>	<u>523,254</u>	<u>749,258</u>	<u>706,357</u>	<u>723,654</u>
General Fund	117,167	81,599	165,536	155,339	159,143
Cash Funds	69,937	64,691	89,545	81,216	83,204
Reappropriated Funds	113,485	102,924	125,859	112,656	115,415
Federal Funds	372,524	274,040	368,318	357,146	365,892
Reprinting and Distributing Laws Concerning Education	<u>32,520</u>	<u>30,082</u>	<u>35,480</u>	<u>35,480</u>	<u>35,480</u>
Cash Funds	32,520	30,082	35,480	35,480	35,480
SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items	16,143,022	16,983,244	20,112,445	19,909,903	19,243,928
<i>FTE</i>	<u>61.2</u>	<u>64.3</u>	<u>64.9</u>	<u>64.9</u>	<u>64.9</u>
General Fund	5,392,460	5,660,356	5,975,145	6,111,596	6,073,981
Cash Funds	3,864,810	4,135,526	5,273,772	5,431,605	4,848,426
Reappropriated Funds	2,711,244	2,947,620	3,553,053	3,400,503	3,385,945
Federal Funds	4,174,508	4,239,742	5,310,475	4,966,199	4,935,576

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(B) Information Technology					
Information Technology Services	<u>3,116,328</u>	<u>3,325,026</u>	<u>4,010,932</u>	<u>4,051,818</u>	<u>4,051,818</u>
FTE	17.9	20.4	28.2	28.2	28.2
General Fund	2,492,009	3,200,497	3,384,893	3,425,355	3,425,355
Cash Funds	0	0	0	0	0
Reappropriated Funds	624,319	124,529	626,039	626,463	626,463
Federal Funds	0	0	0	0	0
CORE Operations	<u>197,914</u>	<u>256,674</u>	<u>207,706</u>	<u>288,258</u>	<u>282,536</u>
General Fund	61,100	94,769	78,863	109,451	107,278
Cash Funds	89,496	31,248	26,004	36,090	35,374
Reappropriated Funds	47,318	82,760	29,012	142,717	139,884
Federal Funds	0	47,897	73,827	0	0
Information Technology Asset Maintenance	<u>303,439</u>	<u>2,284,180</u>	<u>862,146</u>	<u>862,146</u>	<u>862,146</u>
General Fund	303,439	2,284,180	862,146	862,146	862,146
Disaster Recovery	<u>15,498</u>	<u>15,466</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>
General Fund	15,498	15,466	19,722	19,722	19,722
Payments to OIT	<u>0</u>	<u>630,337</u>	<u>734,984</u>	<u>414,858</u>	<u>414,858</u> *
General Fund	0	630,337	359,423	176,762	176,762
Cash Funds	0	0	0	73,975	73,975
Reappropriated Funds	0	0	375,561	164,121	164,121
Purchase of Services from Computer Center	<u>175,252</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	175,252	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Multiuse Network Payments	<u>266,324</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	266,324	0	0	0	0
Information Technology Security	<u>4,658</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	4,658	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (B) Information Technology	4,079,413	6,511,683	5,835,490	5,636,802	5,631,080
FTE	<u>17.9</u>	<u>20.4</u>	<u>28.2</u>	<u>28.2</u>	<u>28.2</u>
General Fund	3,318,280	6,225,249	4,705,047	4,593,436	4,591,263
Cash Funds	89,496	31,248	26,004	110,065	109,349
Reappropriated Funds	671,637	207,289	1,030,612	933,301	930,468
Federal Funds	0	47,897	73,827	0	0

(C) Assessments and Data Analyses

Colorado Student Assessment Program	<u>28,950,144</u>	<u>27,719,932</u>	<u>34,837,639</u>	<u>34,879,845</u>	<u>33,112,688</u>
FTE	17.1	13.7	11.8	11.8	11.8
General Fund	0	0	0	0	0
Cash Funds	23,347,003	21,975,949	26,882,161	26,893,066	26,229,332
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,603,141	5,743,983	7,955,478	7,986,779	6,883,356
Federal Grant for State Assessments and Related Activities	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>
FTE	5.7	5.7	5.7	5.7	5.7
Federal Funds	2,247,224	2,247,224	2,247,224	2,247,224	2,247,224

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Longitudinal Analyses of Student Assessment Results	<u>4,003,875</u>	<u>552,944</u>	<u>694,399</u>	<u>691,277</u>	<u>691,277</u>
FTE	4.3	2.7	3.7	3.6	3.6
General Fund	261,657	367,419	396,399	393,277	393,277
Cash Funds	0	185,525	298,000	298,000	298,000
Federal Funds	3,742,218	0	0	0	0
Basic Skills Placement or Assessment Tests	<u>17,461</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	17,461	0	50,000	50,000	50,000
Preschool to Postsecondary Education Alignment	<u>504,591</u>	<u>673,018</u>	<u>593,741</u>	<u>594,753</u>	<u>630,153</u>
FTE	3.8	4.4	3.6	3.5	4.0
General Fund	0	93,913	7,232	0	35,400
Cash Funds	504,591	579,105	586,509	594,753	594,753
Educator Effectiveness Unit Administration	<u>455,600</u>	<u>547,543</u>	<u>1,423,128</u>	<u>1,865,610</u>	<u>1,865,610</u>
FTE	3.7	4.7	8.9	12.5	12.5
General Fund	376,072	432,718	1,297,166	1,736,357	1,736,357
Cash Funds	79,528	114,825	125,962	129,253	129,253
Educator Effectiveness Implementation	<u>7,493,661</u>	<u>8,253,294</u>	<u>2,091,696</u>	<u>2,107,714</u>	<u>1,200,000</u>
FTE	12.1	16.5	8.5	8.5	4.0
Cash Funds	200,000	3,650,011	0	0	0
Federal Funds	7,293,661	4,603,283	2,091,696	2,107,714	1,200,000
Accountability and Improvement Planning	<u>1,246,722</u>	<u>1,676,936</u>	<u>1,768,313</u>	<u>1,732,237</u>	<u>1,732,237</u>
FTE	10.3	3.7	11.4	11.4	11.4
General Fund	696,390	1,110,552	1,217,981	1,181,905	1,181,905
Federal Funds	550,332	566,384	550,332	550,332	550,332

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (C) Assessments and Data					
Analyses	44,919,278	41,670,891	43,706,140	44,168,660	41,529,189
<i>FTE</i>	<u>57.0</u>	<u>51.4</u>	<u>53.6</u>	<u>57.0</u>	<u>53.0</u>
General Fund	1,334,119	2,004,602	2,918,778	3,311,539	3,346,939
Cash Funds	24,148,583	26,505,415	27,942,632	27,965,072	27,301,338
Reappropriated Funds	0	0	0	0	0
Federal Funds	19,436,576	13,160,874	12,844,730	12,892,049	10,880,912

(D) State Charter School Institute

State Charter School Institute Administration, Oversight, and Management	<u>2,431,866</u>	<u>2,619,649</u>	<u>2,831,760</u>	<u>2,831,760</u>	<u>2,831,760</u>
FTE	9.6	11.5	11.7	11.7	11.7
Reappropriated Funds	2,431,866	2,619,649	2,831,760	2,831,760	2,831,760
Institute Charter School Assistance Fund	<u>681,689</u>	<u>967,409</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>
Cash Funds	681,689	967,409	460,000	460,000	460,000
Other Transfers to Institute Charter Schools	<u>3,632,867</u>	<u>6,457,773</u>	<u>3,622,979</u>	<u>3,622,979</u>	<u>6,500,000</u>
Cash Funds	0	2,834,794	0	0	0
Reappropriated Funds	3,632,867	3,622,979	3,622,979	3,622,979	6,500,000
Transfer of Federal Moneys to Institute Charter Schools	<u>8,001,838</u>	<u>7,583,203</u>	<u>6,330,000</u>	<u>6,330,000</u>	<u>7,600,000</u>
FTE	5.1	4.3	4.5	4.5	4.5
Reappropriated Funds	8,001,838	6,327,460	6,330,000	6,330,000	7,600,000
Federal Funds	0	1,255,743	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>198,895</u>	<u>214,782</u>	<u>224,791</u>	<u>227,505</u>	<u>227,505</u>
FTE	1.3	1.4	1.6	1.6	1.6
Reappropriated Funds	198,895	214,782	224,791	227,505	227,505
SUBTOTAL - (D) State Charter School Institute	14,947,155	17,842,816	13,469,530	13,472,244	17,619,265
FTE	<u>16.0</u>	<u>17.2</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
Cash Funds	681,689	3,802,203	460,000	460,000	460,000
Reappropriated Funds	14,265,466	12,784,870	13,009,530	13,012,244	17,159,265
Federal Funds	0	1,255,743	0	0	0

(E) Indirect Cost Assessment

Indirect Cost Assessment	<u>0</u>	<u>528,192</u>	<u>617,191</u>	<u>617,191</u>	<u>549,469</u>
General Fund	0	0	0	0	0
Cash Funds	0	301,950	355,325	355,325	321,464
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	226,242	261,866	261,866	228,005
SUBTOTAL - (E) Indirect Cost Assessment	0	528,192	617,191	617,191	549,469
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0	0
Cash Funds	0	301,950	355,325	355,325	321,464
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	226,242	261,866	261,866	228,005

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
TOTAL - (1) Management and Administration	80,088,868	83,536,826	83,740,796	83,804,800	84,572,931
<i>FTE</i>	<u>152.1</u>	<u>153.3</u>	<u>164.5</u>	<u>167.9</u>	<u>163.9</u>
General Fund	10,044,859	13,890,207	13,598,970	14,016,571	14,012,183
Cash Funds	28,784,578	34,776,342	34,057,733	34,322,067	33,040,577
Reappropriated Funds	17,648,347	15,939,779	17,593,195	17,346,048	21,475,678
Federal Funds	23,611,084	18,930,498	18,490,898	18,120,114	16,044,493

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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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	<u>1,445,456</u>	<u>1,601,548</u>	<u>1,668,768</u>	<u>1,776,557</u>	<u>1,776,557</u> *
FTE	15.9	16.7	17.9	17.9	17.9
Cash Funds	20,369	84,266	81,760	83,329	155,354
Reappropriated Funds	1,425,087	1,517,282	1,587,008	1,693,228	1,621,203
State Share of Districts' Total Program Funding	<u>3,587,877,316</u>	<u>3,950,612,483</u>	<u>3,979,778,973</u>	<u>4,097,560,955</u>	<u>4,115,002,841</u> *
General Fund	2,985,087,939	3,184,047,461	2,451,170,707	2,607,477,567	2,724,871,251
General Fund Exempt	0	0	848,124,468	848,124,468	848,124,468
Cash Funds	602,789,377	766,565,022	680,483,798	641,958,920	542,007,122
Federal Funds	0	0	0	0	0
Hold-harmless Full-day Kindergarten Funding	<u>7,075,686</u>	<u>7,471,409</u>	<u>7,806,468</u>	<u>7,894,561</u>	<u>7,922,486</u> *
Cash Funds	7,075,686	7,471,409	7,806,468	7,894,561	7,922,486
District Per Pupil Reimbursements for Juveniles					
Held in Jail	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Cash Funds	0	0	25,000	25,000	25,000
At-risk Supplemental Aid	<u>3,839,627</u>	<u>4,858,813</u>	<u>5,094,358</u>	<u>5,094,358</u>	<u>5,094,358</u>
Cash Funds	3,839,627	4,858,813	5,094,358	5,094,358	5,094,358
At-risk Per Pupil Additional Funding	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Cash Funds	0	0	5,000,000	5,000,000	5,000,000

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Small Rural Districts Additional Funding	0	0	10,000,000	0	0
Cash Funds	0	0	10,000,000	0	0
SUBTOTAL - (A) Public School Finance	3,600,238,085	3,964,544,253	4,009,373,567	4,117,351,431	4,134,821,242
FTE	<u>15.9</u>	<u>16.7</u>	<u>17.9</u>	<u>17.9</u>	<u>17.9</u>
General Fund	2,985,087,939	3,184,047,461	2,451,170,707	2,607,477,567	2,724,871,251
General Fund Exempt	0	0	848,124,468	848,124,468	848,124,468
Cash Funds	613,725,059	778,979,510	708,491,384	660,056,168	560,204,320
Reappropriated Funds	1,425,087	1,517,282	1,587,008	1,693,228	1,621,203
Federal Funds	0	0	0	0	0

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	<u>322,999,263</u>	<u>319,534,626</u>	<u>320,610,816</u>	<u>323,145,861</u>	<u>322,663,964</u> *
FTE	87.1	79.5	63.0	63.0	63.0
General Fund	71,572,346	71,572,347	71,572,347	71,572,347	71,572,347
Cash Funds	85,649,061	89,409,439	93,663,058	96,047,472	95,565,575
Reappropriated Funds	101,812	0	104,043	104,043	104,043
Federal Funds	165,676,044	158,552,840	155,271,368	155,421,999	155,421,999
English Language Proficiency Program	<u>24,030,894</u>	<u>26,297,835</u>	<u>29,377,407</u>	<u>30,187,038</u>	<u>30,024,205</u> *
FTE	3.5	2.6	4.6	4.6	4.6
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	12,138,442	13,637,547	15,041,326	15,847,019	15,684,186
Federal Funds	8,790,854	9,558,690	11,234,483	11,238,421	11,238,421

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (I) District Programs Required by					
Statute	347,030,157	345,832,461	349,988,223	353,332,899	352,688,169
<i>FTE</i>	<u>90.6</u>	<u>82.1</u>	<u>67.6</u>	<u>67.6</u>	<u>67.6</u>
General Fund	74,673,944	74,673,945	74,673,945	74,673,945	74,673,945
Cash Funds	97,787,503	103,046,986	108,704,384	111,894,491	111,249,761
Reappropriated Funds	101,812	0	104,043	104,043	104,043
Federal Funds	174,466,898	168,111,530	166,505,851	166,660,420	166,660,420
(II) Other Categorical Programs					
Public School Transportation	<u>54,472,193</u>	<u>55,779,222</u>	<u>56,047,261</u>	<u>56,780,467</u>	<u>56,657,903</u> *
<i>FTE</i>	1.8	2.0	2.0	2.0	2.0
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	17,549,966	18,856,995	19,125,034	19,858,240	19,735,676
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education					
	<u>24,528,307</u>	<u>24,983,788</u>	<u>25,436,648</u>	<u>25,714,326</u>	<u>25,639,363</u> *
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	6,735,457	7,190,938	7,643,798	7,921,476	7,846,513
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Education Programs for Gifted and Talented Children					
	<u>9,559,025</u>	<u>11,860,181</u>	<u>12,095,065</u>	<u>12,191,099</u>	<u>12,169,325</u> *
<i>FTE</i>	0.8	2.7	1.5	1.5	1.5
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	4,059,025	6,360,181	6,595,065	6,691,099	6,669,325

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Expelled and At-risk Student Services Grant					
Program	<u>7,468,360</u>	<u>7,482,984</u>	<u>7,493,560</u>	<u>7,495,796</u>	<u>7,493,560</u>
FTE	1.0	1.1	1.0	1.0	1.0
General Fund	5,788,728	5,788,151	5,788,807	5,788,807	5,788,807
Cash Funds	1,679,632	1,694,833	1,704,753	1,706,989	1,704,753
Small Attendance Center Aid	<u>959,379</u>	<u>959,379</u>	<u>1,076,550</u>	<u>1,076,550</u>	<u>1,076,550</u>
General Fund	787,645	787,645	787,645	787,645	787,645
Cash Funds	171,734	171,734	288,905	288,905	288,905
Comprehensive Health Education	<u>931,363</u>	<u>1,004,978</u>	<u>1,005,396</u>	<u>1,010,215</u>	<u>1,005,396</u>
FTE	1.0	1.3	1.0	1.0	1.0
General Fund	300,000	300,000	300,000	300,000	300,000
Cash Funds	631,363	704,978	705,396	710,215	705,396
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (II) Other Categorical Programs	97,918,627	102,070,532	103,154,480	104,268,453	104,042,097
FTE	<u>4.6</u>	<u>7.1</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
General Fund	67,091,450	67,090,873	67,091,529	67,091,529	67,091,529
Cash Funds	30,827,177	34,979,659	36,062,951	37,176,924	36,950,568
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (B) Categorical Programs	444,948,784	447,902,993	453,142,703	457,601,352	456,730,266
<i>FTE</i>	<u>95.2</u>	<u>89.2</u>	<u>73.1</u>	<u>73.1</u>	<u>73.1</u>
General Fund	141,765,394	141,764,818	141,765,474	141,765,474	141,765,474
Cash Funds	128,614,680	138,026,645	144,767,335	149,071,415	148,200,329
Reappropriated Funds	101,812	0	104,043	104,043	104,043
Federal Funds	174,466,898	168,111,530	166,505,851	166,660,420	166,660,420

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs	<u>177,384,975</u>	<u>185,903,606</u>	<u>156,527,414</u>	<u>156,554,412</u>	<u>156,554,412</u>
FTE	12.8	14.4	9.0	9.0	9.0
General Fund	81,611	84,282	86,907	88,564	88,564
Federal Funds	177,303,364	185,819,324	156,440,507	156,465,848	156,465,848
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	2,472,644
Child Nutrition School Lunch Protection Program	<u>730,321</u>	<u>1,514,617</u>	<u>1,661,258</u>	<u>1,661,258</u>	<u>1,661,258</u>
General Fund	0	664,764	811,258	811,258	811,258
Cash Funds	730,321	849,853	850,000	850,000	850,000
Start Smart Nutrition Program Fund	<u>800,000</u>	<u>1,097,983</u>	<u>1,370,721</u>	<u>1,370,721</u>	<u>700,000</u>
General Fund	800,000	1,097,983	1,370,721	1,370,721	700,000
Start Smart Nutrition Program	<u>852,045</u>	<u>964,516</u>	<u>1,422,998</u>	<u>1,422,998</u>	<u>1,100,000</u>
Cash Funds	81,667	39,000	52,509	52,509	400,000
Reappropriated Funds	770,378	925,516	1,370,489	1,370,489	700,000

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Breakfast After the Bell	0	<u>14,340,446</u>	<u>29,412,780</u>	<u>29,412,780</u>	<u>29,412,780</u>
FTE	0.0	0.3	0.3	0.3	0.3
General Fund	0	22,643	23,524	23,524	23,524
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	14,317,803	29,389,256	29,389,256	29,389,256
S.B. 97-101 Public School Health Services	<u>143,721</u>	<u>160,335</u>	<u>152,341</u>	<u>154,654</u>	<u>154,008</u>
FTE	1.4	1.5	1.4	1.4	1.4
Reappropriated Funds	143,721	0	152,341	154,654	154,008
Federal Funds	0	160,335	0	0	0
School Health Professionals Grant Program	0	<u>2,407,056</u>	<u>2,280,444</u>	<u>2,280,833</u>	<u>2,280,833</u>
FTE	0.0	1.0	1.0	1.0	1.0
Cash Funds	0	2,407,056	2,280,444	2,280,833	2,280,833
School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Program	0	<u>183,631</u>	<u>65,000</u>	<u>65,000</u>	0
FTE	0.0	0.3	0.3	0.3	0.0
Cash Funds	0	183,631	65,000	65,000	0
Reappropriated Funds	0	0	0	0	0
SUBTOTAL - (I) Health and Nutrition	182,383,706	209,044,834	195,365,600	195,395,300	194,335,935
FTE	<u>14.2</u>	<u>17.5</u>	<u>12.0</u>	<u>12.0</u>	<u>11.7</u>
General Fund	881,611	1,869,672	2,292,410	2,294,067	1,623,346
Cash Funds	3,284,632	5,952,184	5,720,597	5,720,986	6,003,477
Reappropriated Funds	914,099	925,516	1,522,830	1,525,143	854,008
Federal Funds	177,303,364	200,297,462	185,829,763	185,855,104	185,855,104

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(II) Capital Construction					
Division of Public School Capital Construction					
Assistance	<u>679,030</u>	<u>725,917</u>	<u>1,392,473</u>	<u>1,485,190</u>	<u>1,382,625</u>
FTE	6.7	6.7	15.0	15.0	15.0
Cash Funds	679,030	725,917	1,392,473	1,485,190	1,382,625
Public School Capital Construction Assistance					
Board - Lease Payments	<u>47,886,054</u>	<u>54,484,817</u>	<u>65,000,000</u>	<u>65,000,000</u>	<u>65,000,000</u>
Cash Funds	47,886,054	54,484,817	65,000,000	65,000,000	65,000,000
Public School Capital Construction Assistance					
Board - Cash Grants	<u>0</u>	<u>461,345</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>70,000,000</u>
Cash Funds	0	461,345	50,000,000	50,000,000	70,000,000
Financial Assistance Priority Assessment					
Cash Funds	<u>27,000</u>	<u>28,500</u>	<u>2,750,000</u>	<u>50,000</u>	<u>200,000</u>
Cash Funds	27,000	28,500	2,750,000	50,000	200,000
State Aid for Charter School Facilities					
Cash Funds	<u>6,999,120</u>	<u>13,500,000</u>	<u>22,000,000</u>	<u>22,000,000</u>	<u>25,000,000</u>
Cash Funds	6,999,120	13,500,000	22,000,000	22,000,000	25,000,000
SUBTOTAL - (II) Capital Construction	55,591,204	69,200,579	141,142,473	138,535,190	161,582,625
FTE	<u>6.7</u>	<u>6.7</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Cash Funds	55,591,204	69,200,579	141,142,473	138,535,190	161,582,625
(III) Reading and Literacy					
Early Literacy Competitive Grant Program	<u>5,096,166</u>	<u>4,989,760</u>	<u>5,185,705</u>	<u>5,197,604</u>	<u>5,197,604</u>
FTE	6.8	8.3	8.0	8.0	8.0
Cash Funds	5,096,166	4,989,760	5,185,705	5,197,604	5,197,604

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Early Literacy Program Per Pupil Intervention					
Funding	<u>15,433,938</u>	<u>33,123,766</u>	<u>33,242,424</u>	<u>33,242,424</u>	<u>33,242,424</u>
FTE	0.0	1.0	1.0	1.0	1.0
Cash Funds	15,433,938	33,123,766	33,242,424	33,242,424	33,242,424
Early Literacy Assessment Tool Program	<u>0</u>	<u>2,678,996</u>	<u>2,795,767</u>	<u>2,795,767</u>	<u>2,791,604</u>
Cash Funds	0	2,678,996	2,795,767	2,795,767	2,791,604
Adult Education and Literacy Grant Program	<u>0</u>	<u>949,197</u>	<u>960,000</u>	<u>961,444</u>	<u>961,444</u>
FTE	0.0	0.6	1.0	1.0	1.0
General Fund	0	0	960,000	961,444	961,444
Reappropriated Funds	0	949,197	0	0	0
Adult Education and Literacy Grant Fund	<u>0</u>	<u>960,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	960,000	0	0	0
SUBTOTAL - (III) Reading and Literacy	20,530,104	42,701,719	42,183,896	42,197,239	42,193,076
FTE	<u>6.8</u>	<u>9.9</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
General Fund	0	960,000	960,000	961,444	961,444
Cash Funds	20,530,104	40,792,522	41,223,896	41,235,795	41,231,632
Reappropriated Funds	0	949,197	0	0	0
(IV) Professional Development and Instructional Support					
Content Specialists	<u>433,724</u>	<u>463,571</u>	<u>460,698</u>	<u>469,900</u>	<u>469,900</u>
FTE	4.0	3.9	5.0	5.0	5.0
Cash Funds	433,724	463,571	460,698	469,900	469,900

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
School Bullying Prevention and Education Cash Fund	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
General Fund	0	0	2,000,000	0	0
Cash Funds	0	0	0	2,000,000	2,000,000
Student Re-engagement Grant Program Fund	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>
General Fund	0	0	2,000,000	0	0
Office of Dropout Prevention and Student Reengagement	<u>2,700,000</u>	<u>549,915</u>	<u>2,117,578</u>	<u>2,117,578</u>	<u>2,117,578</u>
FTE	2.3	3.2	0.9	0.9	0.9
Cash Funds	0	0	0	2,000,000	2,000,000
Reappropriated Funds	0	0	2,000,000	0	0
Federal Funds	2,700,000	549,915	117,578	117,578	117,578
Stipends for Nationally Board Certified Teachers	<u>1,113,525</u>	<u>1,228,288</u>	<u>1,580,800</u>	<u>1,580,800</u>	<u>1,384,000</u>
Cash Funds	1,113,525	1,228,288	1,580,800	1,580,800	1,384,000
Quality Teacher Recruitment Program	<u>2,958,572</u>	<u>2,820,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Cash Funds	2,958,572	2,820,000	3,000,000	3,000,000	3,000,000
Educator Perception	<u>0</u>	<u>91,000</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
General Fund	0	91,000	0	100,000	100,000
English Language Learners Technical Assistance	<u>0</u>	<u>251,070</u>	<u>366,235</u>	<u>373,245</u>	<u>373,245</u>
FTE	0.0	2.2	5.0	5.0	5.0
General Fund	0	229,425	315,359	321,448	321,448
Cash Funds	0	21,645	50,876	51,797	51,797

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
English Language Proficiency Act Excellence Awards Program	<u>0</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Cash Funds	0	0	500,000	500,000	500,000
Reappropriated Funds	0	500,000	0	0	0
English Language Learners Professional Development and Student Support Program	<u>0</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>
Cash Funds	0	0	27,000,000	27,000,000	27,000,000
Reappropriated Funds	0	27,000,000	0	0	0
Advanced Placement Incentives Pilot Program	<u>0</u>	<u>260,312</u>	<u>260,519</u>	<u>260,931</u>	<u>260,931</u>
FTE	0.0	0.0	0.3	0.3	0.3
Cash Funds	0	260,312	260,519	260,931	260,931
School Turnaround Leaders Development Program	<u>0</u>	<u>1,986,663</u>	<u>2,000,000</u>	<u>2,000,991</u>	<u>2,000,991</u>
FTE	0.0	0.5	1.2	1.2	1.2
Cash Funds	0	0	2,000,000	2,000,991	2,000,991
Reappropriated Funds	0	1,986,663	0	0	0
English Language Proficiency Act Excellence Awards Fund	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	500,000	0	0	0
English Language Learners Professional Development and Student Support Fund	<u>0</u>	<u>27,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	27,000,000	0	0	0
School Turnaround Leaders Development Fund	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	2,000,000	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (IV) Professional Development and Instructional Support	7,205,821	64,650,819	41,285,830	39,403,445	39,206,645
<i>FTE</i>	<u>6.3</u>	<u>9.8</u>	<u>12.4</u>	<u>12.4</u>	<u>12.4</u>
General Fund	0	320,425	4,315,359	421,448	421,448
Cash Funds	4,505,821	34,293,816	34,852,893	38,864,419	38,667,619
Reappropriated Funds	0	29,486,663	2,000,000	0	0
Federal Funds	2,700,000	549,915	117,578	117,578	117,578
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	<u>224,388</u>	<u>263,109</u>	<u>258,535</u>	<u>263,110</u>	<u>317,665</u>
<i>FTE</i>	<u>2.3</u>	<u>2.8</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Reappropriated Funds	224,388	263,109	258,535	263,110	317,665
Facility School Funding	<u>14,089,294</u>	<u>14,117,114</u>	<u>16,794,666</u>	<u>16,794,666</u>	<u>16,604,845</u>
Cash Funds	14,089,294	14,117,114	16,794,666	16,794,666	16,604,845
SUBTOTAL - (V) Facility Schools	14,313,682	14,380,223	17,053,201	17,057,776	16,922,510
<i>FTE</i>	<u>2.3</u>	<u>2.8</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Cash Funds	14,089,294	14,117,114	16,794,666	16,794,666	16,604,845
Reappropriated Funds	224,388	263,109	258,535	263,110	317,665
(VI) Other Assistance					
Appropriated Sponsored Programs	<u>222,861,175</u>	<u>215,374,593</u>	<u>281,464,717</u>	<u>281,611,760</u>	<u>281,611,760</u>
<i>FTE</i>	<u>79.6</u>	<u>85.5</u>	<u>68.7</u>	<u>68.7</u>	<u>68.7</u>
Cash Funds	1,234,010	0	2,693,629	2,702,223	2,702,223
Reappropriated Funds	1,150,848	1,275,906	4,622,487	4,631,407	4,631,407
Federal Funds	220,476,317	214,098,687	274,148,601	274,278,130	274,278,130

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
School Counselor Corps Grant Program	<u>4,990,796</u>	<u>8,002,249</u>	<u>10,000,000</u>	<u>10,004,295</u>	<u>10,000,000</u>
FTE	1.1	2.3	2.0	2.0	2.0
Cash Funds	4,990,796	8,002,249	10,000,000	10,004,295	10,000,000
BOCES Funding per Section 22-5-122, C.R.S.	<u>1,272,259</u>	<u>3,277,976</u>	<u>3,306,260</u>	<u>3,308,255</u>	<u>3,308,255</u>
FTE	0.7	0.8	1.0	1.0	1.0
Cash Funds	1,272,259	3,277,976	3,306,260	3,308,255	3,308,255
Contingency Reserve Fund	<u>1,733,884</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	1,000,000	1,000,000	1,000,000
Reappropriated Funds	1,733,884	0	0	0	0
Supplemental On-line Education Services	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>
Cash Funds	480,000	480,000	480,000	480,000	480,000
Interstate Compact on Educational Opportunity for Military Children	<u>23,015</u>	<u>23,015</u>	<u>22,826</u>	<u>22,826</u>	<u>20,619</u>
Cash Funds	23,015	23,015	22,826	22,826	20,619
College and Career Readiness	<u>0</u>	<u>156,404</u>	<u>178,954</u>	<u>181,145</u>	<u>181,145</u>
FTE	0.0	1.5	2.0	2.0	2.0
General Fund	0	156,404	178,954	181,145	181,145
Colorado Student Leaders Institute Pilot Program	<u>0</u>	<u>0</u>	<u>218,825</u>	<u>0</u>	<u>218,825</u>
Cash Funds	0	0	218,825	0	218,825
Minority Teacher Study Strategy Report	<u>0</u>	<u>48,875</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	48,875	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (VI) Other Assistance	231,361,129	227,363,112	296,671,582	296,608,281	296,820,604
<i>FTE</i>	<u>81.4</u>	<u>90.1</u>	<u>73.7</u>	<u>73.7</u>	<u>73.7</u>
General Fund	0	205,279	178,954	181,145	181,145
Cash Funds	8,000,080	11,783,240	17,721,540	17,517,599	17,729,922
Reappropriated Funds	2,884,732	1,275,906	4,622,487	4,631,407	4,631,407
Federal Funds	220,476,317	214,098,687	274,148,601	274,278,130	274,278,130
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	511,385,646	627,341,286	733,702,582	729,197,231	751,061,395
<i>FTE</i>	<u>117.7</u>	<u>136.8</u>	<u>126.1</u>	<u>126.1</u>	<u>125.8</u>
General Fund	881,611	3,355,376	7,746,723	3,858,104	3,187,383
Cash Funds	106,001,135	176,139,455	257,456,065	258,668,655	281,820,120
Reappropriated Funds	4,023,219	32,900,391	8,403,852	6,419,660	5,803,080
Federal Funds	400,479,681	414,946,064	460,095,942	460,250,812	460,250,812
(D) Indirect Cost Assessment					
Indirect Cost Assessment	<u>1,894,075</u>	<u>2,057,248</u>	<u>2,529,155</u>	<u>2,529,155</u>	<u>2,308,966</u>
Cash Funds	87,695	25,000	25,000	25,000	25,000
Reappropriated Funds	15,406	55,571	55,571	55,571	55,571
Federal Funds	1,790,974	1,976,677	2,448,584	2,448,584	2,228,395
SUBTOTAL - (D) Indirect Cost Assessment	1,894,075	2,057,248	2,529,155	2,529,155	2,308,966
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	87,695	25,000	25,000	25,000	25,000
Reappropriated Funds	15,406	55,571	55,571	55,571	55,571
Federal Funds	1,790,974	1,976,677	2,448,584	2,448,584	2,228,395

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
TOTAL - (2) Assistance to Public Schools	4,558,466,590	5,041,845,780	5,198,748,007	5,306,679,169	5,344,921,869
<i>FTE</i>	<u>228.8</u>	<u>242.7</u>	<u>217.1</u>	<u>217.1</u>	<u>216.8</u>
General Fund	3,127,734,944	3,329,167,655	2,600,682,904	2,753,101,145	2,869,824,108
General Fund Exempt	0	0	848,124,468	848,124,468	848,124,468
Cash Funds	848,428,569	1,093,170,610	1,110,739,784	1,067,821,238	990,249,769
Reappropriated Funds	5,565,524	34,473,244	10,150,474	8,272,502	7,583,897
Federal Funds	576,737,553	585,034,271	629,050,377	629,359,816	629,139,627

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(3) LIBRARY PROGRAMS

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

Administration	<u>854,239</u>	<u>899,064</u>	<u>1,060,060</u>	<u>1,076,732</u>	<u>1,077,426</u>
FTE	12.9	12.1	14.3	14.3	14.3
General Fund	747,012	771,634	807,269	822,872	823,566
Cash Funds	107,227	127,430	252,791	253,860	253,860
Federal Library Funding	<u>2,784,495</u>	<u>2,722,826</u>	<u>3,053,327</u>	<u>3,089,065</u>	<u>3,089,065</u>
FTE	22.0	25.0	23.8	23.8	23.8
Federal Funds	2,784,495	2,722,826	3,053,327	3,089,065	3,089,065
Broadband Technology Opportunities Program	<u>44,182</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.1	0.0	0.0	0.0	0.0
Cash Funds	44,182	0	0	0	0
Federal Funds	0	0	0	0	0
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>359,796</u>	<u>359,796</u>	<u>379,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,796	359,796	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000	20,000
Colorado Talking Book Library, Building					
Maintenance and Utilities Expenses	<u>70,610</u>	<u>67,997</u>	<u>70,660</u>	<u>70,660</u>	<u>70,660</u>
General Fund	70,610	67,997	70,660	70,660	70,660

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

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

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(4) SCHOOL FOR THE DEAF AND THE BLIND

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

(A) School Operations

Personal Services	<u>9,005,386</u>	<u>9,125,576</u>	<u>10,190,967</u>	<u>10,574,192</u>	<u>10,568,120</u> *
FTE	131.8	133.2	152.0	153.1	153.1
General Fund	7,715,510	7,619,941	8,580,073	8,957,226	8,957,226
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,289,876	1,505,635	1,610,894	1,616,966	1,610,894
Federal Funds	0	0	0	0	0
Early Intervention Services	<u>1,101,102</u>	<u>1,015,041</u>	<u>1,214,620</u>	<u>1,226,824</u>	<u>1,226,824</u>
FTE	9.2	9.0	10.0	10.0	10.0
General Fund	1,101,102	1,015,041	1,214,620	1,226,824	1,226,824
Shift Differential	<u>87,031</u>	<u>98,800</u>	<u>110,479</u>	<u>110,489</u>	<u>110,489</u>
General Fund	87,031	98,800	110,479	110,489	110,489
Operating Expenses	<u>417,270</u>	<u>417,261</u>	<u>724,989</u>	<u>668,291</u>	<u>668,291</u>
General Fund	417,270	417,261	724,989	668,291	668,291
Vehicle Lease Payments	<u>24,732</u>	<u>14,250</u>	<u>16,235</u>	<u>18,068</u>	<u>16,697</u> *
General Fund	24,732	14,250	16,235	18,068	16,697

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Utilities	<u>552,316</u>	<u>559,347</u>	<u>602,580</u>	<u>602,580</u>	<u>602,580</u>
General Fund	552,316	559,347	602,580	602,580	602,580
Allocation of State and Federal Categorical Program Funding	<u>144,522</u>	<u>168,238</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
FTE	0.2	0.2	0.4	0.4	0.4
Reappropriated Funds	144,522	168,238	170,000	170,000	170,000
Medicaid Reimbursements for Public School					
Health Services	<u>142,630</u>	<u>217,371</u>	<u>402,713</u>	<u>403,244</u>	<u>403,244</u>
FTE	1.3	1.1	1.5	1.5	1.5
Reappropriated Funds	142,630	217,371	402,713	403,244	403,244
SUBTOTAL - (A) School Operations	11,474,989	11,615,884	13,432,583	13,773,688	13,766,245
FTE	<u>142.5</u>	<u>143.5</u>	<u>163.9</u>	<u>165.0</u>	<u>165.0</u>
General Fund	9,897,961	9,724,640	11,248,976	11,583,478	11,582,107
Cash Funds	0	0	0	0	0
Reappropriated Funds	1,577,028	1,891,244	2,183,607	2,190,210	2,184,138
Federal Funds	0	0	0	0	0
(B) Special Purpose					
Fees and Conferences	<u>7,297</u>	<u>2,436</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
General Fund	0	0	0	0	0
Cash Funds	7,297	2,436	120,000	120,000	120,000
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Outreach Services	<u>589,529</u>	<u>673,500</u>	<u>1,025,000</u>	<u>1,026,495</u>	<u>1,025,000</u>
FTE	3.3	3.3	6.2	6.2	6.2
Cash Funds	468,642	574,523	755,000	755,000	755,000
Reappropriated Funds	120,887	98,977	270,000	271,495	270,000
Tuition from Out-of-state Students	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	0	0	200,000	200,000	200,000
Reappropriated Funds	0	0	0	0	0
Grants	<u>451,950</u>	<u>399,656</u>	<u>1,200,000</u>	<u>1,202,331</u>	<u>1,202,331</u>
FTE	3.9	4.2	9.0	9.0	9.0
Reappropriated Funds	451,950	399,656	1,200,000	1,202,331	1,202,331
SUBTOTAL - (B) Special Purpose	1,048,776	1,075,592	2,545,000	2,548,826	2,547,331
FTE	<u>7.2</u>	<u>7.5</u>	<u>15.2</u>	<u>15.2</u>	<u>15.2</u>
General Fund	0	0	0	0	0
Cash Funds	475,939	576,959	1,075,000	1,075,000	1,075,000
Reappropriated Funds	572,837	498,633	1,470,000	1,473,826	1,472,331
Federal Funds	0	0	0	0	0
TOTAL - (4) School for the Deaf and the Blind	12,523,765	12,691,476	15,977,583	16,322,514	16,313,576
FTE	<u>149.7</u>	<u>151.0</u>	<u>179.1</u>	<u>180.2</u>	<u>180.2</u>
General Fund	9,897,961	9,724,640	11,248,976	11,583,478	11,582,107
Cash Funds	475,939	576,959	1,075,000	1,075,000	1,075,000
Reappropriated Funds	2,149,865	2,389,877	3,653,607	3,664,036	3,656,469
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
TOTAL - Department of Education	4,660,625,778	5,147,535,934	5,306,995,556	5,415,388,757	5,454,390,650
<i>FTE</i>	<u>566.0</u>	<u>584.1</u>	<u>598.8</u>	<u>603.3</u>	<u>599.0</u>
General Fund	3,151,855,182	3,356,981,929	2,630,318,575	2,783,505,216	2,900,222,420
General Fund Exempt	0	0	848,124,468	848,124,468	848,124,468
Cash Funds	877,840,495	1,128,651,341	1,146,145,308	1,103,492,165	1,024,639,206
Reappropriated Funds	27,713,421	55,159,742	31,757,276	29,642,586	33,076,044
Federal Funds	603,216,680	606,742,922	650,649,929	650,624,322	648,328,512

TABLE B-1
Comparison of Governor's Request and Legislative Action: Funding for Public School Finance for FY 2015-16

Description	Governor's FY 2015-16 Request			Legislative Action			2016 Mid-year	
	November 2014	January 2015	Final Request 1/	Long Bill	School Finance	Subtotal	Adjust.	Final
	Request	Budget Amendment		(S.B. 15-234)	(S.B. 15-266)		H.B. 16-1253	Appropriation
Funded Pupil Count	855,589.0	(156.0)	855,433.0	855,390.5	0.0	855,390.5	(2,139.1)	853,251.4
Statewide Base Per-Pupil Funding	\$6,292.39	\$0.00	\$6,292.39	\$6,292.39		\$6,292.39		\$6,292.39
<i>Denver-Boulder Inflation Rate for Prior CY 2/</i>	2.8%		2.8%	2.8%		2.8%		2.8%
Total Program Funding (Prior to Negative Factor)	\$7,107,937,820	(\$12,884,350)	\$7,095,053,470	\$7,094,740,921	\$0	\$7,094,740,921	(\$24,473,753)	\$7,070,267,168
LESS: Negative Factor Reduction	(694,202,067)	11,710,138	(682,491,929)	(880,176,146)	25,000,000	(855,176,146)	24,473,753	(830,702,393)
EQUALS: Adjusted Total Program Funding	\$6,413,735,753	(\$1,174,212)	\$6,412,561,541	\$6,214,564,775	\$25,000,000	\$6,239,564,775	\$0	\$6,239,564,775
<i>Negative Factor as Percent of "Full" Funding</i>	-9.8%		-9.6%	-12.4%		-12.1%		-11.7%
Statewide Average Per Pupil Funding	\$7,496.28	\$0.00	\$7,496.28	\$7,265.18	\$29.23	\$7,294.41	\$18.29	\$7,312.69
Local Share of Districts' Total Program Funding	\$2,079,654,365	\$46,594,172	\$2,126,248,537	\$2,126,243,629	\$0	\$2,126,243,629	\$133,542,173	\$2,259,785,802
State Share of Districts' Total Program Funding	\$4,334,081,388	(\$47,768,384)	\$4,286,313,004	\$4,088,321,146	\$25,000,000	\$4,113,321,146	(\$133,542,173)	\$3,979,778,973

1/ These figures represent the Governor's final budget request, prior to legislative action in the 2015 Session. These figures exclude the Governor's January 2016 request for mid-year appropriation adjustments.

2/ The Governor's budget request was based on the OSPB projection of the inflation rate for calendar year 2014; legislative action was based on the actual inflation rate (released in February 2015).

TABLE B-2
Comparison of Governor's Request for FY 2016-17 and Appropriations for FY 2015-16

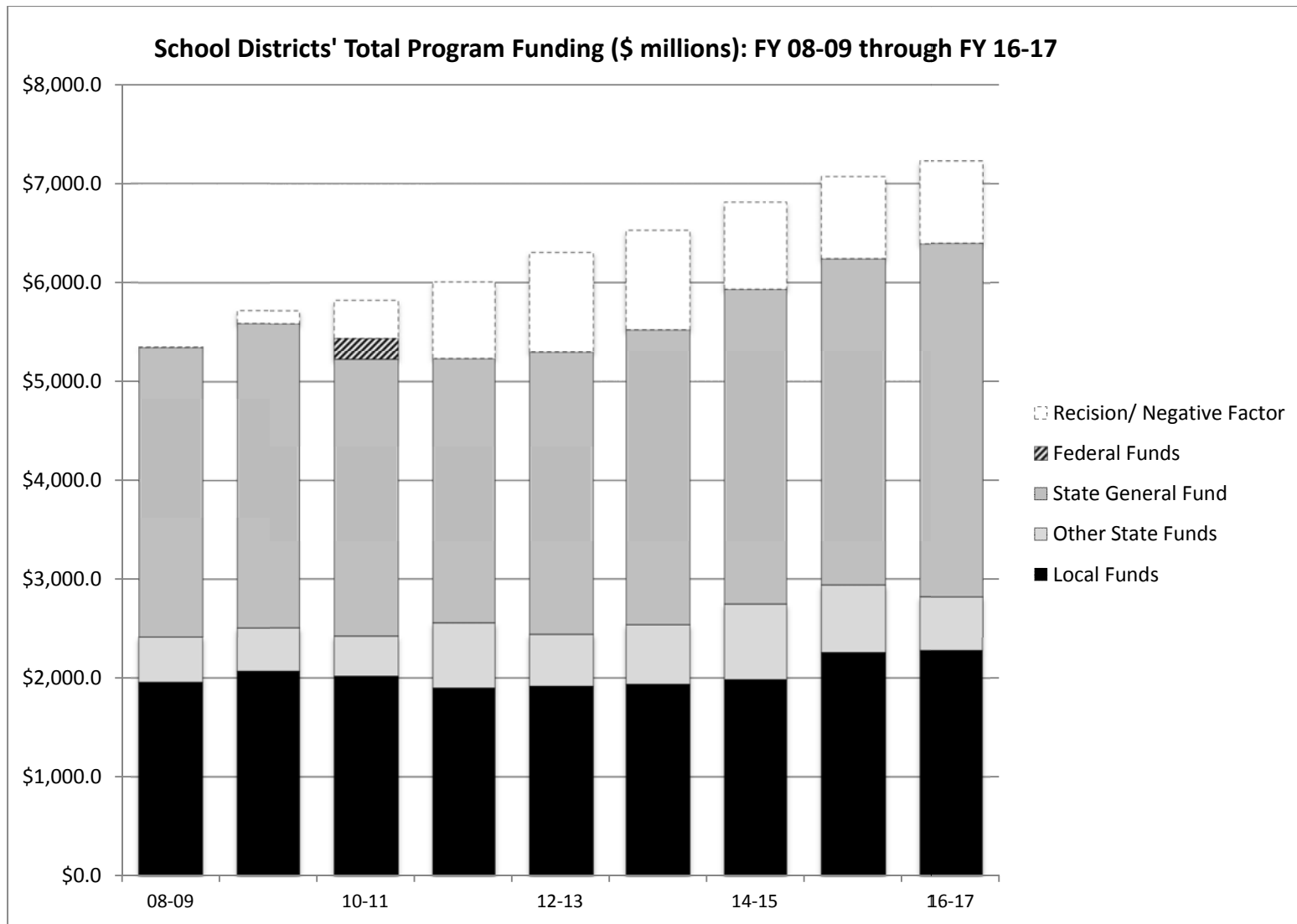
Description	Governor's November 2015 Request			Governor's Amended Request		
	FY 2015-16 Appropriation as of May 2015	FY 2016-17 Request as of November 2015	Year-over-year Change	Adjusted FY 2015-16 Appropriation (H.B. 16-1253)	FY 2016-17 Request as of January 2016	Year-over-year Change
Funded Pupil Count	855,390.5	865,454.0	10,063.5	853,251.4	861,441.4	8,190.0
Statewide Base Per-Pupil Funding	\$6,292.39	\$6,405.65	\$113.26	\$6,292.39	\$6,367.90	\$75.51
<i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	<i>2.8%</i>	<i>1.8%</i>		<i>2.8%</i>	<i>1.2%</i>	
Total Program Funding (Prior to Negative Factor)	\$7,094,740,921	\$7,307,387,784	\$212,646,863	\$7,070,267,168	\$7,244,506,561	\$174,239,393
LESS: Negative Factor Reduction	(855,176,146)	(905,176,146)	(50,000,000)	(830,702,393)	(871,466,681)	(40,764,288)
EQUALS: Adjusted Total Program Funding	\$6,239,564,775	\$6,402,211,638	\$162,646,863	\$6,239,564,775	\$6,373,039,880	\$133,475,105
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	<i>12.1%</i>	<i>12.4%</i>	<i>0.3%</i>	<i>11.7%</i>	<i>12.0%</i>	<i>0.3%</i>
Statewide Average Per Pupil Funding	\$7,294.41	\$7,397.52	\$103.11	\$7,312.69	\$7,398.11	\$85.42
Local Share of Districts' Total Program Funding	\$2,126,243,629	\$2,173,900,000	\$47,656,371	\$2,259,785,802	\$2,275,478,925	\$15,693,123
State Share of Districts' Total Program Funding	\$4,113,321,146	\$4,228,311,638	\$114,990,492	\$3,979,778,973	\$4,097,560,955	\$117,781,982

1/ The Governor's budget request is based on the OSPB projection of the inflation rate for calendar year 2015 (1.5 percent); legislative action will be based on the actual inflation rate (1.2 percent).

TABLE B-3
Comparison of Governor's Request and Staff Recommendation: Funding for Public School Finance for FY 2016-17

Description	Governor's FY 2016-17 Request			Staff Recommendation for Long Bill	Difference
	November 2015 Request	January 2016 Budget Amendment	Final Request		
Funded Pupil Count	865,454.0	(156.0)	861,441.4	861,441.4	0.0
Statewide Base Per-Pupil Funding	\$6,405.65	(\$18.87)	\$6,386.78	\$6,367.90	(\$18.88)
<i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	<i>1.8%</i>		<i>1.5%</i>	<i>2.8%</i>	
Total Program Funding (Prior to Negative Factor)	\$7,307,387,784	(\$62,881,223)	\$7,244,506,561	\$7,226,487,943	(\$18,018,618)
LESS: Negative Factor Reduction	(905,176,146)	33,709,465	(871,466,681)	(830,702,393)	40,764,288
EQUALS: Adjusted Total Program Funding	\$6,402,211,638	(\$29,171,758)	\$6,373,039,880	\$6,395,785,550	\$22,745,670
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	<i>12.4%</i>	<i>-0.4%</i>	<i>12.0%</i>	<i>11.5%</i>	<i>-0.5%</i>
Statewide Average Per Pupil Funding	\$7,397.52	\$0.59	\$7,398.11	\$7,424.52	\$26.41
Local Share of Districts' Total Program Funding	\$2,173,900,000	\$101,578,925	\$2,275,478,925	\$2,280,782,709	\$5,303,784
State Share of Districts' Total Program Funding	<u>\$4,228,311,638</u>	<u>(\$130,750,683)</u>	<u>\$4,097,560,955</u>	<u>\$4,115,002,841</u>	<u>\$17,441,886</u>
General Fund	3,616,685,375	(161,083,340)	3,455,602,035	3,572,995,719	117,393,684
Cash Funds (State Education Fund)	533,626,263	36,332,657	569,958,920	473,174,119	(96,784,801)
Cash Funds (State Public School Fund)	78,000,000	(6,000,000)	72,000,000	68,833,003	(3,166,997)

1/ The Governor's November 1, 2015 request was based on the September 2015 OSPB projection of the inflation rate for calendar year 2015 (1.8 percent); the final request was based on the December 2015 OSPB projection (1.5 percent); staff's recommendation is based on the actual inflation rate released in February 2015 (1.2 percent).



School Districts' Total Program Funding

Fund Source	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Recomm. FY 16-17
	<i>Funded Pupil Count</i>	778,136	789,511	798,677	808,195	817,645	830,833	844,546	853,251
Local Funds									
State Education Fund (SEF)/ State Public School Fund (SPSF)	\$1,955,868,681	\$2,068,616,086	\$2,018,856,003	\$1,900,525,468	\$1,918,248,885	\$1,938,833,489	\$1,982,831,906	\$2,259,785,802	\$2,280,782,709
General Fund	462,870,995	442,677,995	408,557,173	660,076,411	527,412,414	602,789,377	766,565,022	680,483,798	542,007,122
Federal Funds a/	2,930,074,211	3,076,277,922	2,797,831,709	2,671,845,744	2,852,301,877	2,985,310,883	3,184,047,461	3,299,295,175	3,572,995,719
	0	0	216,358,164	0	0	0	0	0	0
SUBTOTAL: AVAILABLE FUNDING	5,348,813,887	5,587,572,003	5,441,603,049	5,232,447,623	5,297,963,176	5,526,933,749	5,933,444,389	6,239,564,775	6,395,785,550
<i>Available Funding/ Funded Pupil Count</i>	\$6,874	\$7,077	\$6,813	\$6,474	\$6,480	\$6,652	\$7,026		
Recision/ Negative Factor b/	6,247,730	129,813,999	381,211,101	774,414,342	1,011,518,997	1,004,302,068	880,176,146	830,702,393	830,702,393
SUBTOTAL: FUNDING NOT PROVIDED	6,247,730	129,813,999	381,211,101	774,414,342	1,011,518,997	1,004,302,068	880,176,146	830,702,393	830,702,393
TOTAL	5,355,061,617	5,717,386,002	5,822,814,150	6,006,861,965	6,309,482,173	6,531,235,817	6,813,620,535	7,070,267,168	7,226,487,943

a/ This amount includes \$60,026,613 in Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA and \$156,331,551 from the Education Jobs Fund Program. While these moneys are not included within the calculation of Total Program Funding, they were distributed to districts in a similar manner.

b/ Recision amounts exclude "off-the-top" funding for School Finance Unit or Cost-of-Living Study.



JBC Staff FY 2016-17 Figure Setting Department of Education

Presented by:

Craig Harper, JBC Staff

March 7, 2016

Department Overview

Staff Recommendation

\$5.454 billion total funds
\$3.748 billion General Fund

Department Request

\$5.415 billion total funds
\$3.631 billion General Fund

9 Staff-initiated Changes

4 Department Requests

↓ ↓

13 Department and Staff Decision Items

(includes decision items, budget amendments, and staff-initiated changes)



Decision Items Affecting Multiple Divisions

Change Requests

None



Division: Management and Administration

2 Change Items

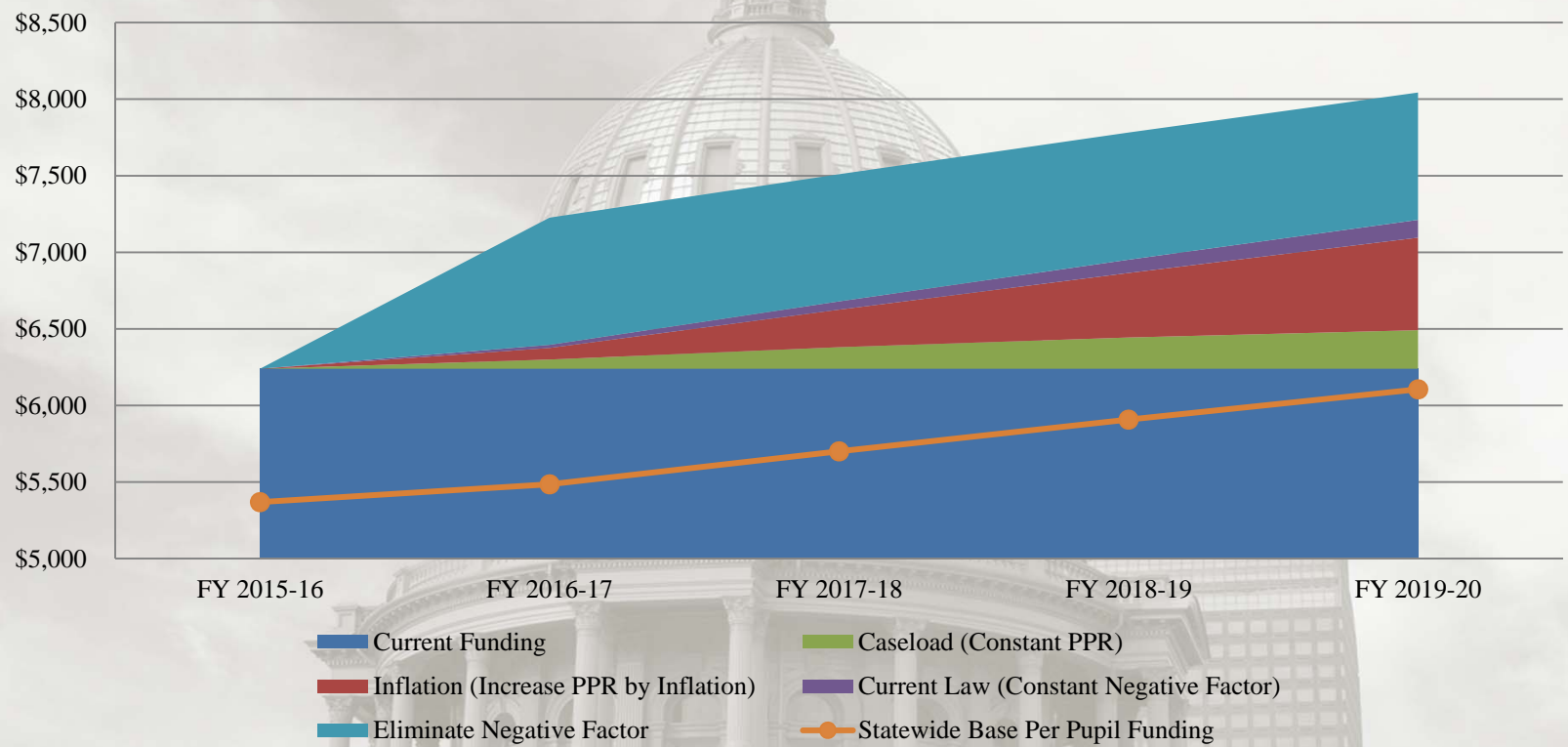
- Staff Initiated Informational Funds Adjustment (p.8)
 - Staff Initiated P-TECH Adjustment (p.10)

Division: Assistance to Public Schools

10 Change Items

- R1/BA1 Total Program Increase (p.46)
- R2/BA2 Categorical Programs Increase (p.57)
 - R3 CPP Tax Checkoff (p. 64)
- Staff Initiated B.E.S.T. Cash Grants Increase (p. 65)
- Staff Initiated Charter School Capital Construction Adjustment (p. 67)
 - Staff Initiated B.E.S.T. Priority Assessment Adjustment. (p. 70)
 - Staff Initiated Facility Schools Unit Adjustment (p. 71)
- Staff Initiated Start Smart Nutrition Program Adjustment (p. 73)
 - Staff Initiated National Boards Stipend Adjustment (p. 74)
 - Staff Initiated CPR Grant Program Adjustment (p. 76)

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

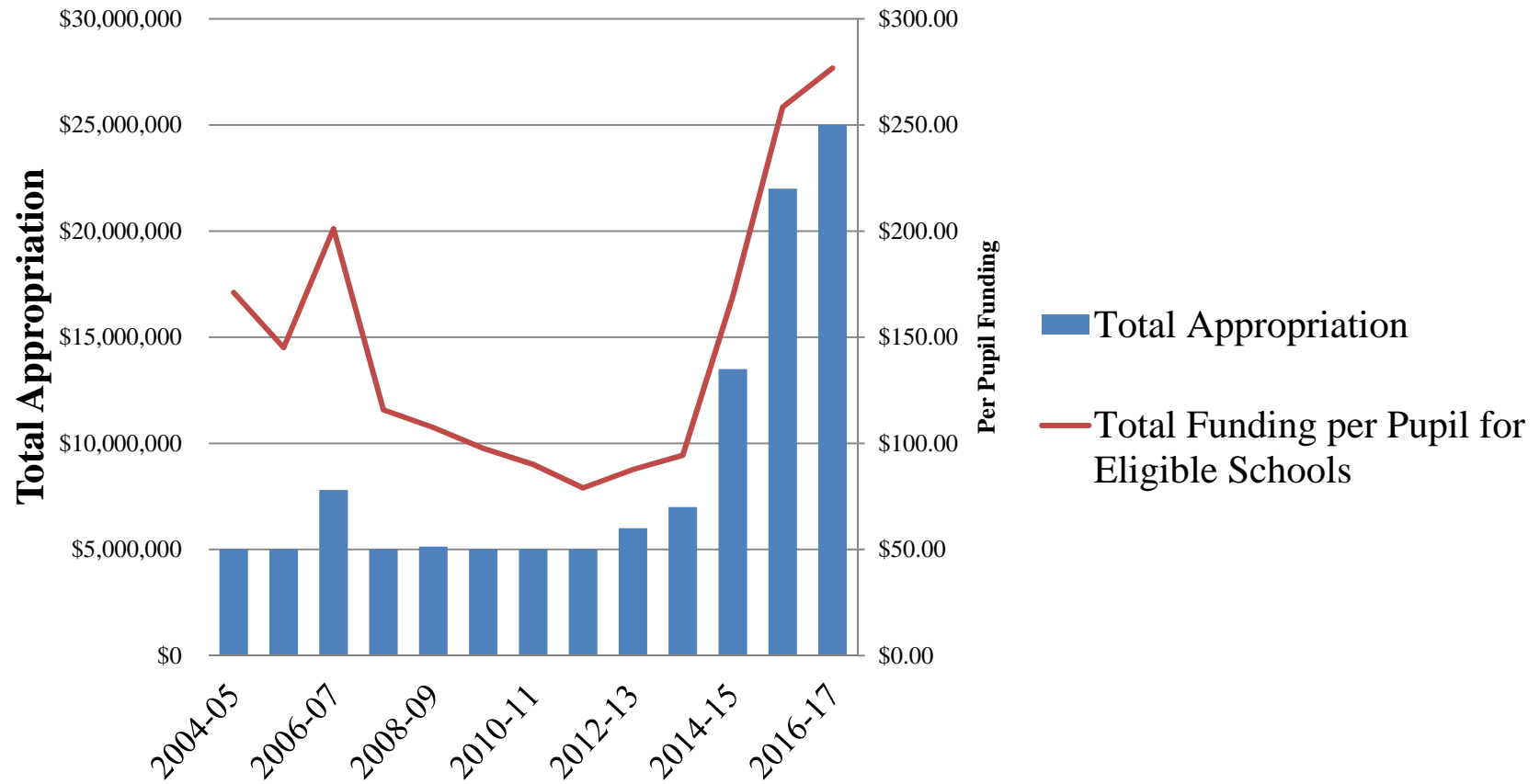


Division: Assistance to Public Schools

10 Change Items

- R1/BA1 Total Program Increase (p.46)
- R2/BA2 Categorical Programs Increase (p.57)
 - R3 CPP Tax Checkoff (p. 64)
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Charter School Capital Construction Funding History

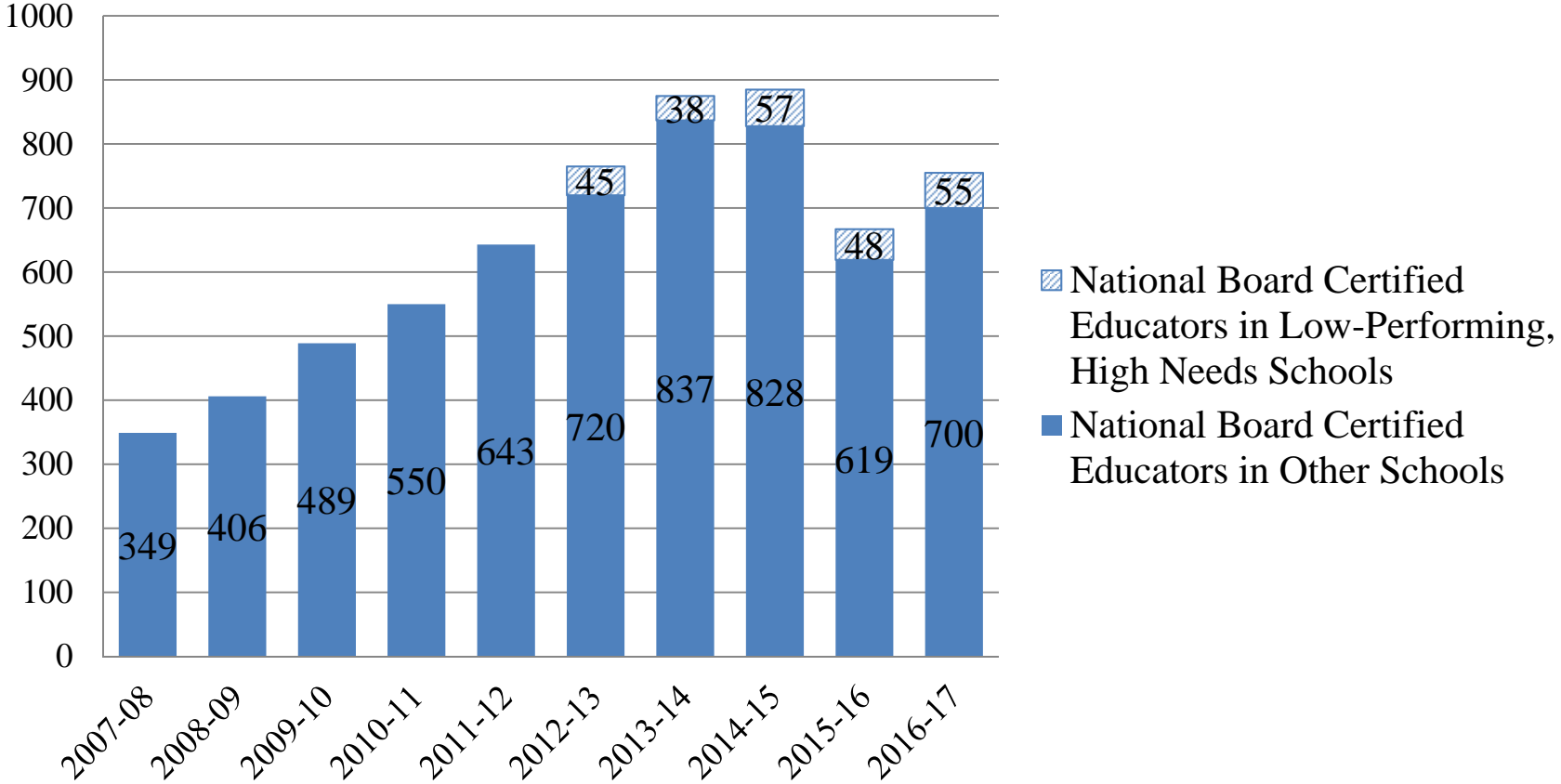


Division: Assistance to Public Schools

10 Change Items

- R1/BA1 Total Program Increase (p.46)
- R2/BA2 Categorical Programs Increase (p.57)
 - R3 CPP Tax Checkoff (p. 64)
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National Board Certified Educators in Colorado





Division: Library Programs

Change Requests

None



School for the Deaf and the Blind

1 Change Item

- R4 CSDB Teacher Salary Adjustment (p.149)



JBC Staff FY 2016-17 Figure Setting Department of Education

Presented by:

Craig Harper, JBC Staff

March 7, 2016