

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF FIGURE SETTING  
DEPARTMENT OF EDUCATION**

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

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**TABLE OF CONTENTS**

Department Overview ..... 4

    Department request and recommendation summary..... 4

        Executive Request..... 4

        Committees of Reference SMART Act Recommendations ..... 5

        Staff Recommendation..... 5

(1) Management and Administration ..... 7

    (A) Administration and Centrally-Appropriated line Items..... 7

    (b) Information Technology..... 13

    (c) Assessments and Data Analyses..... 15

        ➔ Request R-4 – Assessment Update ..... 20

        ➔ Request R-3 – Implementation of Accountability and Improvement Planning..... 34

    (d) State Charter School Institute..... 40

    (E) Indirect cost assessment (New subdivision recommended) ..... 44

(2) Assistance to Public Schools..... 45

    (A) Public School Finance ..... 45

        ➔ Request R-1/BA-1 – Increase Total Program ..... 48

    (b) Categorical Programs ..... 59

    (C) Grant Programs, Distributions, and Other Assistance ..... 76

        ➔ Budget Amendment BA-3 – Public School Capital Construction COP Debt  
        Payment..... 85

    (d) Indirect Cost Assessment (New subdivision recommended)..... 103

(3) Library Programs..... 104

(4) School for the Deaf and the Blind..... 111

    (A) School Operations ..... 112

    (B) Special Purpose..... 118

Long Bill Footnotes and Requests for Information ..... 120

    Long Bill Footnotes ..... 120

    Requests for Information ..... 123

Appendices

A - Numbers Pages

B-1 - Comparison of Governor’s Request and Legislative Action for FY 2012-13

B-2 - Comparison of Governor’s Request for FY 2013-14 and FY 2012-13 Appropriations

B-3 – Comparison of Governor’s Request and Staff Recommendation for FY 2013-14

C – School Districts’ Total Program Funding Since FY 2000-01

## **DEPARTMENT OF EDUCATION**

### **Department Overview**

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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.

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## **DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY**

### **Executive Request**

The Department's request reflects an increase of \$225.6 million total funds (5.1 percent) compared to the adjusted FY 2012-13 appropriation, including a \$14.3 million (0.5 percent) increase in General Fund appropriations. The request includes the following increases relative to the adjusted FY 2012-13 appropriation:

- \$195.5 million total funds (including increases of \$12.8 million General Fund) for the State Share of Districts’ Total Program Funding (decision item R-1 and budget amendment BA-1). The increase in total funds is partly offset by the proposed elimination of the Hold-harmless Full-day Kindergarten Funding (a reduction of \$6.8 million cash funds from the State Education Fund).
- \$15.5 million cash funds to annualize H.B. 12-1238.
- \$13.0 million cash funds from the Public School Capital Construction Assistance Fund for lease purchase payments under the Building Excellent Schools Today (BEST) Program.
- \$5.4 million cash funds from the State Education Fund for the constitutionally required increase in spending on categorical programs based on OSPB’s September 2012 Revenue Forecast of the calendar year 2012 inflation rate of 2.2 percent (decision item R-2).
- \$4.2 million cash funds from the State Education Fund for development and administration costs associated with statewide assessments (decision item R-4).
- \$625,501 General Fund and 3.0 FTE to support additional accountability and improvement planning work to implement S.B. 09-163.

### **Committees of Reference SMART Act Recommendations**

The House and Senate Education Committees have not made specific recommendations regarding the Department of Education’s FY 2013-14 budget at this time.

### **Staff Recommendation**

The staff recommendation for the Department’s budget is summarized in the table below, followed by brief description of each item listed.

<b>Department of Education</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>						
HB 12-1335 (Long Bill)	\$4,352,905,769	\$2,958,024,914	\$742,098,282	\$24,078,570	\$628,704,003	556.9
HB 12-1345 (School Finance)	67,850,747	57,232,000	10,618,747	0	0	0.0
S.B. 13-108 (Mid-year School Finance)	13,253,672	0	13,253,672	0	0	0.0
S.B. 13-087 (Supplemental)	449,265	4,265	445,000	0	0	0.0
Other Legislation	<u>954,446</u>	<u>180,173</u>	<u>774,273</u>	<u>0</u>	<u>0</u>	<u>8.8</u>
<b>TOTAL</b>	<b>\$4,435,413,899</b>	<b>\$3,015,441,352</b>	<b>\$767,189,974</b>	<b>\$24,078,570</b>	<b>\$628,704,003</b>	<b>565.7</b>
<b>FY 2013-14 Recommended Appropriation:</b>						
FY 2012-13 Appropriation	\$4,435,413,899	\$3,015,441,352	\$767,189,974	\$24,078,570	\$628,704,003	565.7
R-1: Increase total program	101,243,507	100,059,739	1,183,768	0	0	0.0
BA-3 COP Lease Payment Increase	13,000,000	0	13,000,000	0	0	0.0
Annualize prior year legislation	8,402,355	(180,173)	8,582,528	0	0	(0.8)
R-2: Categorical programs increase	4,640,167	0	4,640,167	0	0	0.0

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Department of Education</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
R-4: Assessment update	4,192,802	0	4,192,802	0	0	0.0
Employee benefits/common changes	3,419,131	1,064,555	449,375	444,052	1,461,149	0.0
Continuous Approp. Adjustments	2,014,450	0	0	2,014,450	0	1.0
R-3: Accountability planning	566,728	566,728	0	0	0	3.2
Indirect Cost Assessment	0	0	0	0	0	0.0
Annualize prior year budget actions	(7,135,878)	0	(6,414,360)	0	(721,518)	(3.0)
Other Funding Adjustments	<u>(4,403,016)</u>	<u>(79,560)</u>	<u>(476,556)</u>	<u>87,486</u>	<u>(3,934,386)</u>	<u>(5.5)</u>
<b>TOTAL</b>	<b>\$4,561,354,145</b>	<b>\$3,116,872,641</b>	<b>\$792,347,698</b>	<b>\$26,624,558</b>	<b>\$625,509,248</b>	<b>560.6</b>
<b>Increase/(Decrease)</b>	\$125,940,246	\$101,431,289	\$25,157,724	\$2,545,988	(\$3,194,755)	(5.1)
Percentage Change	2.8%	3.4%	3.3%	10.6%	(0.5%)	(0.9%)
<b>FY 2013-14 Executive Request:</b>	<b>\$4,660,970,511</b>	<b>\$3,029,715,356</b>	<b>\$974,330,674</b>	<b>\$26,831,691</b>	<b>\$630,092,790</b>	<b>566.1</b>
Request Above/(Below) Recommendation	\$99,616,366	(\$87,157,285)	\$181,982,976	\$207,133	\$4,583,542	5.5

### Issue Descriptions

**R-1/BA-1 Increase Total Program:** The recommendation provides a net increase of \$101.2 million total funds for the State Share of Districts' Total Program Funding to increase statewide average per pupil funding by the rate of inflation. The recommendation includes increases of \$100.1 million General Fund and \$111.8 million cash funds from the State Education Fund. The increases are partially offset by a decrease of \$110.8 million cash funds from the State Public School Fund because of the loss of one-time funds that are not available in FY 2013-14.

**BA-3 COP Lease Payment Increase:** The recommendation provides an increase of \$13.0 million cash funds from the Public School Capital Construction Assistance Fund to support additional lease purchase payments for the Building Excellent Schools Today (BEST) Program.

**Annualize prior year legislation:** The recommendation includes a net increase of \$8.4 million total funds to annualize prior year legislation.

**R-2 Categorical programs increase:** The recommendation provides an increase of \$4.6 million cash funds from the State Education Fund to support constitutionally-required increases to categorical programs.

**R-4 Assessment update:** The recommendation includes an increase of \$4.2 million cash funds from the State Education Fund to continue the development and administration of new statewide assessments aligned to statewide academic standards.

**Employee benefits/common changes:** The recommendation provides an additional \$3.4 million total funds (including \$1.1 million General Fund) for employee benefits and other statewide common policy adjustments.

**Continuous approp. adjustments:** The recommendation makes several changes to informational appropriations to reflect anticipated expenditures of funds that are continuously appropriated to the Department.

**R-3 Accountability planning:** The recommendation includes \$556,728 General Fund and 3.2 new FTE to support the Department's accountability and improvement work to implement S.B. 09-163. The recommendation creates a new line item to support this work and also reallocates \$550,332 federal funds and 6.8 FTE from existing Department appropriations to the new line item (with no net change to the Department's budget) to consolidate accountability and improvement planning efforts in the new line item.

**Indirect cost assessment:** The recommendation creates three new Indirect Cost Assessments line items to clarify the amount of indirect costs to be collected from the Management and Administration, Library Programs, and Assistance to Public Schools divisions. Because the indirect cost assessments were previously included within the each affected operating line item, the recommendation reduces a variety of line items and reallocates those funds to the new Indirect Cost Assessments lines, resulting in zero net change to the Department's total budget.

**Annualize prior year budget actions:** The recommendation includes a net reduction of \$7.1 million total funds to annualize prior year budget decisions.

**Other funding adjustments:** The recommendation makes a variety of other funding adjustments, primarily to reflect changes in the availability of federal funds under a variety of grants.

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## **(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 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.

### **(A) ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS**

#### **State Board of Education**

The Colorado State Board of Education is charged by the Colorado Constitution 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.

**Request:** The Department requests a continuation appropriation calculated according to OSPB's common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **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.

**Request:** The Department requests a continuation appropriation calculated according to OSPB's common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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.<sup>1</sup>**

### **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.

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, the enactment of H.B. 11-1201 continuously appropriates funds in the

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<sup>1</sup> 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.



Educator Licensure Cash Fund to the Department for a three year period (FY 2011-12 through FY 2013-14). Thus, the Department's FY 2013-14 request reflects the Department's estimated expenditures for the fiscal year but the appropriation will only be shown in the Long Bill for informational purposes.

**Request:** The Department's request for \$3,017,628 cash funds (from the Educator Licensure Cash Fund) and 25.0 FTE reflects the Department's estimated expenditures for the Office of Professional Services in FY 2013-14. Because this fund source is continuously appropriated to the Department in FY 2013-14, the Department is asking the Committee to reflect that estimate in the Long Bill for informational purposes only.

**Recommendation:** Staff recommends reflecting an appropriation of \$2,713,912 cash funds from the Educator Licensure Cash Fund and 25.0 FTE. Staff's recommendation is \$303,716 below the request because the recommendation reflects that amount of funding in a newly recommended Indirect Cost Assessment line item in FY 2013-14. The amount reduced for indirect cost assessments aligns with the Department's indirect cost plan. The Department's request reflects those funds within this (Office of Professional Services) line item. Pursuant to Committee policy, staff's recommendation reflects all indirect cost assessments in a new indirect cost assessments line item for each division. The following table shows the components of staff's recommendation.

<b>Office of Professional Services</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$3,017,628	\$0	\$3,017,628	25.0
<b>TOTAL</b>	<b>\$3,017,628</b>	<b>0</b>	<b>\$3,017,628</b>	<b>25.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$3,017,628	\$0	\$3,017,628	25.0
Indirect Cost Assessment	(303,716)	0	(303,716)	0.0
<b>TOTAL</b>	<b>\$2,713,912</b>	<b>\$0</b>	<b>\$2,713,912</b>	<b>25.0</b>
<b>Increase/(Decrease)</b>	(\$303,716)	\$0	(\$303,716)	0.0
Percentage Change	(10.1%)	0.0%	(10.1%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$303,716	\$0	\$303,716	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.

**Request:** The Department requests a continuation appropriation calculated according to OSPB's common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **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.

**Request:** The Department requests \$4,165,942 (including \$1,656,199 General Fund) for FY 2013-14, based on OSPB's common policy for health, life and dental insurance.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$4,139,408 (including \$1,658,677 General Fund).

### **Short-term Disability**

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

**Request:** The Department requests \$67,931 (including \$22,322 General Fund) for FY 2013-14, based on OSPB's common policy for short-term disability insurance.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$68,385 (including \$22,532 General Fund).

### **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).

**Request:** The Department requests \$1,420,839 (including \$468,423 General Fund) for FY 2013-14, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$1,422,642 (including \$465,616 General Fund).

### **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).

**Request:** The Department requests \$1,282,702 (including \$422,882 General Fund) for FY 2013-14, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$1,282,843 (including \$418,860 General Fund).

**Salary Survey**

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

**Request:** The Department requests \$779,003 (including \$244,648 General Fund) for FY 2013-14, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$965,670 (including \$288,386 General Fund).

**Merit Pay**

This line item funds pay increases relating to employee performance evaluations

**Request:** The Department requests \$612,156 (including \$207,734 General Fund) for FY 2013-14, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$594,843 (including \$190,422 General Fund).

**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.

**Request:** The Department requests \$627,674 (including \$239,896 General Fund) for FY 2013-14, based on OSPB's common policies.

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

**Legal Services**

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

**Request:** The Department requests \$378,525 (including \$214,910 General Fund) to purchase 4,900 hours of legal services in FY 2013-14. The request matches the FY 2012-13 appropriation.

**Recommendation:** Staff recommends approving funding sufficient to purchase 4,900 hours of legal services, as requested. Please note that none of the funding appropriated to the Department of Education for the purchase of legal services is used in relation to the *Lobato* lawsuit; the costs of defending the State in *Lobato* are covered through appropriations to the Governor's Office.

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.

**Request:** The Department requests \$77,719 for FY 2013-14. Consistent with appropriations from prior years, the request includes no General Fund.

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

**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.

**Request:** The Department requests \$92,027 General Fund for FY 2013-14 based on OSPB's common policies. The request includes \$1,016 General Fund associated with non-prioritized decision item #1 (Employee Engagement Survey Adjustment).

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

**Capitol Complex Leased Space**

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

**Request:** The Department requests \$668,885 (including \$92,240 General Fund) for FY 2013-14 based on OSPB's common policies. The request includes \$39,540 (including \$5,453 General Fund) associated with non-prioritized decision item #2 (Capitol Complex Building Upgrade, Repair, and Replacement).

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

**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.

**Request:** The Department requests a continuation appropriation of \$35,480 cash funds for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **Emeritus Retirement**

This appropriation provided supplemental retirement payments to eligible K-12 and higher education teachers. Eligible individuals served 20 years in Colorado school districts or the office of Colorado county superintendent of schools or the Department of Education, were at least 65 years of age, and met certain other requirements. Although the original provision authorizing the payments (Section 22-64-119, C.R.S.) was repealed through S.B. 09-282 (Concerning the merger of the Denver public schools retirement system with the public employees' retirement association), the General Assembly continued to provide appropriations and the Department continued to make payments through FY 2011-12. According to the Department, all of the program's participants are now deceased.

**Request:** The Department is not requesting an appropriation for FY 2013-14.

**Recommendation:** Staff recommends the request.

## **(B) INFORMATION TECHNOLOGY**

### **Information Technology Services**

This line item provides funding and staff related to information technology support functions and now 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.

**Request:** The Department requests a continuation appropriation calculated according to OSPB's common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**School Accountability Reports and State Data Reporting System**

As discussed above, the General Assembly merged this line item into the "Information Technology Services" line item in FY 2011-12. The Department is no longer requesting a separate appropriation for this line item.

**Purchase of Services from Computer Center**

This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology as administered by the Office of Information Technology, in the Office of the Governor.

**Request:** The Department requests \$169,259 General Fund for FY 2013-14, 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.

**Multiuse Network Payments**

This line item is used to pay the Department's share of the statewide multi-use network.

**Request:** The Department requests \$202,097 General Fund for FY 2013-14, 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.

**COFRS Modernization**

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.

**Request:** The Department requests a continuation appropriation of \$197,914 (including \$61,100 General Fund) for FY 2013-14, based on OSPB's common policies.

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

**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 a relatively small amount of funding to cover necessary replacements of equipment at risk of failing (e.g., servers, switches, printers, or personal computers).

**Request:** The Department requests continuation funding (\$303,830 General Fund) for FY 2013-14.

**Recommendation:** Staff recommends approving the request.

**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.

**Request:** The Department requests continuation funding (\$19,722 General Fund) for FY 2013-14.

**Recommendation:** Staff recommends approving the Department's request.

**(C) ASSESSMENTS AND DATA ANALYSES**

*Background Information:* Pursuant to H.B. 93-1313 and subsequent legislation [Section 22-7-409, C.R.S.], 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 26 assessments currently required by statute, as well as the ACT.

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). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*.

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 21<sup>st</sup> Century skills, reflect PWR, and are 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 and adopted by 45 states (and the District of Columbia) thus far. However, Colorado's standards also go beyond the Common Core by including additional content areas (the Common Core includes only English language arts and mathematics) and 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 is using a temporary assessment (Temporary Colorado Assessment Program, or TCAP) 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 assesses areas of overlap between the "old" and "new" standards and therefore covers only a subset of both sets of standards.

*FY 2012-13 Appropriation:* During the 2012 Session, the General Assembly took the following actions related to assessments:

- Appropriated \$6.4 million for the development of new assessments, primarily to support the development of Colorado-specific assessments in science and social studies. The new science test will replace the science CSAP/TCAP, and the new social studies test represents Colorado's first statewide standardized social studies assessment. The Department is piloting the new science and social studies assessments in the 2012-13 school year. The FY 2012-13 appropriation also included funds to update Colorado's alternate assessments for students with significant cognitive disabilities and to update the Colorado English Language Assessments.
- Enacted H.B. 12-1240 which requires the State to join one of two national multi-state assessment consortia as a governing member, effectively committing the State to use consortium-developed assessments in mathematics and English language arts. The State became a governing member of the Partnership for Assessment of Readiness for College and Careers (PARCC) in August 2012 and expects to administer the PARCC assessments statewide beginning in spring 2015. Because the Colorado academic standards go beyond the common core standards assessed by the PARCC tests, the Department is requesting funds in FY 2013-14 to augment the consortium-based tests to cover the remainder of the Colorado standards (decision item #4 is discussed below).



*FY 2012-13 Progress Update*

The Department contracted with Pearson for the development of the new science and social studies assessments and reports that development is on schedule. The Department plans to field test the new assessments in a sample of school districts in spring 2013 and to begin statewide administration in spring 2014.

The Department plans to administer the science assessments in grades 5, 8, and once in high school and to administer the social studies assessments in grades 4, 7, and once in high school. Contingent upon legislative approval, the Department intends to administer both high school tests in the fall of 12<sup>th</sup> grade to allow education providers maximum flexibility in determining the scope and sequencing of teaching the high school standards.

Higher-than-anticipated costs required one significant change in development. The Department had always intended to administer the new science assessment on-line but had proposed the social studies assessments as paper-based tests. However, the Department’s initial cost estimates (provided by an external vendor) were low. The Department reports that a paper-based social studies assessment would have required an additional \$1.8 million in development costs in FY 2012-13. To remain within the budget, the Department elected to administer both of the new assessments on-line, with statewide administration in spring 2014.

Unfortunately, the Department’s cost estimates for the ongoing administration (in FY 2013-14 and beyond) of the science and social studies assessments were also low. During discussions of the FY 2012-13 request and appropriation, the Department’s external vendor estimated that administration of the science and social studies tests would cost a total of \$4.4 million in FY 2013-14 and beyond. The Department’s contract with Pearson requires \$6.1 million in administration costs in FY 2013-14, a difference of \$1.7 million (39.3 percent) above the estimates from 2012. This difference understates the error in the initial estimate, however, because the initial estimate assumed a paper-based social studies assessment. The Department now reports that administration of the paper-based test would have cost another \$1.6 million in FY 2013-14 and beyond, for a total increase of \$3.3 million (75.9 percent) above the initial estimate of \$4.4 million.

The following table shows the Department’s planned assessments for FY 2013-14, including administration of the TCAP in mathematics and English language arts and the new Colorado-specific tests in science and social studies. Please note that administering the science and social studies assessments in grade 12 will require legislative change.

<b>Anticipated FY 2013-14 Statewide Assessment Schedule</b>			
<b>Grade</b>	<b>Colorado Student Assessment Program*</b>	<b>Federal Requirements</b>	<b>Existing/Planned Assessments <u>Not</u> Required by Federal Law</b>
3	reading writing math	reading math	writing

Anticipated FY 2013-14 Statewide Assessment Schedule			
Grade	Colorado Student Assessment Program*	Federal Requirements	Existing/Planned Assessments <u>Not</u> Required by Federal Law
4	reading writing math social studies	reading math	writing social studies
5	reading writing math science	reading math science (in grades 3, 4, or 5)	writing
6	reading writing math	reading math	writing
7	reading writing math social studies	reading math	writing social studies
8	reading writing math science	reading math science (in grades 6, 7, 8, or 9)	writing
9	reading writing math		reading writing math
10	reading writing math	reading math	writing
11	ACT		ACT
12**	science social studies	science (in grades 10, 11, or 12)	social studies

\*The Department also administers alternative assessments for children with disabilities who are unable to participate in the CSAP/TCAP, even with accommodations. Alternative assessments are administered in the same grades and subjects as the CSAP/TCAP with the exception of the fifth grade science assessment and the ACT. An alternative 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 alternative assessments outside of social studies.

\*\*Administration of the 12th grade assessments will require legislative approval.

### **Colorado Student Assessment Program**

This line item provides funding for the staff, operating expenses, and contract expenses associated with CSAP/TCAP, including the FY 2012-13 appropriation for the development of new science and social studies assessments.

**Request:** The Department’s FY 2013-14 request for this line item totals \$32,286,134 (including \$26,435,908 cash funds and \$5,850,226 federal funds) and 11.8 FTE and includes two major components:

- With decision item R-4 (Assessment Update), the Department requests an increase of \$4.2 million cash funds from the State Education Fund to: (1) support the augmentation of consortium-based assessments for mathematics and English language arts; (2) develop a Spanish literacy assessment aligned to statewide content standards; (3) administer the alternative social studies assessment for students with significant cognitive disabilities; and (4) fund anticipated cost increases associated with English language proficiency assessments (the decision item is discussed in detail below).
- For the ongoing administration of all of the existing and planned statewide assessments in FY 2013-14 (including the TCAP in mathematics and English language arts, the new science and social studies assessments, alternative assessments for each subject area, English language proficiency assessments, Spanish literacy assessments, and the ACT), the Department requests a continuation appropriation of \$28,093,332 total funds, equal to the FY 2012-13 appropriation. The request for this component includes \$15,885,363 cash funds from the State Education Fund, \$6,357,743 cash funds from the State Public School Fund (continuing the appropriation for the development of new assessments in FY 2012-13), and \$5,850,226 federal funds.

**Recommendation:** Staff recommends a total appropriation of \$34,052,962 and 11.8 FTE for this line item, including \$26,448,378 cash funds from the State Education Fund and \$7,604,584 federal funds. Staff's does not recommend continued funding from the State Public School Fund because the FY 2012-13 appropriation from that source used one-time funds to support the development of new assessments in FY 2012-13, and those funds are no longer available. Staff's recommendation for this line item includes \$4.2 million to fully fund decision item R-4 (discussed below). Staff's recommendation is \$1,766,828 total funds above the Department's total request because of the following changes:

- An increase of \$2,578,601 federal funds to reflect anticipated expenditures of federal funds for the ongoing development and administration of *alternate assessments for students with significant cognitive disabilities* in mathematics, English language arts, and science. The federal funds are split between the two assessment contracts based on subject area. Federal law requires the state to administer alternate assessments in every subject area the state assesses. In prior years, the Long Bill has reflected funds for alternate assessments within the federal funds appropriation to the Special Education for Children with Disabilities categorical program line item. Staff recommends reflecting the funds for alternate assessments in this line item instead. **Thus, staff recommends reducing the federal funds appropriation to the Special Education for Children with Disabilities line item by \$2,578,601 and increasing the appropriation to this line item by that amount to consolidate assessment-related expenditures within this line item.** As a result, this recommendation increases the appropriation to this line item but does not increase the Department's total budget.

- A decrease of \$709,048 total funds (including an increase of \$12,470 cash funds and a decrease of \$721,518 federal funds) associated with changes to assessment contracts from the estimates used in the November 1 request.
- A decrease of \$102,725 federal funds and the reallocation of those funds to the newly recommended Indirect Cost Assessment line item (discussed below).

The following table shows the components of staff’s recommendation for this line item.

<b>Colorado Student Assessment Program</b>					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>					
HB 12-1335 (Long Bill)	<u>\$28,093,332</u>	<u>\$0</u>	<u>\$22,243,106</u>	<u>\$5,850,226</u>	<u>11.8</u>
<b>TOTAL</b>	<b>\$28,093,332</b>	<b>0</b>	<b>\$22,243,106</b>	<b>\$5,850,226</b>	<b>11.8</b>
<b>FY 2013-14 Recommended Appropriation:</b>					
FY 2012-13 Appropriation	\$28,093,332	\$0	\$22,243,106	\$5,850,226	11.8
R-4: Assessment update	4,192,802	0	4,192,802	0	0.0
Reflect Alternate Assessments	2,578,601	0	0	2,578,601	0.0
Assessment Contract Costs	(709,048)	0	12,470	(721,518)	0.0
Indirect Cost Assessment	<u>(102,725)</u>	<u>0</u>	<u>0</u>	<u>(102,725)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$34,052,962</b>	<b>\$0</b>	<b>\$26,448,378</b>	<b>\$7,604,584</b>	<b>11.8</b>
<b>Increase/(Decrease)</b>	\$5,959,630	\$0	\$4,205,272	\$1,754,358	0.0
Percentage Change	21.2%	0.0%	18.9%	30.0%	0.0%
<b>FY 2013-14 Executive Request:</b>	<b>\$32,286,134</b>	<b>\$0</b>	<b>\$26,435,908</b>	<b>\$5,850,226</b>	<b>11.8</b>
Request Above/(Below) Recommendation	(\$1,766,828)	\$0	(\$12,470)	(\$1,754,358)	0.0

Below is a discussion of decision item R-4, followed by a detailed discussion of the recommended total appropriation for this line item.

**➔ Request R-4 – Assessment Update**

- The Department requests an increase of \$4.2 million cash funds from the State Education Fund for additional development and administration costs for standardized assessments in FY 2013-14.
- Staff recommends approving the request.

*Request:* The Department proposes an increase of \$4.2 million cash funds from the State Education Fund to support the continued development and administration of standardized assessments.

*Recommendation:* Staff recommends approving the requested \$4.2 million cash funds from the State Education Fund. The requested funds are necessary to allow the state to continue to comply with state and federal requirements regarding assessments and to develop a complete set of assessments aligned to the statewide standards.

*Analysis:* Decision item R-4 builds on the FY 2012-13 appropriation for new assessments. The request includes the following four components.

- \$2.0 million to “augment” the PARCC tests to cover Colorado-specific standards that go beyond the Common Core. The Department estimated a total cost of \$2.0 million for augmentation during discussions of the FY 2012-13 budget, and that cost estimate remains unchanged in the FY 2013-14 request. Because the PARCC assessments will only cover the Common Core, test augmentation will be necessary to fully cover the Colorado standards (including, for example financial literacy), and staff recommends this request.
- \$1.5 million to develop a new Spanish literacy assessment aligned to the updated statewide content standards, as required by Section 22-7-409 (3.5), C.R.S. Statute requires this assessment, and the development costs are necessary to align to the current standards. Staff recommends the request.
- \$0.4 million for administration of alternate social studies assessments for students with significant cognitive disabilities. As discussed above, federal law requires alternate assessments for all tested subject areas. Because Colorado will administer social studies assessments in FY 2013-14, the alternate assessment is necessary. The Department supports costs for math, English language arts, and science alternate assessments with federal funds. Because federal law does not require social studies assessments, state funding is necessary for the alternate social studies assessments. Staff recommends this request to remain compliant with federal and state law.
- \$0.3 million in anticipation of increased costs for the English Language Proficiency Assessment (ELPA). The Department projects continued significant growth in the English language learner population taking the ELPA (from an anticipated 107,000 in FY 2012-13 to 112,350 in FY 2013-14). In addition, the Department anticipates a potential increase of \$2 per test based on input from the test’s vendor. Staff recommends this request.

*Overview of Line Item Recommendation*

The following table provides an overview of the existing FY 2012-13 appropriation and staff’s recommendation for FY 2013-14. The sections following the table provide additional detail for each component shown in the overview.

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Summary of Recommendation for TCAP Line Item</b>			
<b>Description</b>	<b>FY 2012-13 Approp.</b>	<b>FY 2013-14 Est./ Rec.</b>	<b>Annual Change</b>
<b><u>I. TCAPs (CTB - McGraw Hill):</u></b> Contract for developing, scoring, and reporting TCAPs (not including alternate assessments) - math, English, and science in FY 2012-13 and math and English in FY 2013-14	<u>\$16,490,000</u>	<u>\$15,659,685</u>	<u>(\$830,315)</u>
Cash Funds - State Education Fund	13,413,825	13,413,825	0
Federal Funds	3,076,175	2,245,860	(830,315)
<b><u>Alternate TCAP (CTB - McGraw Hill):</u></b> Contract for developing, scoring, and reporting alternate TCAPs (math, English, and science in FY2012-13 and math and English in FY2013-14	<u>1,086,267</u>	<u>1,045,000</u>	<u>(41,267)</u>
Federal Funds (Reflected in Special Education line item in FY 2012-13)	1,086,267	1,045,000	(41,267)
<b><u>II. Science and Social Studies (Pearson):</u></b> Contract to develop, score, and report new science and social studies assessments	<u>\$5,208,292</u>	<u>\$5,550,423</u>	<u>\$342,131</u>
Cash Funds - State Education Fund	0	5,208,292	5,208,292
Cash Funds - State Public School Fund	5,208,292	0	(5,208,292)
Federal Funds	0	342,131	342,131
<b><u>Alternate Science and Social Studies (Pearson):</u></b> Contract for developing alternate science and social studies assessments in FY 2012-13 and developing, reporting, and scoring in FY 2013-14	<u>\$2,118,104</u>	<u>\$2,517,201</u>	<u>\$399,097</u>
Cash Funds - State Education Fund	0	983,600	983,600
Cash Funds - State Public School Fund	615,282	0	(615,282)
Federal Funds (Reflected in Special Education line item in FY 2012-13)	1,502,822	1,533,601	30,779
<b><u>III. English Language Proficiency:</u></b> Contract for developing, scoring, and reporting the Colorado English Language Assessment (CELA)/(WIDA)	<u>\$2,696,169</u>	<u>\$2,584,050</u>	<u>(\$112,119)</u>
Cash Funds - State Education Fund	0	881,919	881,919
Cash Funds - State Public School Fund	534,169	0	(534,169)
Federal Funds	2,162,000	1,702,131	(459,869)
<b><u>IV. ACT:</u></b> ACT test for 11th grade students - Cash Funds (State Education Fund)	\$1,981,540	\$1,957,000	(24,540)
<b><u>V. Administration:</u></b> Staff and operating expenses	\$1,102,049	\$1,365,594	\$263,545
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	489,998	527,008	37,010
Federal Funds	612,051	838,586	226,535

Summary of Recommendation for TCAP Line Item			
Description	FY 2012-13 Approp.	FY 2013-14 Est./ Rec.	Annual Change
<b><u>VI. Reduction for Reallocation to Indirect Cost Assessments line</u></b>			
Federal Funds	0	(102,725)	(102,725)
<b>Total</b>	<b>\$30,682,421</b>	<b>\$34,052,962</b>	<b>\$3,370,541</b>
<b>FTE</b>	<b><u>11.8</u></b>	<b><u>11.8</u></b>	<b><u>0.0</u></b>
<b>Cash Funds - State Education Fund</b>	<b>15,885,363</b>	<b>26,448,378</b>	<b>10,563,015</b>
<b>Cash Funds - State Public School Fund</b>	<b>6,357,743</b>	<b>0</b>	<b>(6,357,743)</b>
<b>Federal Funds</b>	<b>8,439,315</b>	<b>7,604,584</b>	<b>(834,731)</b>
<b>Decision Item R-4 -- State Education Fund</b>			
Augmentation of PARCC (SEF - not included in breakout above)		\$2,000,000	
Spanish Literacy (SEF - not included in breakout above)		1,476,734	
Alternate Science and Social Studies (SEF - included in detail above)		368,318	
English Language Proficiency (SEF - included in detail above)		347,750	
<b>Total Decision Item R-4 (Cash Funds - State Education Fund):</b>		<b>\$4,192,802</b>	

**I. TCAPs – Current contract for development, scoring, and reporting related to the TCAP and alternate TCAP (including mathematics, English language arts, and science in FY 2012-13 and mathematics and English language arts in FY 2013-14)**

The largest component of this line item is a contract (currently with CTB - McGraw Hill) to develop, maintain, manufacture, score, and report the TCAP assessments in mathematics and English language arts. In FY 2012-13, this contract included the administration of the TCAP in science as well. For FY 2013-14, the new science assessment will be managed under a separate contract with Pearson (see section II below). As discussed above, for FY 2013-14, staff recommends reflecting federal funds supporting alternate assessments in this line item. In prior years, including FY 2012-13, the Long Bill has reflected those funds in the Special Education Programs for Children with Disabilities categorical program line item. The following table details the basis for the existing FY 2012-13 appropriation and staff's recommendation for FY 2013-14.

Summary of Costs Associated with CTB - McGraw Hill Contract			
Description	FY 2012-13 Contract	FY 2013-14 Estimate	Annual Change
<b>TCAPs (Math, English, and Science in FY 2012-13 and Math and English in FY 2013-14)</b>			
<i>Estimated # of students per contract</i>	517,000	543,586	26,586
Development	\$647,220	\$552,993	(\$94,227)
Production	450,819	400,011	(50,808)
Manufacturing	3,757,101	3,456,780	(300,321)



<b>Summary of Costs Associated with CTB - McGraw Hill Contract</b>			
<b>Description</b>	<b>FY 2012-13 Contract</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
Test administration	919,853	872,553	(47,300)
Scoring and Reporting	10,704,447	10,348,788	(355,659)
Post-test management	10,560	10,560	0
Erasure Analysis	<u>18,000</u>	<u>18,000</u>	<u>0</u>
<b>Totals</b>	\$16,508,000	\$15,659,685	(\$848,315)
<b>Alternate Assessments for Students with Significant Cognitive Disabilities</b>			
Development and Production	\$417,002	\$395,873	(\$21,129)
Manufacturing	250,783	246,867	(\$3,916)
Scoring and Reporting	269,571	257,345	(\$12,226)
Post-Test Management	<u>148,911</u>	<u>144,915</u>	(\$3,996)
Totals:	\$1,086,267	1,045,000	(\$41,267)
<b>Totals for CTB - McGraw Hill Contract (TCAPs and Alternates)</b>			
<b>Total Funds</b>	<u>\$17,594,267</u>	<u>\$16,704,685</u>	<u>(\$889,582)</u>
CF - State Education Fund	13,423,825	13,423,825	0
Federal Funds	4,170,442	3,280,860	(889,582)

*Recommendation I. TCAPs:* As detailed in the above table, staff recommends providing \$16,704,685 to cover the costs of this contract in FY 2013-14, including \$13,423,825 cash funds from the State Education Fund and \$3,280,860 federal funds. Section 22-7-409 (3), C.R.S., states that, “for the fiscal year 1998-99 and for fiscal years thereafter, the general assembly shall appropriate moneys in the annual general appropriation act to the department to fund the Colorado student assessment program.” However, consistent with the General Assembly’s appropriations since FY 2002-03, staff recommends including a portion of the federal funding made available through the *No Child Left Behind Act* in this line item, with the balance of the appropriation coming from state funds.

**II. Science and Social Studies – Current Contract with Pearson for New Science and Social Studies Assessments, Including Alternate Assessments**

This component supports a contract with Pearson for science and social studies assessments, including the alternate assessments for students with significant cognitive disabilities. The contract includes development expenses in FY 2012-13 and development, scoring, and reporting expenses in FY 2013-14.



<b>Summary of Costs Associated with Pearson Contract</b> (Includes development and piloting of science and social studies and alternate assessments for science and social studies in FY 2012-13 and administration in FY 2013-14)			
<b>Description</b>	<b>FY 2012-13 Actual Contract*</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
<b>Standard (non-alternate) Assessments in Science and Social Studies</b>			
<i>Estimated # of students per contract</i>	306,000	320,474	14,474
Content Development	\$1,983,746	\$1,338,395	(\$645,351)
Ancillary Development	60,494	137,322	76,828
Program Management	797,873	780,270	(17,603)
Information Technology	57,820	55,300	(2,520)
Psychometrics	175,019	181,398	6,379
Quality Assurance	69,947	91,182	21,235
Test Delivery System	332,180	314,303	(17,877)
Product Mfg. and Distribution	145,531	199,359	53,828
Receiving/Scanning/Editing	0	10,155	10,155
Reporting	514,454	508,199	(6,255)
Scoring	689,402	1,585,965	896,563
Travel and Meetings	<u>321,083</u>	<u>348,575</u>	<u>27,492</u>
<b>Total Standard Assessments</b>	5,147,549	5,550,423	402,874
<b>Alternate Assessments for Students with Significant Cognitive Disabilities</b>			
Content Development	\$928,859	\$337,009	(\$591,850)
Ancillary Development	9,071	4,144	(4,927)
Program Management	306,298	426,148	119,850
Information Technology	160,736	244,304	83,568
Psychometrics	168,358	246,890	78,532
Quality Assurance	29,438	46,445	17,007
Test Delivery System	165,017	107,799	(57,218)
Product Mfg. and Distribution	104,013	111,420	7,407
Receiving/Scanning/Editing	2,394	2,673	279
Reporting	5,083	336,684	331,601
Scoring	0	250,000	250,000

<b>Summary of Costs Associated with Pearson Contract</b> (Includes development and piloting of science and social studies and alternate assessments for science and social studies in FY 2012-13 and administration in FY 2013-14)			
Description	FY 2012-13 Actual Contract*	FY 2013-14 Estimate	Annual Change
Travel and Meetings	<u>238,837</u>	<u>403,685</u>	<u>164,848</u>
<b>Totals Alternate Assessments</b>	\$2,118,104	\$2,517,201	\$399,097
<b>Totals for Pearson Contract</b>			
<b>Total Funds</b>	<u>\$7,265,653</u>	<u>\$8,067,624</u>	<u>\$801,971</u>
CF - State Education Fund*	0	6,191,992	6,191,992
CF - State Public School Fund	5,823,674	0	(5,823,674)
FF (Assessment & IDEA B)	1,441,979	1,875,632	433,653

\*Component of Decision Item R-4 - \$368,318 for administration of alternate assessment in social studies.

*Recommendation II. Science and Social Studies:* As detailed in the table above, staff recommends appropriating a total of \$8,067,624 for the contract to develop and administer science and social studies assessments (including alternate assessments for students with significant cognitive disabilities) in FY 2013-14, including \$6,191,992 cash funds from the State Education Fund and \$1,875,632 federal funds.

### **III. Colorado English Language Assessment**

The above contract with CTB - McGraw Hill does not include funding for the Colorado English Language Assessment (CELA). The federal *No Child Left Behind Act* requires Colorado to administer a single, statewide assessment to determine the English language proficiency level of English language learners. The State is required to administer 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 CELA program consists of two distinct tests: (1) a placement test ("CELAplace") used soon after registration to screen students whose home language survey indicates that a language other than English is spoken in the home; and (2) an assessment test ("CELApro") 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 existing FY 2012-13 appropriation and staff's recommendation for FY 2013-14. Please note that the Department has changed vendors for this assessment in FY 2013-14. The new vendor charges on a per-student basis and does not report

costs in the same categories as the previous vendor. As a result, some specific costs are not comparable between FY 2012-13 and FY 2013-14.

<b>Summary of English Language Proficiency Costs Associated with WIDA (ACCESS) Contract (Contract with CTB McGraw-Hill in FY 2012-13 and University of Wisconsin (WIDA) in FY 2013-14)</b>			
<b>Description</b>	<b>FY 2012-13 Approp.*</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
<i>Estimated # of students per contract</i>	<i>110,000</i>	<i>112,350</i>	<i>2,350</i>
Development	\$153,771	\$335,920	\$182,149
Printing/Distribution/Collection	616,384	1,395,360	778,976
Scoring	718,450	0	(718,450)
Ongoing Development	20,982	0	(20,982)
Data Analysis	417,202	0	(417,202)
Reporting	235,211	0	(235,211)
Administration (Perf. Dev. & Research)	<u>0</u>	<u>852,770</u>	<u>852,770</u>
<b>Totals</b>	<b>\$2,162,000</b>	<b>\$2,584,050</b>	<b>\$422,050</b>
CF - State Education Fund*	0	881,919	881,919
CF - State Public School Fund	534,169	0	(534,169)
Federal Funds	1,627,831	1,702,131	74,300

\*Component of Decision Item R-4 - increase of \$347,750 associated with increased English Language Proficiency Costs.

*Recommendation III. CELA:* As detailed in the table above, staff recommends appropriating \$2,584,050 total funds to support English language proficiency assessments in FY 2013-14.

#### **IV. ACT - Funding for Administration of Spring 2014 ACT Test**

Pursuant to Section 22-7-409 (1.5), C.R.S., all eleventh grade students in public schools are required to take a "standardized, curriculum-based, achievement, college entrance examination selected by the department, administered throughout the United States, and relied upon by institutions of higher education that, at a minimum, tests in the areas of reading, writing, mathematics, and science...". This same provision requires the Department to "pay all costs associated with administering the curriculum-based, achievement college entrance exam." The Department entered into a contract with ACT, Inc., following the passage of S.B. 00-186. This initial contract covered the statewide ACT tests to be administered from the Spring of 2001 through 2005. Since 2005 the Department has negotiated a contract with ACT annually.

The following table details the basis for the existing FY 2012-13 appropriation and staff's recommendation for FY 2013-14.

<b>Summary of Costs Associated with ACT Contract</b>			
<b>Description</b>	<b>FY 2012-13 Approp.*</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
<i>Estimated # of students taking ACT on statewide test date</i>	59,000	58,000	(1,000)
Price per student (same as national rate)	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$0.00</u>
<b>Subtotal: Statewide test date</b>	1,888,000	1,856,000	(32,000)
<i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i>	1,600	2,000	400
Price per student for voucher	<u>\$35.00</u>	<u>\$35.00</u>	<u>\$0.00</u>
<b>Subtotal: Alternate test date</b>	56,000	70,000	14,000
<b>Subtotal: Student testing service costs</b>	<b>1,944,000</b>	<b>1,926,000</b>	<b>(18,000)</b>
Test administration training workshops	11,540	4,000	(7,540)
Data sent on CDs to schools (\$ 125/CD)	<u>26,000</u>	<u>27,000</u>	<u>1,000</u>
<b>Subtotal: Other costs</b>	<b>\$37,540</b>	<b>\$31,000</b>	<b>(\$6,540)</b>
<b>Total - Cash Funds - State Education Fund</b>	<b>\$1,981,540</b>	<b>\$1,957,000</b>	<b>(\$24,540)</b>

\*Figures provided as the basis for the FY 2012-13 appropriation are reflected here. The actual contract for FY 2012-13 totals \$1,907,275 for a total of 57,000 students.

*Recommendation IV. ACT:* As detailed in the table above, staff recommends appropriating \$1,957,000 cash funds from the State Education Fund for the ACT contract for FY 2013-14.

#### **V. 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 2012-13 appropriation and staff’s FY 2013-14 recommendation.

<b>Summary of Costs Associated with Administration Portion of CSAP Line Item</b>			
<b>Description</b>	<b>FY 2012-13 Approp.*</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
Subtotal Personal Services	\$1,030,297	\$1,277,446	\$247,149
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
CF - State Education Fund	454,064	484,928	30,864
Federal Funds	576,233	792,518	216,285
<b>Subtotal: Operating Expenses</b>	<b><u>\$71,752</u></b>	<b><u>\$88,148</u></b>	<b><u>\$16,396</u></b>
CF - State Education Fund	35,934	42,080	6,146
Federal Funds	35,818	46,068	10,250
<b>Total Administration Costs</b>	<b>\$1,102,049</b>	<b>\$1,365,594</b>	<b>\$516,840</b>

<b>Summary of Costs Associated with Administration Portion of CSAP Line Item</b>			
<b>Description</b>	<b>FY 2012-13 Approp.*</b>	<b>FY 2013-14 Estimate</b>	<b>Annual Change</b>
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
CF - State Education Fund	489,998	527,008	37,010
Federal Funds	612,051	838,586	226,535

*Recommendation V. Administration Staff:* As detailed in the above table, staff recommends appropriating \$1,365,954 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program in FY 2013-14. The fund sources in staff’s recommendation are based on information provided by the Department.

## **VI. Indirect Cost Assessment Adjustment**

As discussed above, pursuant to the Committee’s policy regarding indirect cost assessments in FY 2013-14, staff recommends reducing the total appropriation to this line item by \$102,725 federal funds and instead reflecting those funds in the newly recommended Indirect Cost Assessment line item (discussed below). The amount is based on information provided by the Department and aligns with the Department’s indirect cost plan for FY 2013-14.

### **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*. 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).

**Request:** The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **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 three-year federal grant to improve state longitudinal data systems in FY 2010-11, for use from FY 2010-11 through FY 2012-13. The Department reports that it has 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.

**Request:** The Department requests continuation funding of \$8,044,511 (including \$286,311 General Fund and \$7,758,200 federal funds) and 3.0 FTE for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends an appropriation of \$5,186,311 and 3.0 FTE (including \$286,311 General Fund and \$4,900,000 federal funds). As discussed above, FY 2012-13 was the final year of the federal grant supporting much of the appropriation to this line item. However, the Department has been unable to fully expend the grant funds in the three-year period and anticipates a one-year extension of the grant to allow the expenditure of the remaining funds in FY 2013-14. Staff’s recommendation reflects the Department’s current estimate of the remaining federal funds that would be spent in FY 2013-14 under such an extension. The federal funds are shown in the Long Bill for informational purposes only. The following table shows the components of staff’s recommendation.

<b>Longitudinal Analyses of Student Assessment Results</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$8,044,511</u>	<u>\$286,311</u>	<u>\$7,758,200</u>	<u>3.0</u>
<b>TOTAL</b>	<b>\$8,044,511</b>	<b>\$286,311</b>	<b>\$7,758,200</b>	<b>3.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$8,044,511	\$286,311	\$7,758,200	3.0
Federal Funds Adjustment	<u>(2,858,200)</u>	<u>0</u>	<u>(2,858,200)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,186,311</b>	<b>\$286,311</b>	<b>\$4,900,000</b>	<b>3.0</b>
<b>Increase/(Decrease)</b>	(\$2,858,200)	\$0	(\$2,858,200)	0.0
Percentage Change	(35.5%)	0.0%	(36.8%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$2,858,200	\$0	\$2,858,200	0.0

**EARLY LITERACY ASSESSMENT TOOL (New line item requested)**

The Department is requesting the creation of a new line item to continue an appropriation, originally provided in House Bill 12-1345, to allow the Department to purchase an early literacy assessment tool to obtain real-time assessments of reading skills of students enrolled in kindergarten through third grade. House Bill 12-1345 provided \$3.0 million for this purpose in FY 2012-13 and required the Department to issue a request for proposals (RFP) for the purchase of the tool by October 1, 2012. The bill also requires the Department to select local education

providers that will receive the tool. The results obtained through the assessment tool would inform early literacy efforts through H.B. 12-1238 (discussed in the Assistance to Public Schools section below).

**Request:** The Department requests \$3,000,000 cash funds from the State Education Fund for FY 2013-14, equal to the FY 2012-13 appropriation provided in H.B. 12-1345. The Department reports that it will be unable to spend the full \$3.0 million appropriated in FY 2012-13 and asks that the appropriation be renewed in FY 2013-14.

**Recommendation:** Staff recommends the requested appropriation of \$3.0 million cash funds from the State Education Fund in FY 2013-14. The Legislative Council Staff Fiscal Note for H.B. 12-1345 implies that the FY 2012-13 appropriation was one-time in nature and did not assume a need for ongoing appropriations beyond FY 2012-13. However, the Department reports it will be unable to spend the \$3.0 million appropriation on the contract in FY 2012-13. The Department is still negotiating the contract and is therefore unable to provide estimates of the amount to be spent in FY 2012-13. Staff’s recommendation assumes that the General Assembly wishes to see the contract executed and would allow the Department to spend the original amount in FY 2013-14. The Department has committed to spending no more than \$3.0 million on this contract over the two-year period (FY 2012-13 and FY 2013-14).

This appropriation largely supports software licenses for the early literacy assessment system, and continuing to support the system beyond FY 2013-14 will require ongoing appropriations. Staff’s anticipates that the Department will submit a decision item for FY 2014-15 if the Department intends to continue to support this program with state funds.

**BASIC SKILLS PLACEMENT OR ASSESSMENT TESTS (New line item requested)**

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.

**Request:** The Department requests \$320,917 cash funds from the State Education Fund for FY 2013-14, a reduction of \$679,083 from the FY 2012-13 appropriation provided in H.B. 12-1345 (School Finance). The request aligns with the “annualization” anticipated in the Legislative Council Staff Fiscal Note for H.B. 12-1345.

**Recommendation:** Staff recommends the request. The following table shows the components of the request and staff recommendation.

<b>Basic Skills Placement or Assessment Tests</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1345 (School Finance)	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>0.0</u>



<b>Basic Skills Placement or Assessment Tests</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>0</b>	<b>\$1,000,000</b>	<b>0.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$1,000,000	\$0	\$1,000,000	0.0
Annualize prior year legislation	(679,083)	0	(679,083)	0.0
<b>TOTAL</b>	<b>\$320,917</b>	<b>\$0</b>	<b>\$320,917</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$679,083)	\$0	(\$679,083)	0.0
Percentage Change	(67.9%)	0.0%	(67.9%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**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 implementing this bill.

**Request:** The Department requests continuation funding of \$567,685 cash funds from the State Education Fund and 3.5 FTE for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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).

**Request:** The Department requests continuation funding of \$424,390 General Fund and 3.0 FTE for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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. Because the



General Assembly provided a one-time appropriation of cash funds, no cash fund appropriation is necessary in FY 2013-14.

**Request:** The Department requests a total of \$1,832,151 federal funds and 14.5 FTE in FY 2013-14. The request annualizes the FY 2012-13 appropriation by eliminating the \$6.4 million cash funds appropriation, as discussed above.

**Recommendation:** Staff recommends an appropriation of \$1,715,081 federal funds and 14.5 FTE. The recommendation reflects anticipated expenditures of federal funds and FTE in FY 2013-14. The recommendation is \$117,070 below the request because the recommendation reflects that amount in the newly recommended Indirect Cost Assessment line item (discussed below).

<b>Educator Effectiveness Implementation</b>					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>					
HB 12-1335 (Long Bill)	<u>\$8,258,981</u>	<u>\$0</u>	<u>\$6,426,830</u>	<u>\$1,832,151</u>	<u>17.5</u>
<b>TOTAL</b>	<b>\$8,258,981</b>	<b>0</b>	<b>\$6,426,830</b>	<b>\$1,832,151</b>	<b>17.5</b>
<b>FY 2013-14 Recommended Appropriation:</b>					
FY 2012-13 Appropriation	\$8,258,981	\$0	\$6,426,830	\$1,832,151	17.5
Annualize prior year budget actions	(6,426,830)	0	(6,426,830)	0	(3.0)
Indirect Cost Assessment	<u>(117,070)</u>	<u>0</u>	<u>0</u>	<u>(117,070)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,715,081</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,715,081</b>	<b>14.5</b>
<b>Increase/(Decrease)</b>	(\$6,543,900)	\$0	(\$6,426,830)	(\$117,070)	(3.0)
Percentage Change	(79.2%)	0.0%	(100.0%)	(6.4%)	(17.1%)
<b>FY 2013-14 Executive Request:</b>					
	<b>\$1,832,151</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,832,151</b>	<b>14.5</b>
Request Above/(Below) Recommendation	\$117,070	\$0	\$0	\$117,070	0.0

**ACCOUNTABILITY AND IMPROVEMENT PLANNING (New Line Item Requested)**

With decision item #3, the Department is requesting the creation of a new line item to support accountability and improvement planning efforts associated with the implementation of S.B. 09-163. The proposed line item would provide funding specifically to support training, technical assistance, and data analysis provided to districts and schools, especially low-performing districts and schools. The request for the line item would also support 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.

**Request:** The Department requests a total of \$625,501 General Fund and 3.2 FTE to support the new line item. The request is discussed in detail below.

**Recommendation:** Staff recommends the creation of the proposed line item and an appropriation of \$1,017,060 total funds and 10.0 FTE. The recommendation includes:

- \$566,728 General Fund and 3.2 FTE for decision item R-3 (discussed in detail below), a reduction of \$58,773 below the request because of Committee policy not to fund centrally-appropriated costs with new FTE. This component is new funding for the Department to support new FTE.
- \$550,332 federal funds and 6.8 FTE that reallocated from existing line items. The federal funds and associated FTE include \$391,832 and 5.3 FTE currently reflected in the Appropriated Sponsored Programs line item and \$158,500 and 1.5 FTE currently reflected in the Special Education Programs for Children with Disabilities line item. All of the federal funds and associated FTE are associated with the Department’s ongoing accountability and improvement planning efforts under S.B. 09-163, and staff recommends reflecting all of the relevant funds and FTE in this line item for transparency purposes. Staff recommends reducing the other line items by the recommended amounts so the reallocation will not result in any change in the Department’s total budget.

**➔ Request R-3 – Implementation of Accountability and Improvement Planning**

*Request:* The Department requests the creation of a new line item and a total of \$625,501 General Fund and 3.2 FTE in FY 2013-14 (annualizing to \$973,851 General Fund and 3.5 FTE in FY 2014-15) to support additional accountability and improvement planning efforts associated with S.B. 09-163. The request seeks to: improve training, technical assistance, and data analysis provided to districts and schools, especially low-performing districts and schools. The request would also provide additional resources to support 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.

*Recommendation:* Staff recommends an appropriation of \$566,728 General Fund and 3.2 FTE in FY 2013-14. Staff’s recommendation for decision item R-3 is \$58,773 General Fund below the request pursuant to Committee common policy not to provide funding for a variety of centrally appropriated costs with new FTE. The request includes a total of \$58,773 in funds associated with amortization equalization disbursement (AED), supplemental amortization equalization disbursement (SAED), short-term disability (STD), health, life, and dental (HLD), and leased space costs. Outside of denying those funds, staff’s recommendation aligns with the request.

Accountability and improvement planning is a pressing issue for districts and schools on the five-year clock, and staff agrees that additional resources are necessary. The following table compares the request and staff recommendation for decision item R-3.

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Decision Item R-3 - Accountability and Improvement Planning</b>						
Cost Component	FY 2013-14 Request		FY 2013-14 Staff Rec.		FY 2014-15 Est.	
	General Fund	FTE	General Fund	FTE	General Fund	FTE
<b>Personal Services</b>						
Salaries	\$256,015	3.2	\$256,015	3.2	\$279,300	3.5
PERA	25,985		25,985		28,349	
Medicare	<u>3,712</u>		<u>3,712</u>		<u>4,050</u>	
Subtotal, Personal Services	\$285,712	3.2	\$285,712	3.2	\$311,699	3.5
<b>Centrally-Appropriated Costs</b>						
Health, Life, and Dental	\$17,684		\$0		\$17,684	
Short Term Disability	453		0		494	
AED	9,217		0		11,172	
SAED	8,320		0		10,474	
Leased Space	<u>23,099</u>		<u>0</u>		<u>0</u>	
Subtotal, Centrally-Appropriated	\$58,773		\$0		\$39,824	
<b>Other Expenses</b>						
Operating Expenses	\$18,136		\$18,136		\$3,048	
Technical Assistance	69,880		69,880		69,880	
State Review Panel	<u>193,000</u>		<u>193,000</u>		<u>549,400</u>	
Subtotal, Other Expenses	\$281,016		\$281,016		\$622,328	
<b>Total, Decision Item R-3</b>	<b>\$625,501</b>	<b>3.2</b>	<b>\$566,728</b>	<b>3.2</b>	<b>\$973,851</b>	<b>3.5</b>

*Analysis:* Senate Bill 09-163 created the State’s current accountability and improvement system for public schools and school districts. The bill aligned two previously conflicting accountability systems: the district accreditation system and school accountability reports. In February 2012, the Department received a waiver from the U.S. Department of Education allowing Colorado to use the state system in lieu of the federal accountability system. Thus, the State now has a single statewide accountability system created by S.B. 09-163. The bill also changed the distribution of district and school performance information, making all information available on-line through the SchoolView system. Finally, the bill authorized the creation of a State Review Panel to advise the State Board of Education regarding accreditation and plan assignments for schools and school districts.

Under the bill, the State Board of Education accredits school districts and assigns improvement plan types to individual public schools throughout the state. Local school districts (and the Charter School Institute) accredit their respective schools. The bill creates responsibilities for the Department and the State Board in five major categories:

- Data analysis and annual accreditation (school districts) and improvement plan assignment (schools).

- Reviewing district and school improvement plans.
- Providing technical assistance and advice to low performing school districts and schools to increase performance.
- Making all performance data and plans available to the public through SchoolView.
- Advising the State Board of Education regarding potential consequences for districts and schools affected by the “five-year clock” (discussed below).

*Accountability and the Five-year Clock*

Under the bill, the Department annually assigns each school district in Colorado (and the Charter School Institute) to one of five accreditation categories and assigns each public school in the State to one of four improvement plan types (see the table below).

<b>TABLE 1: District Accreditation and School Plan Categories</b>	
<b>District Accreditation Categories</b>	<b>School Improvement Plan Categories</b>
Accredited with Distinction	
Accredited	Performance Plan
Accredited with Improvement Plan	Improvement Plan
Accredited with Priority Improvement Plan	Priority Improvement Plan
Accredited with Turnaround Plan	Turnaround Plan

The bill creates a “five-year clock” for the lowest performing school districts and schools as indicated by accreditation categories and plan types. Under the bill, the State Board must remove the accreditation of any school district (or the Charter School Institute) that is accredited below “Accredited with Improvement Plan” for five consecutive years. Similarly, the State Board must instruct the local school district or the Charter School Institute to restructure or close any school that is assigned to the Priority Improvement Plan or Turnaround Plan categories for five consecutive years.

Based on the latest district accreditation (November 2012) and school plan assignment (December 2012) decisions from the State Board of Education, 34 school districts and 191 schools are “on” the five-year clock. Table 2 shows the number of districts and schools that will enter each year of the five-year clock as of July 2013.

<b>TABLE 2: School Districts and Schools Facing the Five-year Clock as of July 2013<sup>2</sup></b>	
<b>Number of Districts in Each Year</b>	<b>Number of Schools in Each Year</b>
5 districts will enter year 1	70 schools will enter year 1
4 districts will enter year 2	61 schools will enter year 2
13 districts will enter year 3	60 schools will enter year 3
3 districts will enter year 4	

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<sup>2</sup> For detailed results, see: <http://www.cde.state.co.us/Accountability/PerformanceFrameworks.asp>

*Anticipated and Actual Costs*

The Legislative Council Staff Final Fiscal Note on S.B. 09-163 (Fiscal Note) focused on the information technology and programming costs required by the bill and did not anticipate additional state costs as a result of the bill. The Fiscal Note recognized that system development under the bill would require 3.0 additional FTE but anticipated that savings from the elimination of printings costs for district and school reports, along with the reallocation of funds supporting the previous accountability systems, would support the necessary costs and FTE. In alignment with the Fiscal Note, the Department has implemented the bill to date without an increase in resources, largely through the use of federal funds.

The Department focused largely on system design and development for the first two years of implementation (FY 2009-10 and FY 2010-11), with the first reports under the system published in August 2010. In FY 2011-12 and FY 2012-13, while continuing to make changes and update the accountability system, the Department has increased its focus on providing technical assistance to low-performing districts and schools needing to improve their performance. For reference purposes, Table 2 displays the Department’s estimated costs associated with the bill in FY 2011-12. Please note that the Department has not specifically tracked S.B. 09-163 implementation costs; Table 3 represents the Department’s best estimates of actual costs in FY 2011-12.

<b>TABLE 3: Estimated S.B. 09-163 Implementation Costs in FY 2011-12</b>		
<b>Activity Description</b>	<b>Est. Costs</b>	<b>FTE</b>
Performance Framework	\$150,000	2.0
Unified Improvement Planning Input/Design/Setup	194,343	0.5
SchoolView	112,500	1.5
Policy Development (Five-year Clock)	120,000	1.6
Improvement Plan Submission and Posting	48,750	0.7
State Review Panel	268,000	1.0
Plan Reviews	235,593	1.0
Support/Training/Technical Assistance	<u>252,260</u>	<u>1.5</u>
<b>Total</b>	<b>\$1,381,446</b>	<b>9.7</b>

For FY 2013-14, the Department is requesting an increase of \$625,501 General Fund and 3.2 FTE (the request anticipates a need for \$973,851 and 3.5 FTE in FY 2014-15 and beyond) to: (1) improve the Department’s data analysis and technical assistance provided to school districts and schools, particularly those facing consequences under the five-year clock; and (2) fully fund an independent State Review Panel to review turnaround and priority improvement plans, document the Department’s technical assistance and the districts’/schools’ response, and advise the State

Board regarding consequences for schools and districts reaching the end of the five-year clock. Staff discusses the two major components of the request below.

*Department Data Analysis and Technical Assistance (CDE Expenses)*

The request includes \$432,501 and 3.2 FTE to support additional work at the Department in FY 2013-14 (annualizing to \$424,451 and 3.5 FTE in FY 2014-15). Of the total in FY 2013-14, \$362,621 is directly related to personal services and operating expenses for the requested FTE, while \$69,880 would support additional training and technical assistance costs with bulk of those costs associated with an interagency agreement with a higher education institution.

The Department reports that the additional resources are necessary because of the increasing workload associated with school districts and schools on the five-year clock. As discussed above, school districts and schools on the five-year clock face significant consequences in the form of a loss of accreditation for districts and restructuring or closure for schools, making adequate technical assistance essential. The Department reports that small districts are especially short of the resources and expertise needed to successfully complete and execute the planning process and that such expertise is generally even more lacking at the school-level.

With a total of 225 entities (34 school districts and 191 schools) on the five-year clock, the Department must complete detailed reviews and provide feedback on 225 plans per year. To date, the Department's (and the State Review Panel's) focus has been on the Turnaround districts and schools. Due to a lack of resources, the districts and schools in Priority Improvement Status have received minimal assistance and inadequate reviews of improvement plans. However, under S.B. 09-163 those districts and schools face the same consequences at the end of the five-year clock period as Turnaround districts and schools. The Department is requesting the additional resources in part to specifically improve the assistance provided to the Priority Improvement districts and schools.

*State Review Panel*

The request includes a total of \$193,000 to support an independent State Review Panel (Panel) in FY 2013-14 (increasing to \$549,400 in FY 2014-15). The Department has a Panel in place now, as authorized by S.B. 09-163. The Department manages the current Panel internally, which consists of volunteers from the field and largely reviews the turnaround plans submitted by the lowest-performing districts and schools. The current Panel review appears to be redundant with the Department's review, and the current panel does not visit the affected schools and districts.

The Department is proposing major changes to the Panel. The new Panel would be independent of the Department, potentially managed by an institution of higher education. The proposed Panel would: (1) review districts' and schools' Turnaround and Priority Improvement plans; (2) review the feedback and technical assistance the Department provides to affected districts and schools; (3) evaluate the districts' and schools' response to the Department's feedback and technical assistance; (4) visit the affected districts and schools to assess their capacity to successfully improve (including assessing a variety of criteria required by S.B. 09-163); and (5) advise the State Board regarding consequences for districts and schools approaching the end of the five-year clock.

According to the Department, the proposed Panel would benefit the accountability process in two major ways:

- The Panel would provide a body of evidence to support and substantiate high-stakes recommendations to the State Board.
- As an independent entity, the Panel may have greater credibility in advising the State Board regarding districts and schools at the end of the five-year clock. The Department’s staff will work closely with affected districts and schools for years, and the proposed Panel would provide a more independent view.

Given the potential stakes for schools and districts on the five-year clock, staff agrees with the Department that an independent review will be an important part of the process going forward. An independent expert review should benefit the State Board in deciding the future of affected schools and districts. In addition, the external review and body of evidence should increase the credibility of the process. Given the potential loss of accreditation for districts and closure or major restructuring of schools, credibility is external credibility will be essential as the accountability process goes forward.

#### *Education Stakeholder Input*

Staff views the Department’s request as a “customer service” request to improve services provided to school districts and schools facing consequences under the five-year clock. Staff discussed the request in that context with a variety of stakeholders from the education community (including CASB, CASE, and CEA). In each case, these stakeholders reported that the Department’s technical assistance has been useful to recipient districts and schools and that additional assistance is definitely necessary, particularly for Priority Improvement schools and districts that have been largely unserved to date. All three groups support the request as submitted by the Department.

#### *Potential Sequestration Concerns*

With sequestration potentially reducing federal funding available to the Department in FY 2013-14, some of the federal funds devoted to accountability and improvement planning could be at risk. The Department’s argument for decision item R-3 is based on the evidence that the current level of funding is not adequate to serve those schools and districts going forward. Given the potential stakes for schools and districts on the five-year clock, staff assumes that the Department will retain as much federal funding for this purpose as possible and intends for the recommended funds to be additive to the current program. If a loss of federal funds is going to result in a significantly reduced accountability and improvement planning program (relative to the program anticipated in the request), then staff recommends that the Department and the General Assembly consider revisions to the program to make the reduced level of funding viable to serve affected schools and districts.



## **(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 5.0 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.];
- 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.]; and
- 1.0 percent is annually credited to the Institute Charter School Assistance Fund [Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5 515.5, C.R.S.].

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 primary fund source for the Institute, 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 five line items in the FY 2012-13 Long Bill, four are now continuously appropriated and would be shown in the FY 2013-14 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.

There are currently 23 Institute charter schools<sup>3</sup>, including 11,288.5 funded pupils. The Charter School Institute expects the number of schools to rise to 28 in FY 2013-14 but the projected

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<sup>3</sup> Institute charter schools currently include: *Adams - Adams 12*: Pinnacle Charter School; *Adams - Brighton*: Academy at High Point; *Adams - Commerce City*: Community Leadership Academy; *Adams - Westminster*: Early College of Arvada, GOAL Online Academy, and Ricardo Flores Magnon Academy; *Eagle*: Stone Creek Elementary; *El Paso - Calhan*: Frontier Academy; *El Paso - Colorado Springs*: Pikes Peak Prep, Scholars to Leaders Academy, Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, and Vanguard Academy; *Garfield - Roaring Fork*: Ross Montessori; *La Plata - Durango*: Animas Charter School,



pupil count is 11,154.0 (a decrease of 134.5 pupils) because of the departure of a large school (GOAL Academy) following the 2012-13 school year. The table on the following page provides a recent funding history for the Institute, including the number of Institute schools and funded pupils for each year.

<b>State Charter School Institute: Funding</b>				
Description	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Estim./ Approp.	FY 2013-14 Estim./ Request
<i>Total Transfer from State Share line item a/</i>				
Number of Institute Charter Schools	18	22	23	28
Funded Pupil Count	7,599.7	10,126.9	11,288.5	11,154.0
Average Per Pupil Funding	\$6,316.49	\$6,273.39	\$6,175.65	\$6,311.98
<b>Total Transfer from State Share line item</b>	<b>\$48,003,455</b>	<b>\$63,529,989</b>	<b>\$69,713,836</b>	<b>\$70,403,827</b>
<b>SCSI Administration, Oversight, and Management b/</b>				
Reappropriated Funds	\$1,327,971	\$1,471,394	\$2,091,415	\$2,112,115
FTE	9.2	11.1	10.7	11.7
<b>Other Transfers to Institute Charter Schools - RF b/</b>	<b>\$1,630,348</b>	<b>\$2,243,815</b>	<b>\$3,262,343</b>	<b>\$3,622,979</b>
<b>Transfer of Federal Moneys to Institute Charter Schools b/</b>				
Reappropriated Funds	\$3,760,840	\$5,214,512	\$5,730,000	\$5,730,000
FTE	4.3	4.6	4.5	4.5
<b>State Charter School Institute Emergency Reserve b/</b>				
Reappropriated Funds	\$0	\$0	\$0	\$0

Sources:

a/ Pupil count and State Share information from the Department's annual school finance worksheets for FY 2010-11 and FY 2011-12. FY 2012-13 is based on current estimates from Department. For FY 2013-14, the Department anticipates a decline in the funded pupil count because of the departure of a single school in FY 2013-14.

b/ For FY 2010-11 and FY 2011-12, reflects actual data reported in the Department's FY 2013-14 budget request; for FY 2012-13, reflects appropriation; and for FY 2013-14, reflects the Department's November 1, 2012 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.

**Request:** The Department requests a total of \$2,466,743 reappropriated funds and 11.7 FTE, an increase of \$635,086 reappropriated funds and 1.0 FTE above the FY 2012-13 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.

and Mountain Middle School; *Larimer - Poudre:* T.R. Paul Academy of Arts & Knowledge, Calvert Online, Colorado Early Colleges – Fort Collins, and Provost Online; *Mesa - Mesa Valley:* Caprock Academy; and *Pueblo - Pueblo:* Youth & Family Academy.

**Recommendation:** Staff recommends approval of the request to reflect the Institute’s anticipated expenditures for informational purposes. The following table shows the components of the request and staff recommendation.

<b>State Charter School Institute Administration, Oversight, and Management</b>				
	Total Funds	General Fund	Reappropriated Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$1,831,657</u>	<u>\$0</u>	<u>\$1,831,657</u>	<u>10.7</u>
<b>TOTAL</b>	<b>\$1,831,657</b>	<b>0</b>	<b>\$1,831,657</b>	<b>10.7</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$1,831,657	\$0	\$1,831,657	10.7
Continuous Approp. Adjustment	<u>635,086</u>	<u>0</u>	<u>635,086</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$2,466,743</b>	<b>\$0</b>	<b>\$2,466,743</b>	<b>11.7</b>
<b>Increase/(Decrease)</b>	\$635,086	\$0	\$635,086	1.0
Percentage Change	34.7%	0.0%	34.7%	9.3%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Institute Charter School Assistance Fund**

Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5-515.5, C.R.S., credit 1.0 percent of Institute charter schools’ per pupil funding to the Institute Charter School Assistance Fund for direct and indirect costs associated with the following:

- 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 (BEST) program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction of buildings; or
- Addressing other facility or special education funding emergencies.

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

**Request:** The Department requests a total of \$260,000 cash funds, a reduction of \$200,000 from the FY 2012-13 appropriation, based on the Institute’s projected expenditures for this line item.

**Recommendation:** Staff recommends a continuation appropriation of \$460,000 cash funds, equal to the FY 2012-13 appropriation and \$200,000 above the request. At the time of the November 1 budget request, the Department expected a declining fund balance in the Institute Charter School Assistance Fund. However, based on updated information from the Department and legislative progress on S.B. 13-143, which would continue to transfer moneys to the Institute Charter School Assistance Fund, staff recommends a continuation appropriation.

**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.

**Request:** The Department requests a total of \$3,622,979 reappropriated funds, an increase of \$1,609,979 from the FY 2012-13 appropriation, to reflect anticipated expenditures under the continuous appropriation.

**Recommendation:** Staff recommends approval of the request and reflection of the requested amount in the Long Bill for informational purposes. The following table shows the components of the request and staff recommendation.

<b>Other Transfers to Institute Charter Schools</b>				
	Total Funds	General Fund	Reappropriated Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$2,013,615</u>	<u>\$0</u>	<u>\$2,013,615</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,013,615</b>	<b>0</b>	<b>\$2,013,615</b>	<b>0.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$2,013,615	\$0	\$2,013,615	0.0
Continuous approp. adjustments	<u>1,609,364</u>	<u>0</u>	<u>1,609,364</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,622,979</b>	<b>\$0</b>	<b>\$3,622,979</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$1,609,364	\$0	\$1,609,364	0.0
Percentage Change	79.9%	0.0%	79.9%	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$0	\$0	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 reappropriated 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 request reflects the SCSI’s anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

**Request:** The Department requests a continuation appropriation of \$5,730,000 and 4.5 FTE, the same level as in FY 2012-13, to be reflected in the Long Bill for informational purposes only.

**Recommendation:** Staff recommends the request.

**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.].

**Request:** The Department requests an appropriation of \$210,014 reappropriated funds and 1.6 FTE for FY 2013-14, as detailed in the following table. The request continues funding levels from FY 2012-13 but represents a decrease of 1.0 FTE based on services provided by the Department.

<b>FY 2013-14 Request: Implementation of Section 22-30.5-501 et seq., C.R.S.</b>		
<b>Department Expenditure/Description</b>	<b>Amount</b>	<b>FTE</b>
School Finance Unit Technical Assistance and Support	\$20,376	0.2
Budget Unit Technical Assistance and Support	52,213	0.5
Innovation and Choice Unit Technical Assistance and Support	38,835	0.4
Information Technology Unite Assistance/ Help Desk	38,344	0.5
Information Technology Cost Allocation	<u>60,246</u>	<u>0.0</u>
FY 2013-14 Request	\$210,014	1.6

**Recommendation:** Staff recommends the request.

**State Charter School Institute Emergency Reserve**

The General Assembly created this line item in H.B. 12-1182, the Department's FY 2011-12 supplemental appropriation bill, to separate out appropriations for emergency needs by either the Institute or SCSi schools.

**Request:** The Department requests a total of \$320,000 reappropriated funds for this line item in FY 2013-14, reflecting the Department’s planned use of the line item under a continuous appropriation in FY 2013-14.

**Recommendation:** Staff recommends eliminating this line item in FY 2013-14. Given the Charter School Institute’s continuous appropriation of the relevant funds and the General Assembly’s lack of control over the funds, a separate line item for emergency reserves no longer serves a functional purpose.

**(E) INDIRECT COST ASSESSMENT (NEW SUBDIVISION  
RECOMMENDED)**

**INDIRECT COST ASSESSMENT (New line item recommended)**

Pursuant to the Committee’s common policy to improve the transparency of the treatment of indirect costs, staff recommends the creation of 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 General Department and Program Administration and a variety of centrally appropriated line items.

**Request:** The Department is not requesting the creation of the subdivision or the new line item. However, the Department reports that it intends to assess a total of \$523,511 (including \$303,716 cash funds and \$291,795 federal funds) in indirect costs to a variety of line items within Management and Administration.

**Recommendation:** Staff recommends creating the new subdivision and line item and reflecting the Department’s estimated indirect cost assessments in the Long Bill. In alignment with the Department’s estimates, staff recommends reflecting a total appropriation of \$523,511 (including \$303,716 cash funds from the Educator Licensure Cash Fund and \$219,795 federal funds). The following table shows the anticipated indirect cost assessments by line item within the Management and Administration division.

<b>FY 2013-14 Management and Administration Indirect Cost Assessments</b>			
<b>Line Item</b>	<b>Total Indirects</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
Office of Professional Services	\$303,716	\$303,716	\$0
Colorado Student Assessment Program	102,725	0	102,725
Educator Effectiveness Implementation	<u>117,070</u>	<u>0</u>	<u>117,070</u>
<b>Total, Management and Administration</b>	<b>\$523,511</b>	<b>\$303,716</b>	<b>\$219,795</b>

## **(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**

This subsection provides the State share of funding required pursuant to the statutory school finance formula, as well as funding for other related distributions. This subsection also provides funding for staff that are responsible for administering the formula and conducting related school district audits. Finally, this subsection provides funding for staff who administer the Colorado Preschool Program and full-day kindergarten programs.

#### **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 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.

**Request:** The Department requests a continuation appropriation of \$1,501,265 (including \$1,480,847 reappropriated funds and \$20,418 cash funds from the State Education Fund) with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **State Share of Districts' Total Program Funding**

*General Note - JBC Decisions Related to This Line Item.* While the next several pages of this document pertain to a single line item, staff offers four decisions that the Committee should consider prior to finalizing the FY 2013-14 budget.

1. **Should the Committee sponsor a bill to require the transfer of excess General Fund reserve moneys to the State Education Fund at the end of FY 2013-14** for use in subsequent years? Specifically, in his letter to the Committee dated February 15, 2013, the Governor recommended that half of the available General Fund revenue above the five percent statutory reserve be transferred to the State Education Fund at the end of FY 2013-14 (estimated at \$3.5 million in the letter). **Staff has not included a recommendation regarding this decision in this packet.**

**Staff has included recommendations two decisions in this packet:**

2. **What total amount of state funds should the General Assembly appropriate in the FY 2013-14 Long Bill for the State Share of Districts' Total Program Funding** (based on current law assuming enactment of S.B. 13-108)?

3. **How should the General Assembly balance the use of General Fund and the State Education Fund for school finance appropriations in FY 2013-14 and future years given a large anticipated transfer of one-time funds to the State Education Fund in FY 2012-13?**

**Finally, staff has included options for the Committee to consider regarding one decision:**

4. **What “placeholder” amount, if any, should the Committee include in its FY 2013-14 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 2013-14, base per pupil funding will need to increase from \$5,843.26 to \$5,954.28 (1.9 percent), based on the actual change in the Denver-Boulder consumer price index (CPI) in CY 2012.

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 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 \$6,021<sup>4</sup> for FY 2013-14) 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.

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<sup>4</sup> This amount is after the application of the negative factor.



Finally, the formula includes a "negative" factor designed to reduce districts' total program funding to a specified amount. For FY 2013-14, based on S.B. 13-108, this factor is estimated to be 16.1%, requiring a statewide reduction of \$1,045.9 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 16.1 percent<sup>5</sup>. Because statewide base per pupil funding cannot decrease, the negative factor effectively reduces the funding attributed to the other formula factors.

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 2013-14, local property taxes and specific ownership taxes are projected to increase by 3.0 percent above FY 2012-13 levels.

*Description.* 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.

### Request R-1/BA-1 – Increase Total Program

*Request.* As modified by budget amendment BA-1, the Department's request for school finance for FY 2013-14 would increase the state share of districts' total program funding by \$195.6 million total funds above the FY 2012-13 appropriation (as adjusted by S.B. 13-108). The request is based on the Office of State Planning and Budgeting's December 2012 forecast of the inflation rate for CY 2012 (a projection of 2.1 percent vs. the actual rate of 1.9 percent) but does not incorporate the most recent projections of: the funded pupil count, the at-risk pupil count, and available local revenues. As adjusted by BA-1, the request would:

- Increase total program funding by a total of \$253.0 million above the FY 2012-13 level as adjusted by S.B. 13-108 (including increases of \$195.6 million in the state share and \$57.5 million in the local share of funding).
- Increase the General Fund appropriation for the state share by \$12.8 million above the FY 2012-13 appropriation.
- Increase the cash funds appropriation from the State Education Fund by \$281.1 million above the FY 2012-13 appropriation (as adjusted by S.B. 13-108).

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<sup>5</sup> Please note that for some districts, this reduction exceeds the state share of total program funding. In this case, the reduction in total program funding is limited to the state share of funding.

- Reduce the cash funds appropriation from the State Public School Fund by \$98.3 million because of the loss of one-time funds supporting an increased appropriation in FY 2012-13.
- Reduce the negative factor from \$1,011,518,997 (16.0 percent) in FY 2012-13 to \$972,543,597 (14.9 percent) in FY 2013-14. Thus the request “buys down” \$39,975,400 of the negative factor in FY 2013-14.

The Department’s request also includes three legislative proposals embedded within the request for total program funding:

- The first proposal would: require school districts with more than 200 at-risk students to set aside \$70 per at-risk student (totaling an estimated \$21.4 million statewide) in a dedicated fund to expand early education (preschool and full-day kindergarten) services for at-risk children. Affected districts could use the funds to provide additional preschool slots or additional full-day kindergarten slots for at-risk students.
- The second proposal would: (1) eliminate the Hold-harmless Full-day Kindergarten Funding line item and use the savings (the line item was funded at \$6.9 million in FY 2012-13) to increase the supplemental full-day kindergarten factor from 0.08 to 0.097 and count kindergarten students statewide as 0.597 pupil FTE rather than 0.58 as under current law.
- The third proposal would direct the Department to retain \$3.64 per funded pupil statewide (an estimated \$3.0 million in FY 2013-14) to create a “quality teacher pipeline” program to provide incentives to improve the recruitment and retention of teachers in “rural, hard to serve” districts. The proposal would require the Department to contract with a vendor, and the vendor would have to provide a 2:1 match to the state funds.

***Staff Recommendation for Long Bill, Based on Current Law.*** Staff’s recommendation for the FY 2013-14 Long Bill is based on current law, assuming enactment of S.B. 13-108, which specifies that the current law appropriation for FY 2013-14 will be sufficient to increase statewide average per pupil funding from FY 2012-13 by the rate of inflation from CY 2012. Thus, staff’s recommendation increases statewide average per pupil funding from \$6,479.42 in FY 2012-13 (as adjusted by S.B. 13-108) to \$6,602.53. That per pupil funding level requires an increase of \$158,553,807 total funds relative to the FY 2012-13 appropriation, including \$101,104,740 in state funding and a projected \$57,449,068 in local funds. The following table summarizes the key components of the Department's request and staff's recommendation; for purposes of comparison, FY 2012-13 data is provided as well. [Appendix B-3 provides a comparison of the FY 2013-14 request and the Long Bill recommendation, calculating the differences between the two.]

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Total Program Funding Recommendation for Long Bill</b>				
	<b>FY 2012-13</b>	<b>FY 2013-14</b>		
	<b>Adjusted Appropriation</b>	<b>Request</b>	<b>Staff Recomm.</b>	<b>Annual Change</b>
Funded Pupil Count /1,2	817,659.7	827,556.0	826,428.2	8,768.5
<i>Annual Percent Change</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.1%</i>	
Statewide <u>Base</u> Per Pupil Funding /3	\$5,843.26	\$5,965.97	\$5,954.28	\$111.02
<i>Annual Percent Change</i>	<i>3.7%</i>	<i>2.1%</i>	<i>1.9%</i>	
Total Program Funding PRIOR TO Negative Factor /1	\$6,309,482,173	\$6,523,519,638	\$6,502,398,280	\$192,916,107
LESS: Negative Factor Reduction /1 <i>Negative Factor as % of Total Program</i>	(1,011,518,997)	(972,543,597)	(1,045,881,297)	(34,362,300)
	<i>-16.0%</i>	<i>-14.9%</i>	<i>-16.1%</i>	
<b>EQUALS: Adjusted Total Program Funding /4</b>	<b>\$5,297,963,176</b>	<b>\$5,550,976,041</b>	<b>\$5,456,516,983</b>	<b>\$158,553,807</b>
<i>Annual Percent Change</i>	<i>1.3%</i>	<i>4.8%</i>	<i>3.0%</i>	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$6,479.42	\$6,707.67	\$6,602.53	\$123.11
<i>Annual Percent Change</i>	<i>0.1%</i>	<i>3.5%</i>	<i>1.9%</i>	
<u>Local Share</u> of Districts' Total Program Funding	<u>\$1,918,248,885</u>	<u>\$1,975,715,017</u>	<u>\$1,975,697,952</u>	<u>\$57,449,067</u>
Property Tax Revenue /1 Specific Ownership Tax Revenue /1	1,790,680,597	1,844,353,971	1,844,302,616	53,622,019
<i>Annual Percent Change on Total</i>	<i>0.9%</i>	<i>3.0%</i>	<i>3.0%</i>	
<b><u>State Share</u> of Districts' Total Program Funding</b>	<b>\$3,379,714,291</b>	<b>\$3,575,261,024</b>	<b>\$3,480,819,031</b>	<b>\$101,104,740</b>
<i>Annual Percent Change</i>	<i>1.4%</i>	<i>5.8%</i>	<i>3.0%</i>	
<i>State Share as Percent of Districts' Total Program</i>	<i>63.8%</i>	<i>64.4%</i>	<i>63.8%</i>	

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

2/ The recommended funded pupil count includes: 10,080 FTE to serve 20,160 at-risk children through a half-day preschool program; 38,445.6 FTE to serve 66,285.5 students through a full-day kindergarten program; and 450 FTE to allow 450 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 2012 (1.9 percent). The final request was based on the December 2012 OSPB Revenue Forecast of 2.1 percent.

4/ Consistent with General Assembly action since FY 2010-11, the recommendation is \$3,359,544 higher than the 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 the following in relation to the FY 2013-14 recommended figures above:

- The Department's request reflects 450 FTE participants in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program based on the Department's estimates of participation in FY 2013-14. Last September, districts indicated that up to 1,811 students could participate in the ASCENT Program in FY 2013-14. Given the significant disparity

between the September estimates and the actual student count in the first three fiscal years of the program (detailed in the table below), the request appears reasonable. Based on a rate of \$6,021/FTE, staff’s recommendation includes a total of \$2,709,450 for ASCENT participants. Staff’s recommendation assumes that the General Assembly wishes to continue to provide funding for all students expected to be designated as ASCENT participants. The Committee may also wish to consider reducing the ASCENT “cap” to limit participation in the program.

Fiscal Year	ASCENT Program Participation		
	Estimate from Previous September	Update from Previous February	Actual October Pupil Count
FY 2010-11	675	277	99
FY 2011-12	2,481	753	205
FY 2012-13	1,231	601	281.5
FY 2013-14	1,811	1,080	TBD

**Staff recommends appropriating a total of \$3,480,819,031 in the Long Bill for the State Share of Districts’ Total Program Funding for FY 2013-14** (an increase of \$101,104,740 (4.2 percent) relative to the FY 2012-13 appropriation).

**Staff Recommended Fund Sources.** Staff recommends a total of \$2,952,361,615 General Fund (an increase of \$100,059,739 (3.51 percent) over the FY 2012-13 appropriation); \$449,308,813 cash funds from the State Education Fund (an increase of \$111,818,809 (16.8 percent)); and \$79,148,603 cash funds from the State Public School Fund (a decrease of \$110,773,808 (17.7 percent)).

As was discussed extensively at the FY 2013-14 budget briefing for the Department of Education, current forecasts anticipate a transfer of \$784.8 million of “excess” FY 2012-13 General Fund revenues to the State Education Fund in December 2013 as a result of H.B. 12-1338. The Governor’s request utilizes the anticipated transfer to support a larger increase in the state share of total program funding (\$195.5 million) with a much smaller increase in General Fund appropriations (\$12.8 million).

Staff remains concerned about relying heavily upon one-time funding for ongoing operations such as school finance funding. **Thus, staff recommends increasing the use of General Fund (relative to the request) to “even out” General Fund growth over the next several years.** Legislative Council Staff and JBC Staff developed a range of scenarios based on a goal of ending FY 2016-17 with \$100.0 million in the State Education Fund. For example:

- Based on current revenue estimates, the General Assembly could increase statewide average per pupil funding by the rate of inflation (per S.B. 13-108) with 3.51 percent annual growth in the General Fund appropriation, supporting the remainder of the necessary increases primarily with the State Education Fund.

- If the General Assembly provided no additional General Fund in FY 2013-14, then increasing statewide average per pupil funding by inflation each year would require the General Fund appropriation for school finance to increase by an estimated 5.89 percent each year for FY 2014-15 through FY 2016-17.

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 funding source following the table.

<b>Sources of Funds Appropriated for the State Share of Districts' Total Program</b>				
<b>Fund Source</b>	<b>FY 2012-13</b>	<b>Request</b>	<b>FY 2013-14</b>	
			<b>Recomm. Long Bill Approp.</b>	<b>Annual Change</b>
Cash Funds (State Public School Fund)	\$189,922,411	\$91,600,000	\$79,148,603	(\$110,773,808)
<i>Annual Percent Change</i>	<i>27.5%</i>	<i>-51.8%</i>	<i>-58.3%</i>	
Cash Funds (State Education Fund)	337,490,003	618,559,147	449,308,813	111,818,810
<i>Annual Percent Change</i>	<i>-34.0%</i>	<i>83.3%</i>	<i>33.1%</i>	
General Fund	2,852,301,877	2,865,101,877	2,952,361,615	100,059,738
<i>Annual Percent Change</i>	<i>6.8%</i>	<i>0.4%</i>	<i>3.5%</i>	
<b>Total State Funds</b>	<b>\$3,379,714,291</b>	<b>\$3,575,261,024</b>	<b>\$3,480,819,031</b>	<b>\$101,104,740</b>
<i>Annual Percent Change</i>	<i>1.4%</i>	<i>5.8%</i>	<i>3.0%</i>	

**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 sources<sup>6</sup>, 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 2012-13 and FY 2013-14, staff's projections are based on the December 2012 Legislative Council Staff Revenue Forecast.
2. Interest and Investment Income Earned on Public School ("Permanent") Fund. The first \$11.0 million of any interest or income earned on the investment of moneys in the Permanent Fund is credited to the SPSF [see Section 22-41-102 (3) (a), C.R.S.].
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

<sup>6</sup> 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.

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). Thus, the SPSF balance reflects only that portion of accounts receivable that the Department actually anticipates receiving within the following fiscal year.

In addition, the General Assembly has authorized several time-limited transfers of other moneys to the SPSF. First, three bills<sup>2</sup> have authorized transfers of certain moneys to the SPSF that would otherwise be credited to the Public School ("Permanent") Fund. Specifically, for fiscal years 2008-09 through 2012-13, these moneys include interest and investment income earned on the Permanent Fund in excess of the first \$11.0 million, as well as rental, bonus, and royalty income earned on state education trust lands that is not required by the Land Board or for the Building Excellent Schools Today (BEST) Program. The revenues made available through these acts are detailed below by fiscal year:

FY 2008-09 (actual)	\$26,660,794	(effective for portion of fiscal year)
FY 2009-10 (actual)	43,360,289	
FY 2010-11 (actual)	66,173,317	
FY 2011-12 (estimate)	36,000,000	(capped by S.B. 12-145)
FY 2012-13 (estimate)	<u>36,000,000</u>	<u>(assuming enactment of S.B. 13-112)</u>
Total	\$208,194,400	

Second, through S.B. 11-230, the General Assembly required that \$67.5 million of General Fund moneys in excess of the statutorily required reserve be transferred to the SPSF. The following table details the calculations underlying staff's FY 2013-14 recommended appropriation from the SPSF, as well as comparable information for FY 2012-13.

<b>State Public School Fund Revenues and Expenditures: FY 2012-13 and FY 2013-14</b>		
Description	FY 2012-13 Appropriation	Recommended FY 2013-14 Appropriation
Beginning Fund Balance /1	\$85,516,730	\$840,744
Federal Mineral Lease Revenues /2	67,592,292	70,295,983
Interest/ Investment Income on Permanent Fund /3	11,000,000	11,000,000
Transfer of Additional Interest on Permanent Fund Pursuant to S.B. 13-112 ("Sweep")	<u>36,000,000</u>	<u>0</u>
<b>Total Projected Funds Available</b>	<b>\$200,109,022</b>	<b>\$82,136,727</b>
State Match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	2,472,644	2,472,644
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
FY 2012-13 Appropriation for Assessment Development	6,357,743	0
Subtotal: Expenditures for Purposes Other than School Finance Act	9,345,867	2,988,124
<b>Appropriation for the State Share of Districts' Total Program Funding</b>	<b>\$189,922,411</b>	<b>\$79,148,603</b>

<sup>2</sup> Legislation authorizing these transfers include: S.B. 09-260, S.B. 10-150, and S.B. 11-230.



*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

Ending Fund Balance	\$840,744	\$0
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- 1/ The district audit recoveries anticipated to be collected each fiscal year are reflected in the beginning fund balance.
- 2/ Reflects December 2012 Legislative Council Staff Revenue Forecast.
- 3/ Shows the statutory capped amounts for both fiscal years prior to any "sweep" revenues.

For purposes of this document, staff assumes that the Committee will continue the three appropriations identified above, and will not appropriate moneys from this fund for other purposes for FY 2013-14. 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.

**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. 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 2013-14 recommended appropriation from the SEF, as well as comparable information for FY 2012-13. As discussed above, staff's recommendation is predicated on maintaining a minimum SEF balance of at least \$100 million over the next four years (through FY 2016-17). Legislative Council Staff and Joint Budget Committee Staff have used projections of income tax revenues to the State Education Fund and the anticipated transfer of FY 2012-13 excess General Fund revenues to target a fund balance of \$100 million at the end of FY 2016-17. Given uncertainty surrounding income tax revenues and the anticipated transfer of FY 2012-13 revenues, staff believes that targeting a minimum fund balance of between \$50 million and \$100 million over this period is prudent.

<b>State Education Fund Revenues and Expenditures: FY 2012-13 and FY 2013-14</b>		
Description	FY 2012-13 Appropriation	Recommended FY 2013-14 Appropriation
Beginning Fund Balance	\$133,808,802	\$117,637,218
Transfer of FY 2011-12 General Fund Revenues Pursuant to H.B. 12-1338 /1	59,000,000	0
Transfer of FY 2012-13 General Fund Revenues Pursuant to H.B. 12-1338 /1	0	784,800,000
General Fund Revenues Directed to SEF Pursuant to Amendment 23 /2	425,100,000	451,900,000
Interest Income /3	<u>2,934,597</u>	<u>11,981,522</u>
Total Projected Funds Available	\$620,843,399	\$1,366,318,740
Categorical Programs /4	102,453,788	107,093,955
Various Other Existing Programs and Functions /5	63,262,390	66,431,577
Subtotal: Expenditures for Purposes Other than School Finance Act	165,716,178	173,525,532
<b>Appropriation for the State Share of Districts' Total Program Funding</b>	<b>\$337,490,003</b>	<b>\$449,308,813</b>
Ending Fund Balance	\$117,637,218	\$743,484,395

1/ H.B. 12-1338 transferred \$59.0 million of FY 2011-12 excess General Fund revenues to the State Education Fund in December 2012. The December 2012 Legislative Council Staff Revenue Forecast anticipates a transfer of \$784.8 million in FY 2012-13 General Fund Revenues to the State Education Fund in December 2013.



*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

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2/ Reflects estimates included in Legislative Council Staff's December 2012 revenue forecast.

3/ Amounts are estimated by Legislative Council Staff, including the projected transfers of General Fund revenue pursuant to H.B. 12-1338.

4/ Assumes that the full increase in state funding required for FY 2013-14 will be appropriated from the SEF, as requested.

5/ Assumes staff recommended amounts for other appropriations, which primarily include: \$26.4 million for statewide assessments; \$14.5 million for facility school funding; \$7.1 million for hold-harmless full-day kindergarten; \$6.0 million for charter school facilities; \$5.0 million for the School Counselor Corps Grant Program; 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.

**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 2012-13, the General Fund provides about 84 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 6.13 percent. This compares to a compound annual growth rate of 2.79 percent for the eleven years following the passage of Amendment 23 (FY 2001-02 through FY 2011-12).

<b>Recent History of Appropriations for the State Share of Districts' Total Program Funding</b>						
Fiscal Year	General Fund	Annual % Change	State Public School Fund/ 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%
<b>Passage of Amendment 23</b>						
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%

<b>Recent History of Appropriations for the State Share of Districts' Total Program Funding</b>						
<b>Fiscal Year</b>	<b>General Fund</b>	<b>Annual % Change</b>	<b>State Public School Fund/ State Education Fund</b>	<b>Annual % Change</b>	<b>Total State Funds</b>	<b>Annual % Change</b>
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%

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 2012 revenue forecast. If the March 2013 forecast significantly changes projected income tax revenues credited to the SEF and/or the anticipated transfer to the SEF in December 2012, 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 2013-14 General Fund appropriation must exceed this amount.

*Legislative Proposals.* As discussed above, the Governor’s request includes three legislative proposals embedded within the total program request. **Staff does not recommend funding any of the legislative proposals within the recommended total program amount. Staff recommends that the General Assembly focus additional funding largely on the existing school finance act (reducing the negative factor) rather than initiating significant new proposals within total program.**

**Staff’s recommendation regarding the proposal to eliminate the Hold-harmless Full-day Kindergarten Funding line item is below (with that line item).**

*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 2013-14 (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. However, the**

**following table shows the funding increases necessary to achieve specific funding benchmarks in FY 2013-14 (relative to the FY 2012-13 adjusted appropriation).**

<b>State Funding Required for FY 2013-14 under Six Scenarios</b>				
<b>Description</b>	<b>Statewide Average Per Pupil Funding</b>	<b>Incremental Annual Change in State Funding from FY 2012-13 Appropriation</b>	<b>Cumulative Annual Change in State Funding</b>	<b>Change from Staff Recommendation</b>
Maintain FY 2012-13 Total Program Funding	\$6,410.68	(\$57,449,067)	(\$57,449,067)	(\$158,553,807)
Fund Enrollment Increase (Maintain FY 2012-13 Per Pupil Funding)	6,479.42	(634,245)	(634,245)	(101,738,985)
Increase FY 2012-13 Per Pupil Funding by Inflation (1.9%) (staff Long Bill recommendation)	6,602.53	101,104,740	101,104,740	0
Maintain FY 2012-13 Negative Factor (\$1,011,518,997)	6,644.11	34,362,300	135,467,040	34,362,300
Governor's Request	6,716.83	60,079,693	195,546,733	94,441,993
Eliminate Negative Factor	7,868.07	951,439,304	1,146,986,037	1,045,881,297

**Hold-harmless Full-day Kindergarten Funding**

Current law [Section 22-28-104 (2) (a) (III), C.R.S.] authorizes a total of 20,160 half-day preschool slots for the Colorado Preschool Program (CPP) for FY 2013-14. Pursuant to H.B. 08-1388, schools can no longer use CPP slots to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, this act 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.

**Request:** As discussed above with the State Share of Districts' Total Program line item, the Department proposes to eliminate this line item and use the funding to increase the supplemental full-day kindergarten factor statewide (from 0.08 FTE to 0.097 FTE) in FY 2013-14.

**Recommendation:** Based on current law, staff recommends an appropriation of \$7,057,924 cash funds from the State Education Fund to provide the estimated amount necessary to fund this line item under staff's recommendation for school finance in FY 2013-14. Current law requires the hold-harmless appropriation. Because the General Assembly writes the Long Bill to current law, staff recommends reflecting the above appropriation in the Long Bill.

Staff does recommend that the General Assembly eliminate this line item through separate legislation. However, unlike the Governor's request which would spread the funding statewide to all kindergarten students, staff recommends focusing the funds on early education programs

that benefit at-risk children, either through expanding the number of slots in the Colorado Preschool Program or through the development of a program that would provide districts and schools with greater flexibility to utilize the funds for either pre-kindergarten or kindergarten services for at-risk students based on local need. One straightforward option would be to add slots to the Colorado Preschool Program but specify that *those slots* could provide either preschool or kindergarten services.

**District Per Pupil Reimbursements 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.

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.

**Request:** The Department requests continuation level funding (\$100,000 cash funds from the State Education Fund) for school district reimbursements in FY 2013-14.

**Recommendation:** Staff recommends an appropriation of \$25,000 cash funds from the State Education Fund, a decrease of \$75,000 from the FY 2012-13 appropriation and the request. As shown in the table below, program costs were well below the \$100,000 appropriation in FY 2010-11 and FY 2011-12. In addition, two bills enacted in the 2012 Session (H.B. 12-1139 and H.B. 12-1271) appear likely to further reduce the number of juveniles held in adult jails. As also shown in the table below, the Department has not received a single request for reimbursement under this program through the first seven months of the current fiscal year. Based on those data, staff recommends reducing the appropriation.

<b>District Per Pupil Reimbursements for Juveniles Held in Jail</b>							
County	School District	FY 2010-11		FY 2011-12		FY 2012-13 (through Jan.)	
		Incarcerated Juveniles	Number Who Received Educational Services	Incarcerated Juveniles	Number Who Received Educational Services	Incarcerated Juveniles	Number Who Received Educational Services
Adams	Brighton 271	8	2	7	7	0	0
Denver	Denver	0	0	7	2	0	0
El Paso	Colorado Springs 11	7	3	3	1	0	0

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

Jefferson	Jefferson	1	0	0	0	0	0
Pueblo	Pueblo 60	5	5	3	3	0	0
Rio Grande	Del Norte C-7	1	1	0	0	0	0
Weld	Greeley 6	3	2	3	1	0	0
Total Juveniles		25	13	23	14	0	0
<b>Total Reimbursements</b>			<b>\$17,626</b>		<b>\$27,029</b>		<b>\$0</b>

**AT-RISK SUPPLEMENTAL AID (New line item requested)**

House Bill 12-1345 created a new 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.

**Request:** The Department requests a continuation appropriation of \$3,839,627 cash funds from the State Education Fund.

**Recommendation:** Staff recommends the request.

**Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA and Education Jobs Fund Program**

These two appropriations were included in S.B. 11-157 to reflect the availability of two sources of federal funds. These funds are no longer available.

**(B) CATEGORICAL PROGRAMS**

*Background Information - 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 2011 the percentage change in the Denver-Boulder consumer price index was 3.7 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$8,713,706) for FY 2012-13.

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 \$102.1 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 \$36.6 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$102.1 million among categorical programs.

<b>Increases in State Funding for Categorical Programs Since FY 2000-01</b>				
<b>Long Bill Line Item</b>	<b>FY 2000-01 Appropriation</b>	<b>FY 2012-13 Appropriation</b>	<b>Total Increase in Annual Appropriation of State Funds Since FY 2000-01</b>	
Special Education - Children with Disabilities	\$71,510,773	\$134,641,941	\$63,131,168	88.3%
English Language Proficiency Program	3,101,598	14,460,255	11,358,657	366.2%
Public School Transportation	36,922,227	51,967,107	15,044,880	40.7%
Career and Technical Education Programs	17,792,850	24,218,018	6,425,168	36.1%
Special Education - Gifted and Talented Children	5,500,000	9,473,606	3,973,606	72.2%
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	959,379	11,239	1.2%
Comprehensive Health Education	600,000	1,005,396	405,396	67.6%
<b>Total</b>	<b>\$142,164,395</b>	<b>\$244,219,262</b>	<b>\$102,054,867</b>	<b>71.8%</b>

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 FY 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 (including a table summarizing staff's recommendations on page 63). A more detailed description of each categorical program line item, including a description of the funds available -- other than state funds -- for each program follows the overview of recommendations.

### **Overview of Staff Recommendation for All Categorical Programs**

*Allocation of Required Funding Increase for FY 2013-14.* 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 2012) for FY 2013-14. The Department's request for FY 2013-14 includes a \$5,372,823 increase, based on a projected 2.2 percent inflation rate from the OSPB September 2012 Revenue Forecast. **Based on an actual change in the CPI for CY 2012 (1.9 percent), staff recommends adding a total of \$4,640,166 state funds for categorical**



**programs for FY 2013-14.** 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 2013-14, 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).**

Staff's recommendation is based on the actual change in CPI (1.9 percent) in calendar year 2012, while the Department's request was based on a projected rate of 2.2 percent. In addition, staff has treated transportation expenses 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 2010-11.
- Table B shows the gap between FY 2011-12 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.



<b>TABLE A: Categorical Program Revenues and Expenditures: FY 2010-11</b>						
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c)/(d)	(f) = (d) - (c)
Long Bill Line Item	State Funds	Federal Funds	Total State and Federal Funds	Total District Expenditures	State/Federal Share of Expenditures	Local Share of Expenditures
<b>District Programs Required by Statute</b>						
Special Education - Children with Disabilities a/	\$152,604,892	\$218,147,925	\$370,752,817	\$836,200,484	44.3%	465,447,667
English Language Proficiency Program	12,396,353	10,334,074	22,730,427	163,437,322	13.9%	140,706,895
<b>Other Categorical Programs</b>						
Public School Transportation	52,173,732	0	52,173,732	204,509,583	25.5%	152,335,851
Career and Technical Education	23,305,301	5,911,720	29,217,021	85,206,513	34.3%	55,989,492
Special Education - Gifted and Talented Children	8,878,431	0	8,878,431	31,685,397	28.0%	22,806,966
<b>Total</b>						<b>\$837,286,871</b>

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

<b>TABLE B: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2011-12</b>					
<b>Long Bill Line Item</b>	<b>Description of What Determines Maximum State Funding</b>	<b>Total State Funds</b>	<b>Maximum State Funding</b>	<b>Percent of Maximum Covered by State Funds</b>	<b>Estimated Increase Required to Fund Statutory maximum</b>
<b>District Programs Required by Statute:</b>					
Special Education - Children With Disabilities a/	Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services	\$127,500,460	\$223,263,750	57.1%	\$95,763,290
English Language Proficiency Program	Driven by the number of eligible students and statewide average per pupil operating revenue	13,085,778	40,500,401	32.3%	27,414,623
<b>Other Categorical Programs (with specified statutory reimbursement levels):</b>					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	52,259,644	85,140,863	61.4%	32,881,219
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	22,777,620	23,305,301	97.7%	527,681
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	959,379	1,030,352	93.1%	70,973
<b>Total</b>					\$156,657,786

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$105,063,750 (\$1.250 for each student with disabilities); \$113,700,000 (assuming districts received \$6,000 per student for 100 percent of the 18,950 students with specified disabilities, rather than for 15.8 percent of these students); \$4,000,000 for high cost grants; and \$500,000 for "educational orphans." Staff has not attempted to estimate the costs of "fully funding" the high cost grant program.

<b>TABLE C: Required Increase in State Funding for Categorical Programs in FY 2013-14</b>									
<b>Long Bill Line Item</b>	<b>FY 12-13 Approp.</b>	<b>Examples of Options for Allocating Required Increase</b>							
		<b>A: Staff Recomm.</b>	<b>%</b>	<b>B: Dept. Request</b>	<b>%</b>	<b>C</b>	<b>%</b>	<b>D</b>	<b>%</b>
Special education programs for children with disabilities	\$134,641,941	\$2,579,468	1.9%	\$2,895,625	2.2%	\$4,190,153	3.1%	\$2,558,197	1.9%
English language proficiency programs	14,460,255	779,785	5.4%	875,360	6.1%	\$450,013	3.1%	274,745	1.9%
Public school transportation	51,967,107	844,231	1.6%	1,111,632	2.1%	0	0.0%	987,375	1.9%
Career and technical education	24,218,018	310,289	1.3%	348,320	1.4%	0	0.0%	460,142	1.9%
Special education programs for gifted and talented children	9,473,606	126,394	1.3%	141,886	1.5%	0	0.0%	179,999	1.9%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	0	0.0%	0	0.0%	142,378	1.9%
Small attendance center aid	959,379	0	0.0%	0	0.0%	0	0.0%	18,228	1.9%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	19,103	1.9%
<b>Totals (may not sum due to rounding)</b>	<b>\$244,219,262</b>	<b>\$4,640,166</b>	<b>1.9%</b>	<b>\$5,372,823</b>	<b>2.2%</b>	<b>\$4,640,166</b>	<b>1.9%</b>	<b>\$4,640,166</b>	<b>1.9%</b>

Description of Potential Allocation Options

A: Staff recommendation.

B: Department's request, prorated to reflect actual inflation rate of 3.7% rather than 3.5%.

C: Provide a 3.1% increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all 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 children<sup>7</sup>), 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.
- "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.

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<sup>7</sup> 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.

- **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.

**Request:** The Department's request for FY 2013-14 includes a total of \$137.5 million state funding, an increase of \$2.9 million (2.2 percent) in state funding. The Department's request also reflects continuation of \$101,812 reappropriated funds and 1.0 FTE from funds transferred from the Department of Human Services, Division of Vocational Rehabilitation, and \$158.7 million in federal funds that are anticipated to be available to reimburse administrative units and support 63.5 federally-funded Department FTE.

**Recommendation:** Staff recommends reflecting a total appropriation of \$292,488,888, including \$71,572,347 General Fund and \$65,649,062 cash funds from the State Education Fund (a 1.9 percent annual increase in *state* funding). Staff also recommends approving the request to continue to reflect \$101,812 reappropriated funds transferred from the Department of Human Services and 1.0 FTE. Staff recommends reflecting \$155,165,667 federal funds and 63.5 FTE associated with those federal funds. The staff recommendation includes the following changes from the FY 2012-13 appropriation:

- An increase of \$2,579,468 cash funds from the State Education Fund to support the inflationary increase required by Amendment 23. The recommended increase is \$316,157 below the Department's requested increase under decision item R-2, primarily because of the decreased inflation rate (1.9 percent) relative to the 2.2 percent assumed in the request.
- A decrease of \$2,578,601 federal funds associated with alternate assessments for students with significant cognitive disabilities. The staff recommendation reflects those funds in the Colorado Student Assessment Program line item (discussed above). Thus, the recommendation reduces this line item by that amount and adds it to the Colorado Student Assessment Program line item.
- A decrease of \$825,727 federal funds associated with indirect cost assessments. As discussed above, pursuant to Committee policy for FY 2013-14, the staff recommendation creates separate line items for indirect cost assessments. The staff recommendation reduces

this line item by \$825,727 and increases the Indirect Cost Assessment line item for the Assistance to Public Schools division by that amount.

- A decrease of \$158,500 federal funds and 1.5 FTE which the recommendation reflects in the newly recommended Accountability and Improvement Planning line item within the Management and Administration division. The reallocated amounts reflect existing funds and FTE within the Special Education Programs for Children with Disabilities line item that are devoted to the Department’s ongoing implementation of S.B. 09-163. For transparency purposes, staff recommends consolidating the funds and FTE supporting that work in the new line item.

The following table shows the components of staff’s recommendation relative to the FY 2012-13 appropriation.

<b>Special Education - Children with Disabilities</b>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>						
HB 12-1335 (Long Bill)	<u>\$293,472,248</u>	<u>\$71,572,347</u>	<u>\$63,069,594</u>	<u>\$101,812</u>	<u>\$158,728,495</u>	<u>64.5</u>
<b>TOTAL</b>	<b>\$293,472,248</b>	<b>\$71,572,347</b>	<b>\$63,069,594</b>	<b>\$101,812</b>	<b>\$158,728,495</b>	<b>64.5</b>
<b>FY 2013-14 Recommended Appropriation:</b>						
FY 2012-13 Appropriation	\$293,472,248	\$71,572,347	\$63,069,594	\$101,812	\$158,728,495	64.5
R-2: Categorical programs increase	2,579,468	0	2,579,468	0	0	0.0
R-4: Assessment update	(2,578,601)	0	0	0	(2,578,601)	0.0
Indirect Cost Assessment	(825,727)	0	0	0	(825,727)	0.0
R-3: Accountability planning	<u>(158,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(158,500)</u>	<u>(1.5)</u>
<b>TOTAL</b>	<b>\$292,488,888</b>	<b>\$71,572,347</b>	<b>\$65,649,062</b>	<b>\$101,812</b>	<b>\$155,165,667</b>	<b>63.0</b>
<b>Increase/(Decrease)</b>	(\$983,360)	\$0	\$2,579,468	\$0	(\$3,562,828)	(1.5)
Percentage Change	(0.3%)	0.0%	4.1%	0.0%	(2.2%)	(2.3%)
<b>FY 2013-14 Executive Request:</b>	<b>\$296,367,873</b>	<b>\$71,572,347</b>	<b>\$65,965,219</b>	<b>\$101,812</b>	<b>\$158,728,495</b>	<b>64.5</b>
Request Above/(Below) Recommendation	\$3,878,985	\$0	\$316,157	\$0	\$3,562,828	1.5

Staff notes that federal sequestration could significantly affect the federal funds available for special education purposes in FY 2013-14. Current estimates from the federal government indicate that Colorado could experience a reduction of \$8.1 million in federal special education funding in FY 2013-14. Given ongoing uncertainty about the final impact of sequestration, staff has not reflected any sequestration impact in the recommendation.

**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 the State provides assistance to districts through two mechanisms. First, districts receive "at-risk" funding through the School Finance Act for students with limited English proficiency. Second, districts receive funding through the English Language Proficiency Act (ELPA) for students with limited English proficiency. State ELPA funding, however, is limited to a maximum of two years per student.

The Department is required to allocate state 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 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.

Request: The Department's request for FY 2013-14 includes a total of \$15.3 million state funding, an increase of \$875,360 (6.1 percent) in state funding annual increase. The Department's request also reflects continuation of \$11.3 million in federal funds and 4.6 federally supported FTE.

**Recommendation:** Staff recommends a total appropriation of \$26,481,076, including \$3,101,598 General Fund and \$12,138,442 cash funds from the State Education Fund, an increase of \$779,785 (5.4 percent) in state funding. Staff recommends reflecting \$11,241,036 federal funds and 4.6 federally funded FTE. The recommendation includes the following changes from the FY 2012-13 appropriation:

- An increase of \$779,785 cash funds from the State Education Fund associated with decision item R-2. The recommended increase is \$95,575 below the request, primarily because of the decreased inflation rate (1.9 percent) relative to the 2.2 percent assumed in the request.



- A decrease of \$50,683 federal funds associated with indirect cost assessments. As discussed above, pursuant to Committee policy for FY 2013-14, the staff recommendation creates separate line items for indirect cost assessments. The staff recommendation reduces this line item by \$50,683 federal funds and increases the Indirect Cost Assessment line item for the Assistance to Public Schools division by that amount.

The following table shows the components of staff’s recommendation relative to the FY 2012-13 appropriation.

<b>English Language Proficiency Program</b>					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>					
HB 12-1335 (Long Bill)	\$25,751,974	\$3,101,598	\$11,358,657	\$11,291,719	4.6
<b>TOTAL</b>	<b>\$25,751,974</b>	<b>\$3,101,598</b>	<b>\$11,358,657</b>	<b>\$11,291,719</b>	<b>4.6</b>
<b>FY 2013-14 Recommended Appropriation:</b>					
FY 2012-13 Appropriation	\$25,751,974	\$3,101,598	\$11,358,657	\$11,291,719	4.6
R-2: Categorical programs increase	779,785	0	779,785	0	0.0
Indirect Cost Assessment	(50,683)	0	0	(50,683)	0.0
<b>TOTAL</b>	<b>\$26,481,076</b>	<b>\$3,101,598</b>	<b>\$12,138,442</b>	<b>\$11,241,036</b>	<b>4.6</b>
<b>Increase/(Decrease)</b>	\$729,102	\$0	\$779,785	(\$50,683)	0.0
Percentage Change	2.8%	0.0%	6.9%	(0.4%)	0.0%
<b>FY 2013-14 Executive Request:</b>					
Request Above/(Below) Recommendation	\$146,258	\$0	\$95,575	\$50,683	0.0

## **(II) 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 42 percent of students are transported. School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 59 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.<sup>8</sup> Currently, six districts report that they are collecting fees from individuals for transporting students to and from school.<sup>9</sup> 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.

**Request:** The Department's request for FY 2013-14 includes a total of \$53,528,739, including \$53,078,739 in state funding (a 2.1 percent annual increase) and 2.0 FTE and \$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 2013-14.

**Recommendation:** Staff recommends a total appropriation of \$53,261,338 and 2.0 FTE. The recommendation includes \$36,922,227 General Fund and \$15,889,111 cash funds from the State Education Fund (for a total of \$52,881,338 million in state funding, a 1.6 percent annual increase). The recommendation includes an increase of \$844,231 cash funds from the State Education Fund associated with decision item R-2 (\$267,401 below the requested increase). As requested, staff recommends continuing to reflect \$450,000 in cash funds from the State Public School Transportation Fund. The following table shows the components of staff's recommendation relative to the FY 2012-13 appropriation.

<b>Public School Transportation</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$52,417,107</u>	<u>\$36,922,227</u>	<u>\$15,494,880</u>	<u>2.0</u>
<b>TOTAL</b>	<b>\$52,417,107</b>	<b>\$36,922,227</b>	<b>\$15,494,880</b>	<b>2.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$52,417,107	\$36,922,227	\$15,494,880	2.0
R-2: Categorical programs increase	<u>844,231</u>	<u>0</u>	<u>844,231</u>	<u>0.0</u>

<sup>8</sup> Districts include: Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

<sup>9</sup> Districts collecting fees include: Adams – Adams 12 Five Star, Douglas, El Paso – Falcon 49, Jefferson, Summit, and Teller – Woodland Park.

<b>Public School Transportation</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>TOTAL</b>	<b>\$53,261,338</b>	<b>\$36,922,227</b>	<b>\$16,339,111</b>	<b>2.0</b>
Increase/(Decrease)	\$844,231	\$0	\$844,231	0.0
Percentage Change	1.6%	0.0%	5.4%	0.0%
<b>FY 2013-14 Executive Request:</b>	<b>\$53,528,739</b>	<b>\$36,922,227</b>	<b>\$16,606,512</b>	<b>2.0</b>
Request Above/(Below) Recommendation	\$267,401	\$0	\$267,401	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.

Each participating district is required to estimate program costs and enrollments at the beginning of each school year, and 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.

**Request:** The Department requests a total of \$24.6 million in state funding in FY 2013-14 (a 1.4 percent annual increase).

**Recommendation:** Staff recommends a total appropriation of \$24,528,307, including \$17,792,850 General Fund and \$6,735,457 cash funds from the State Education Fund (a 1.3 percent increase in state funding). The recommendation includes an increase of \$310,289 cash funds from the State Education Fund associated with decision item R-2 (\$38,031 below the requested increase). The following table shows the components of staff's recommendation relative to the FY 2012-13 appropriation.

<b>Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$24,218,018</u>	<u>\$17,792,850</u>	<u>\$6,425,168</u>	<u>0.0</u>

<b>Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>TOTAL</b>	<b>\$24,218,018</b>	<b>\$17,792,850</b>	<b>\$6,425,168</b>	<b>0.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$24,218,018	\$17,792,850	\$6,425,168	0.0
R-2: Categorical programs increase	<u>310,289</u>	<u>0</u>	<u>310,289</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$24,528,307</b>	<b>\$17,792,850</b>	<b>\$6,735,457</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$310,289	\$0	\$310,289	0.0
Percentage Change	1.3%	0.0%	4.8%	0.0%
<b>FY 2013-14 Executive Request:</b>	<b>\$24,566,338</b>	<b>\$17,792,850</b>	<b>\$6,773,488</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$38,031	\$0	\$38,031	0.0

**Special Education Programs for Gifted and Talented Children**

The state *Exceptional Children's Educational Act* defines gifted children as those whose "abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs" [see Section 22-20-103 (13), C.R.S.]. Pursuant to Section 22-20-104.5, C.R.S., each administrative unit is required to adopt and implement a program to identify and serve gifted children who are at least five years of age. The plan is to be implemented "to the extent that funds are provided for the implementation". State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for teacher salaries, staff training and development, and activities, materials and equipment associated with the education of gifted students. In order to receive funding, a district or board of cooperative service must submit a complete and thorough plan for gifted education programming. However, the Department does use portions of the appropriation: (a) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school districts; (b) to support ten regional gifted education consultants; and (c) for state administration.

**Request:** The Department requests a total of \$9.6 million in state funding (a 1.5 percent annual increase) and 0.5 FTE in FY 2013-14.

**Recommendation:** Staff recommends a total appropriation of \$9,600,000 and 0.5 FTE, including \$5,500,000 General Fund and \$4,100,000 cash funds from the State Education Fund (a 1.3 percent increase in state funding). The recommendation includes an increase of \$126,394 cash funds from the State Education Fund associated with decision item R-2 (\$15,492 below the requested increase). The following table shows the components of staff's recommendation relative to the FY 2012-13 appropriation.

<b>Special Education Programs for Gifted and Talented Children</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$9,473,606	\$5,500,000	\$3,973,606	0.5
<b>TOTAL</b>	<b>\$9,473,606</b>	<b>\$5,500,000</b>	<b>\$3,973,606</b>	<b>0.5</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$9,473,606	\$5,500,000	\$3,973,606	0.5
R-2: Categorical programs increase	126,394	0	126,394	0.0
<b>TOTAL</b>	<b>\$9,600,000</b>	<b>\$5,500,000</b>	<b>\$4,100,000</b>	<b>0.5</b>
<b>Increase/(Decrease)</b>	\$126,394	\$0	\$126,394	0.0
Percentage Change	1.3%	0.0%	3.2%	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$15,492	\$0	\$15,492	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.

**Request:** The Department requests a continuation appropriation of \$7,493,560 state funds and 1.0 FTE in FY 2013-14, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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. Since FY 2008-09, the appropriation has fallen short of full funding. The following table details the allocation of small attendance center aid for FY 2011-12 (data is not yet available for FY 2012-13). On average, eligible schools received an additional \$1,046 per pupil in FY 2011-12.

<b>Small Attendance Center Aid: FY 2011-12</b>					
<b>School District</b>	<b>School</b>	<b>11-12 Enrollment</b>	<b>Full Funding Per Formula</b>	<b>Amount Distributed</b>	<b>Distribution per FTE</b>
Dolores	Rico Elementary	5.2	\$11,085	\$10,294	\$1,980
Gunnison	Marble Charter School	31.3	83,562	77,598	2,479
Huerfano	Gardner School	87.6	107,289	99,631	1,137
La Plata - Durango	Fort Lewis Mesa Elementary	150.3	86,336	80,174	533
Larimer - Poudre	Red Feather Elementary	24.1	69,284	64,339	2,670
Logan - Valley	Caliche Elementary		93,501	86,827	

<b>Small Attendance Center Aid: FY 2011-12</b>					
<b>School District</b>	<b>School</b>	<b>11-12 Enrollment</b>	<b>Full Funding Per Formula</b>	<b>Amount Distributed</b>	<b>Distribution per FTE</b>
		139.6			622
Logan - Valley	Caliche Jr./Sr. High	128.0	106,644	99,033	774
Mesa - Mesa Valley	Gateway School	40.3	98,321	91,303	2,266
Moffatt Montrose - West End	Maybell Elementary	11.2	34,047	31,617	2,823
	Paradox Valley Charter School	48.3	76,509	71,049	1,471
Park	Guffey Community Charter School	24.2	61,861	57,445	2,374
Park	Lake George Charter School	81.7	116,585	108,264	1,325
Pueblo 70	Beulah School	145.4	88,093	81,805	563
<b>Totals</b>		<b>917.2</b>	<b>\$1,033,117</b>	<b>\$959,379</b>	<b>\$1,046</b>

**Request:** The Department requests a continuation appropriation of \$959,379 in state funds, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends 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 guideline 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 is to work with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education is to allocate available funds. Fiscal year 2012-13 is the third year of a three-year grant cycle for comprehensive health education programs, and the second year of a three-year grant cycle for local student wellness programs.

**Request:** The Department requests a continuation appropriation of \$1,005,396 in state funds and 1.0 FTE, with no change from the FY 2012-13 appropriation.



**Recommendation:** Staff recommends the request.

## **(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., \$29,965 for a family of four in 2012) are eligible.
- *Reduced price* meals: Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$29,966 and \$42,643 for a family of four) 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 \$1.55 for each free meal served, \$1.25 for each reduced price meal served, and \$0.27 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, Department of Education administers the National School Lunch and Breakfast Programs 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 2011-12, per the October 1 pupil count, a total of 280,549 children were eligible for free meals, and another 59,174 children were 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.

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Data Concerning National School Lunch Program in Colorado</b>					
	<b>FY 08-09</b>	<b>FY 09-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 12-13</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>
Children <i>eligible</i> for <u>free</u> meals	231,232	258,899	279,275	280,549	297,167
<i>Annual % Change</i>	4.8%	12.0%	7.9%	0.5%	5.9%
Children <i>eligible</i> for <u>reduced</u> price meals	58,172	60,529	57,168	59,174	61,732
<i>Annual % Change</i>	5.9%	4.1%	-5.6%	3.5%	4.3%
Children eligible for free or reduced price meals	289,404	319,428	336,443	339,723	358,899
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>lunch</u> program	64.3%	63.3%	61.6%	64.8%	TBD
Percent of children eligible for reduced price meals who participate in breakfast program	21.6%	21.1%	22.5%	31.4%	TBD

**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.

**Request:** The Department requests continuation level funding of \$156,631,328 total funds (including \$82,327 General Fund and \$156,549,001 federal funds) and 9.0 FTE. The request includes a reduction of \$6,800 General Fund to annualize S.B. 12-068.

**Recommendation:** Staff recommends an appropriation of \$156,539,618 total funds (including \$82,327 General Fund and \$156,457,291 federal funds) and 9.0 FTE. The recommendation is \$91,710 federal funds below the request because staff reallocates those funds to the Indirect Cost Assessment line, pursuant to Committee policy for FY 2013-14. The following table shows the components of staff's recommendation.

<b>Federal Nutrition Programs</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$156,631,328	\$82,327	\$156,549,001	9.0
Other Legislation	<u>6,800</u>	<u>6,800</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$156,638,128</b>	<b>\$89,127</b>	<b>\$156,549,001</b>	<b>9.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$156,638,128	\$89,127	\$156,549,001	9.0
Indirect Cost Assessment	(91,710)	0	(91,710)	0.0
Annualize prior year legislation	<u>(6,800)</u>	<u>(6,800)</u>	<u>0</u>	<u>0.0</u>

<b>Federal Nutrition Programs</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$156,539,618</b>	<b>\$82,327</b>	<b>\$156,457,291</b>	<b>9.0</b>
<b>Increase/(Decrease)</b>	(\$98,510)	(\$6,800)	(\$91,710)	0.0
Percentage Change	(0.1%)	(7.6%)	(0.1%)	0.0%
<b>FY 2013-14 Executive Request:</b>	<b>\$156,631,328</b>	<b>\$82,327</b>	<b>\$156,549,001</b>	<b>9.0</b>
Request Above/(Below) Recommendation	\$91,710	\$0	\$91,710	0.0

**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 or risk losing about \$17.5 million of the federal funds available through the program annually.

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".

**Request:** The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2012-13.

**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 MOE 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 \$17.5 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 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 second grade 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.

<b>Data Concerning Districts' School Lunch Programs and the Child Nutrition School Lunch Protection Program</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Actual</b>	<b>FY 11-12 Actual</b>
Total number of reduced price lunches served (all grade levels)	6,703,688	6,165,604	6,319,954
Number of above meals for which state reimbursement is available (PreK through 2nd grade only)	1,867,050	1,712,652	1,718,516
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	10,669	9,787	10,915
Child Nutrition School Lunch Protection Program Expenditures	\$739,790	\$688,274	\$683,230
<i>Annual percent change</i>	<i>6.1%</i>	<i>-7.0%</i>	<i>-0.7%</i>

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 \$1.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through second 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.*, \$17,000 for an \$850,000 appropriation).

**Request:** The Department requests continuation funding of \$850,000 cash funds from the State Education Fund for FY 2013-14.

**Recommendation:** Consistent with current law, staff recommends approving the request. Program staff indicate that they expect this appropriation level to be sufficient to cover all eligible meals.

**School Breakfast Program**

Pursuant to H.B. 02-1349 [Section 22-54-123.5, C.R.S.], the General Assembly may appropriate by separate line item an amount to assist school districts and Institute charter schools that are participating in the federal school breakfast program. The Department is required to allocate the state funds among participating school districts, and school districts are required to use the state moneys to create, expand, or enhance the school breakfast program in each low-performing

school of the receiving district with the goal of improving the academic performance of the students attending such schools.

The Department indicates that 83 school districts qualified for these funds in 2010. Each district received a minimum of \$1,500. Districts are encouraged to use these funds for the following: equipment, child nutrition software programs, utilities, consulting assistance concerning menu nutrient analysis, and marketing/promotional materials. The General Assembly did not fund the program in FY 2011-12 or FY 2012-13 and the Department is not requesting an appropriation in FY 2013-14.

**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 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.

<b>Data Concerning Districts' School Breakfast Programs and the Start Smart Nutrition Program</b>					
	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Actual</b>	<b>FY 11-12 Actual</b>	<b>FY 12-13 Estimate</b>
Number of <i>school districts</i> that offer a school breakfast program	162	165	170	169	166
Number of <i>schools</i> that offer a school breakfast program	344	1,400	1,385	1,305	1,325
Number of reduced price breakfasts served (and reimbursed by State)	2,181,525	2,320,063	2,266,326	2,543,296	2,631,667
Estimated number of students who benefit from Start Smart subsidy	12,466	13,258	12,950	16,758	17,980
Start Smart expenditures	\$654,458	\$696,019	\$679,996	\$765,105	\$789,500
<i>Annual percent change</i>	<i>N/A</i>	<i>6.4%</i>	<i>-2.3%</i>	<i>12.5%</i>	<i>3.2%</i>

**Request:** The Department requests continuation of the \$700,000 General Fund appropriation to the Start Smart Nutrition Program Fund, and a total appropriation of \$843,495 (including \$700,000 reappropriated funds and \$143,495 cash funds) out of such fund for FY 2013-14.

**Recommendation:** Staff recommends approving the Department's request. 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.

<b>Start Smart Nutrition Program Fund</b>				
	<b>FY 10-11 Actual</b>	<b>FY 11-12 Actual</b>	<b>FY 12-13 Estimate</b>	<b>FY 13-14 Estimate</b>
Beginning Fund Balance	\$253,547	\$284,907	\$226,764	\$143,264
General Fund Appropriation to the Cash Fund	700,000	700,000	700,000	700,000
Interest Earnings	11,356	6,962	6,000	6,000
Program Expenditures	<u>(679,996)</u>	<u>(765,105)</u>	<u>(789,500)</u>	<u>(706,000)</u>
Ending Fund Balance	\$284,907	\$226,764	\$143,264	\$143,264
Spending Authority Provided From Fund (Annual Appropriation from the Cash Fund)	\$794,229	\$843,495	\$843,495	\$843,495
Appropriation Exceeds/(Falls Short of) Expenditures	\$114,233	\$78,390	\$53,995	\$137,495

**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 services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services<sup>10</sup> 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.

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<sup>10</sup> 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).

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.

**Request:** The Department requests a continuation appropriation of \$142,073 reappropriated funds and 1.4 FTE, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends an appropriation of \$134,593 reappropriated funds and 1.4 FTE, a decrease of \$7,480 below the FY 2012-13 appropriation and the Department’s request. Staff’s recommendation includes the following changes from the request.

- Increase of \$7,926 to reflect updated information regarding the Department’s interagency agreement with the Department of Health Care Policy and Finance. The Department reports that the total contract amount has increased to \$149,999.
- Decrease of \$15,406 in funds that staff recommends reflecting in the new Indirect Cost Assessment line, pursuant to Committee policy for FY 2013-14.

The following table shows the components of staff’s recommendation.

<b>S.B. 97-101 Public School Health Services</b>				
	Total Funds	General Fund	Reappropriated Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$142,073	\$0	\$142,073	1.4
<b>TOTAL</b>	<b>\$142,073</b>	<b>\$0</b>	<b>\$142,073</b>	<b>1.4</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$142,073	\$0	\$142,073	1.4
Health Services adjustment	7,926	0	7,926	0.0
Indirect Cost Assessment	(15,406)	0	(15,406)	0.0
<b>TOTAL</b>	<b>\$134,593</b>	<b>\$0</b>	<b>\$134,593</b>	<b>1.4</b>
<b>Increase/(Decrease)</b>	(\$7,480)	\$0	(\$7,480)	0.0
Percentage Change	(5.3%)	0.0%	(5.3%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$7,480	\$0	\$7,480	0.0



## (II) Capital Construction

*Background Information - Building Excellent Schools Today (BEST) Program.* House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the BEST program. The BEST program was designed to increase the amount of state financial assistance provided and allow projects to be completed more quickly. Rather than relying on annual General Fund appropriations, this new program is supported by royalty and rental income earned on state trust lands, interest earned on the Public School Fund, and lottery proceeds. 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 (\$72.4 million in FY 2011-12);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements (\$4.2 million of interest earned on proceeds held by a trustee was credited to the PSCCA Fund in FY 2011-12);
- all local matching moneys (\$7.2 million in FY 2011-12);
- lottery proceeds that would otherwise be transferred to the General Fund (\$4.6 million in FY 2011-12); and
- interest and investment income earned on the PSCCA Fund (\$1.7 million in FY 2011-12).

Moneys in the PSCCA Fund are continuously appropriated to the Department for the purpose of making cash grants and paying transaction costs incurred in connection with the provision of financial assistance. 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); and (b) lease payments required for lease-purchase agreements.

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;
- (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. This assessment, which has been completed, 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.

#### **Division of Public School Capital Construction Assistance**

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

**Request:** The Department requests a continuation appropriation of \$874,831 cash funds from the Public School Capital Construction Assistance Fund and 9.0 FTE, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

#### **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 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 entered into shall be subject to annual appropriation by the General Assembly.

**Request:** With Budget Amendment BA-3, the Department requests a total appropriation of \$57.0 million cash funds from the Public School Capital Construction Assistance Fund to support BEST COP payments. The request represents an increase of \$13.0 million above the FY 2012-13 appropriation and reflects two changes: (1) the anticipated total payment for COPs will rise from \$44.0 million appropriated in FY 2012-13 to \$47.5 million in FY 2013-14 (including a \$34.3 million state share and a \$13.2 million local matching share); and (2) the request reflects \$9.5 million in federal subsidies for COP payments. The budget amendment is discussed in greater detail below.

**Recommendation:** Staff recommends the request. As discussed below, the BEST program has already issued COPs requiring a total of \$57.0 million in payments in FY 2013-14 (including an assumed \$9.5 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 reflects the components of staff’s recommendation for this line item in FY 2013-14.

<b>Public School Capital Construction Assistance Board - Lease Payments</b>				
	Total Funds	General Fund	Cash Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$44,000,000</u>	<u>\$0</u>	<u>\$44,000,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$44,000,000</b>	<b>0</b>	<b>\$44,000,000</b>	<b>0.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$44,000,000	\$0	\$44,000,000	0.0
BA-3 COP Lease Payment Increase	<u>13,000,000</u>	<u>0</u>	<u>13,000,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$57,000,000</b>	<b>\$0</b>	<b>\$57,000,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$13,000,000	\$0	\$13,000,000	0.0
Percentage Change	29.5%	0.0%	29.5%	0.0%
<b>FY 2013-14 Executive Request:</b>	<b>\$57,000,000</b>	<b>\$0</b>	<b>\$57,000,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**➔ Budget Amendment BA-3 – Public School Capital Construction COP Debt Payment**

*Request:* With BA-3, the Department requests an increase of \$13.0 million cash funds spending authority from the Public School Capital Construction Assistance Fund in FY 2013-14 (from the \$44.0 million appropriated in FY 2012-13 to \$57.0 million in FY 2013-14).

*Recommendation:* Staff recommends approving the requested increase. The Department has already issued the COPs and the General Assembly does not appear to have any viable options outside of funding the requested increase.

*Analysis:* The requested increase reflects two changes:

- First, the Department expects to pay a total of \$47.5 million (including \$34.3 million in state share and \$13.2 million in local share) for COP payments in FY 2013-14. This represents a \$3.5 million total increase above the FY 2012-13 appropriation of \$44.0 million.
- Second, the Department is anticipating approximately \$9.5 million in federal interest subsidies (from Build America Bonds and Quality School Construction Bonds created through the American Recovery and Reinvestment Act) in FY 2013-14. *The subsidies are not new to FY 2013-14, although the Department has not previously included those amounts in the appropriation for BEST COP payments.* However, the COP documents require state appropriations sufficient to cover the *gross base rent* due each year, which would include the anticipated federal subsidy amount. This is a change from the appropriations in prior years

and increases the necessary appropriation (to cover the COPs issued through December 2012) by \$9.5 million above what the Department expected to pay in state and local funds. Please note that the federal subsidy amount is subject to sequestration, and the Department expects sequestration to reduce the federal subsidy by \$824,555 in FY 2013-14, and the state share will have to cover that difference.

The following table shows the FY 2012-13 appropriation, updated estimates of the payments in FY 2012-13, and the components of the FY 2013-14 request and staff recommendation.

<b>FY 2013-14 BEST COP Payments</b>					
	<b>FY 2012-13</b>		<b>FY 2013-14</b>		
	<b>Estimate for Appropriation</b>	<b>Actual Payments</b>	<b>Payment without Subsidy</b>	<b>Request without Sequestration</b>	<b>Request with Sequestration</b>
State Share	\$33,946,246	\$27,123,300	\$34,305,990	\$34,305,990	\$35,130,545
Local Share	9,425,784	9,818,100	13,160,351	13,160,351	13,160,351
Federal Subsidy	0	9,508,231	0	9,477,645	8,653,090
<b>Total</b>	<b>\$43,372,030</b>	<b>\$46,449,631</b>	<b>\$47,466,341</b>	<b>\$56,943,986</b>	<b>\$56,943,986</b>

Given that the Department and the Treasurer have already issued the COPs requiring payment in FY 2013-14, requiring gross payment of approximately \$57.0 million (including the federal subsidy), staff sees little option for the General Assembly other than to fund the requested amount.

**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 assessment.

**Request:** The Department requests a continuation appropriation of \$50,000 cash funds from the Public School Capital Construction Assistance Fund, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request. According to the Department, ongoing expenses for the priority assessment are largely associated with software and system maintenance, and the amount is reduced from prior years.

**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 received. The General Assembly increased the annual appropriation from \$5.0 million in FY 2011-12 to \$6.0 million in FY 2012-13 through the enactment of H.B. 12-1345 (School Finance).

**Request:** The Department requests a continuation appropriation of \$6.0 million cash funds from the State Education Fund, equal to the FY 2012-13 appropriation as modified by H.B. 12-1345.

**Recommendation:** Staff recommends approving the request. The following table provides a history of funding for charter school capital construction funding, along with the current law requirement for FY 2012-13.

<b>State Funding for Charter School Capital Construction Costs</b>		
<b>Fiscal Year</b>	<b>Total Appropriation</b>	<b>Funding per Pupil for Schools Eligible for Funding a/</b>
2004-05	\$5,000,000	\$171.06
2005-06	5,000,000	145.09
2006-07	7,800,000	201.17
2007-08	5,000,000	115.77
2008-09 b/	5,135,000	107.47
2009-10	5,000,000	97.64
2010-11	5,000,000	90.06
2011-12	5,000,000	78.98
2012-13	6,000,000	87.67
2013-14 (estimate)	6,000,000	79.42

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.

Based on self-reported enrollment projections for FY 2013-14, Department staff estimate that this appropriation would provide about \$79 per FTE (with charter schools in district facilities receiving about \$40 per FTE). Absent further statutory changes to increase funding in future years, funding per pupil will decline as the number of students attending eligible charter schools continues to increase.

**State Charter School Institute Capital Construction Assistance**

This line item was renamed as, "Institute Charter School Assistance Fund" and moved to the (1) Management and Administration, (D) State Charter School Institute section of the Long Bill in FY 2011-12. For a full discussion and staff's appropriation recommendation, see subsection (1) (D).

**(III) Reading and Literacy**

**EARLY LITERACY PROGRAM (New line item requested)**

The Department is requesting the creation of a new line item to support early literacy activities under H.B. 12-1238, which eliminated the Read-to-Achieve Program and replaced it with the Early Literacy Program. The bill 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).
- Up to \$16.0 million in interest income earned on the Public School (Permanent) Fund. Statute transfers the first \$11.0 million of interest to the State Public School Fund, primarily for use in school finance. Beginning in FY 2013-14, H.B. 12-1238 transfers any interest above that amount (up to a maximum of \$16.0 million) to the Early Literacy Fund, primarily to support per pupil intervention moneys under the bill.

Within those resources, the bill directs 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; and
- 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.

**Request:** The Department requests a total of \$20,945,023 cash funds and 8.0 FTE for the Early Literacy Program. The request assumes \$4,945,023 in tobacco settlement moneys and \$16.0 million in interest income transferred from the Permanent Fund.

**Recommendation:** Staff recommends denying the request to create this line item and instead creating two separate line items to support early literacy activities (discussed below).

With respect to the total amount of funding for early literacy activities, staff recommends a total appropriation of \$15.0 million in FY 2013-14 (split between two line items), a reduction of \$4,945,023 below the request.

- In alignment with the Legislative Council Staff Fiscal Note for H.B. 12-1238, the Department's request assumes a transfer of \$16.0 million in interest earned on the Permanent Fund to the Early Literacy Fund.



- As shown in the following table, based on updated information, staff currently anticipates a transfer of approximately \$10.9 million in Permanent Fund interest to the Early Literacy Fund. When combined with anticipated tobacco settlement revenues (\$4,508,317), staff expects a total of \$15.5 million to transfer to the Early Literacy Fund in FY 2013-14.

<b>Early Literacy Program Fund Sources in FY 2013-14</b>	
Description	Revenue Estimate
<i>Projected Funds Available</i>	
Tobacco Settlement Moneys	\$4,508,317
<i>Permanent Fund Interest</i>	
Permanent Fund FY 2012-13 Starting Balance	\$620,638,177
Additional Deposits Anticipated in FY 2012-13*	<u>24,800,000</u>
Projected FY 2013-14 Beginning Balance	\$645,438,177
Anticipated Interest (3.4 percent yield)	21,944,898
LESS: Statutory Transfer to SPSF	<u>(11,000,000)</u>
Projected Remaining Interest for Early Literacy	\$10,944,898
<b>Total Projected Funding Available</b>	<b>\$15,453,215</b>
<i>Total Recommended Appropriation</i>	
Tobacco Settlement Moneys	\$4,508,317
Recommended Appropriation from Interest	<u>10,491,683</u>
<b>Total Recommended Appropriation</b>	<b>\$15,000,000</b>

Staff’s recommended total appropriation of \$15.0 million allows for some error in the projection tobacco settlement moneys and interest earned on the Permanent Fund.

**EARLY LITERACY COMPETITIVE GRANT PROGRAM (New line item recommended)**

Staff is recommending the creation of a new line item to support the competitive grant program and regional support services required by H.B. 12-1238. The proposed line item would include the following funding for 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, interest earned on the Public School



(Permanent) Fund and transferred to the Early Literacy Fund will also support some of the activities in this line item.

**Request:** The Department is not requesting the creation of this line item. However, the Department’s request for the proposed “Early Literacy Program” line item (discussed above) includes \$5,086,031 cash funds from the Early Literacy Fund and 8.0 FTE associated with the activities included in this proposed line item.

**Recommendation:** Staff recommends a total appropriation of \$5,150,000 cash funds from the Early Literacy Fund and 8.0 FTE for the Early Literacy Competitive Grant Program. Pursuant to the direction in H.B. 12-1238, 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
- \$150,000 and 1.0 FTE for program administration (calculated as 1.0 percent of the total \$15.0 million recommended appropriation from the Early Literacy Fund).

**EARLY LITERACY PROGRAM PER PUPIL INTERVENTION FUNDING (New line item recommended)**

Staff recommends the creation of a new line item specifically to reflect funding that would be distributed to local education providers based on the statutory formula. The funding for the proposed line item is from interest income earned on the Public School (Permanent) Fund and transferred to the Early Literacy Fund pursuant to H.B. 12-1238 (see Section 22-41-102 (3) (c), C.R.S.). Under H.B. 12-1238, the Early Literacy Fund may receive up to \$16.0 million per year in interest earned on the Permanent Fund.

**Request:** The Department is not requesting the creation of this line item. However, the based on the Legislative Council Staff Fiscal Note for H.B. 12-1238, the Department’s request for the proposed “Early Literacy Program” line item (discussed above) includes \$16.0 million associated with the per pupil intervention moneys provided by H.B. 12-1238.

**Recommendation:** Staff recommends an appropriation of \$9,850,000 cash funds from the Early Literacy Fund for per pupil intervention moneys provided by H.B. 12-1238. As discussed above, the recommendation reflects updated (and relatively conservative) estimates of the amount of Permanent Fund interest anticipated to transfer to the Early Literacy Fund in FY 2013-14.

**Read-to-Achieve Grant Program**

Established in 2000, this competitive grant program provided grants to schools to fund intensive reading programs for students in kindergarten through third-grade (including students between the third- and fourth-grades) whose literacy and comprehension skills were below grade level. The enactment of H.B. 12-1238 during the 2012 Session eliminated the Read-to-Achieve Grant Program and replaced it with the Early Literacy Program (discussed above) beginning in FY 2012-13. As a result, the Department is not requesting, and staff is not recommending any funding for this program in FY 2013-14.

### **Federal Title I Reading First Grant**

The Reading First grant program was established to help school districts identify and adopt "scientifically based" reading programs for children in kindergarten through third grade. States were also allowed to use remaining funds for a number of related activities, including: teacher preparation, professional development, and licensure and certification; technical assistance to help districts implement Reading First; and administration, planning, and reporting. This program has been discontinued.

### **(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.

**Request:** The Department requests a continuation appropriation of \$441,808 cash funds from the State Education Fund and 5.0 FTE, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

#### **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 in FY 2009-10 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. To date, the General Assembly has not appropriated any moneys to the Student Re-engagement Grant Program Fund.

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. The Department is using 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 Department's budget submission to the U.S. Department of Education includes the following schedule for spending:

FY 2010-11	\$3,000,000 and 2.3 FTE
FY 2011-12	\$3,000,000 and 2.3 FTE
FY 2012-13	\$3,000,000 and 2.3 FTE
FY 2013-14	\$2,700,000 and 2.3 FTE
FY 2014-15	\$2,400,000 and 2.3 FTE

**Request:** The Department requests a continuation appropriation of \$3.0 million federal funds and 2.3 FTE (to be shown for informational purposes only), equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends an appropriation of \$2.7 million federal funds and 2.3 FTE (to be shown for informational purposes only). The recommendation reflects the program’s schedule of spending under the federal grant. The following table shows the components of staff’s recommendation.

<b>Office of Dropout Prevention and Student Reengagement</b>				
	Total Funds	General Fund	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$3,000,000	\$0	\$3,000,000	2.3
<b>TOTAL</b>	<b>\$3,000,000</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>2.3</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$3,000,000	\$0	\$3,000,000	2.3
Other Funding Adjustments	(300,000)	0	(300,000)	0.0
<b>TOTAL</b>	<b>\$2,700,000</b>	<b>\$0</b>	<b>\$2,700,000</b>	<b>2.3</b>
<b>Increase/(Decrease)</b>	(\$300,000)	\$0	(\$300,000)	0.0
Percentage Change	(10.0%)	0.0%	(10.0%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$300,000	\$0	\$300,000	0.0

According to the Department, most of the funding in FY 2013-14 (\$2,278,341) will support 33 Colorado high schools in purchasing services and building capacity for student data analysis, institutional review of policies and climate, and development of dropout prevention, student re-engagement, and postsecondary readiness programs and resources. In addition, more than 55 schools will participate in professional development to support dropout prevention and recovery efforts. The remainder of the funding will support staff and associated operating expenses.

**STIPENDS FOR NATIONALLY BOARD CERTIFIED TEACHERS (New Line Item Recommended)**

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 a bonus \$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 schools.

**Request:** The Department requests an appropriation of \$705,600 cash funds from the State Education Fund. The request annualizes the original appropriation from H.B. 12-1261, as anticipated in the final Legislative Council Staff Fiscal Note for the bill. Please note that the Department officially requested this appropriation under the National Credential Fee Assistance line item (another former line item associated with national board certification). Staff and the Department both agree that Stipends for Nationally Board Certified Teachers is the appropriate line item for this appropriation.

**Recommendation:** Based on updated information provided by the Department, staff recommends an appropriation of \$278,400 cash funds from the State Education Fund (\$326,400 below the FY 2012-13 appropriation and \$427,200 below the request). Staff’s recommendation assumes that the General Assembly intends to continue to fund stipends for eligible teachers in low-performing, high needs schools *but not eligible teachers in other schools*. Based on the Department’s data, the Legislative Council Staff Fiscal Note for H.B. 12-1261 overestimated the number of national board certified teachers in low-performing, high needs schools. Staff’s recommendation is based on updated data regarding the actual number of such teachers in FY 2012-13.

The General Assembly could increase the appropriation to fund stipends for all national board certified teachers and support the \$1,600 annual stipend for such teachers outside of low-performing, high needs schools. The Department currently estimates that doing so would require a total appropriation of \$1,617,600 in FY 2013-14 (an increase of \$1,339,200 above staff’s recommendation, see table below).

<b>Stipends for Nationally Board Certified Educators Under H.B. 12-1261</b>				
	<b>FY 2012-13 Fiscal Note Estimate/ Approp.</b>	<b>FY 2012-13 Current Estimate</b>	<b>FY 2013-14 Fiscal Note Estimate/ Request</b>	<b>FY 2013-14 Current Estimate</b>
National Board Certified Educators in Low-Performing, High Needs Schools*	126	45	147	58
Stipend per Educator	\$4,800	\$4,800	\$4,800	\$4,800
<b>Total Payment for Educators in Low-Performing, High Needs Schools**</b>	<b>\$604,800</b>	<b>\$216,000</b>	<b>\$705,600</b>	<b>\$278,400</b>
National Board Certified Educators in Other Schools***	659	0	772	837

<b>Stipends for Nationally Board Certified Educators Under H.B. 12-1261</b>				
	<b>FY 2012-13 Fiscal Note Estimate/ Approp.</b>	<b>FY 2012-13 Current Estimate</b>	<b>FY 2013-14 Fiscal Note Estimate/ Request</b>	<b>FY 2013-14 Current Estimate</b>
Stipend Per Educator	\$1,600	\$1,600	\$1,600	\$1,600
<b>Total Estimated Payment for Educators in Other Schools</b>	<b>\$1,054,400</b>	<b>\$0</b>	<b>\$1,235,200</b>	<b>\$1,339,200</b>
Total National Board Certified Educators	785	765	919	895
<b>Total Estimated Payment for All National Board Certified Educators</b>	<b>\$1,659,200</b>	<b>\$216,000</b>	<b>\$1,940,800</b>	<b>\$1,617,600</b>

### **Closing the Achievement Gap**

This line item was first added in the FY 2008-09 Long Bill in response to a budget request from the Department. This line item provides funding for a pilot program designed to close achievement gaps between poor and minority students and their more affluent peers. Through its FY 2008-09 budget request, the Department proposed inviting those districts in the highest quartile with respect to achievement gaps to apply for Department assistance. Department intervention was intended to be available to an estimated six school districts as a pilot program (the number of years of support a district would receive was not specified). Participating districts would receive three types of assistance, estimated to cost \$300,000 per year:

- a "gap consultant", who would be hired by each school district, be located in the district, and be part of the district's administrative team [\$75,000 to \$100,000 per year, per district];
- software tools and hardware platform for monitoring progress for each district, including "formative" assessments [\$100,000 per year, per district]; and
- staff development and on-site coaching for both teachers and instructional leaders in each district [\$100,000 per year, per district].

Additionally, each district would choose an independent pre-qualified vendor to assist in plan implementation of the project.

The Department initially selected six pilot school districts.<sup>11</sup> The Department indicates that funds were used to provide professional development, for consistent benchmarking assessment and data analysis tools, and to invest in processes that promote sustainable systems change. These strategies included professional learning communities for data review and decision-making for all students.

This line item was eliminated as a budget balancing measure to increase State Share of Districts' Total Program distributions to schools in FY 2011-12.

<sup>11</sup> The pilot program districts included: Eagle, Garfield - Roaring Fork, Weld - Greeley, Yuma, Summit, and Boulder - St. Vrain.

**Request:** The Department is not requesting an appropriation for this line item in FY 2013-14.

**Recommendation:** Staff recommends the request.

### **School Leadership Academy Program**

House Bill 08-1386 created the School Leadership Academy Program to provide recruitment, induction, and professional development for principals in public schools. The intent of the program is to provide training both for practicing principals, and for initial principal licensees. The bill creates the School Leadership Academy Board to oversee the program and identify the base curriculum of the program. The procedures are to be submitted to the State Board of Education for its approval. The bill also authorizes this program to be supported by State Education Fund moneys.

In FY 2009-10, this line item received a one-time allocation of \$25,000 federal funds through the American Recovery and Reinvestment Act (ARRA) of 2009. For FY 2010-11, the General Assembly appropriated \$75,000 General Fund and 0.7 FTE for this program. At the Department's request, funding for this line item was eliminated in FY 2011-12.

**Request:** The Department is not requesting an appropriation for this line item in FY 2013-14.

**Recommendation:** Staff recommends the request.

### **(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.<sup>12</sup> 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.<sup>13</sup>
- 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.

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<sup>12</sup> 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.

<sup>13</sup> 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.

- Allowing facility schools to bill the Department using state average per pupil revenues (thereby including revenues previously retained by school districts for capital outlay and risk management), and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs.

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.

#### **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).

**Request:** The Department requests a continuation appropriation of \$258,575 reappropriated funds and 3.0 FTE, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request. As long as the amount payable to facility schools does not fall below \$12,928,750 in FY 2013-14, the above amount will fall below the 2.0 percent statutory cap on this unit's expenditures.

The Department purchased 18 hours of legal services in FY 2008-09, the unit's first year of operation. Staff assumes that the unit's ongoing needs for legal services will be minimal, and could be covered with the operating expenses portion of the appropriation.

#### **Facility School 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. This provision authorizes the payment of the state average per pupil revenue times 1.33; 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.

**Request:** The Department's request includes a continuation appropriation of \$14,508,000 cash funds from the State Education Fund for FY 2013-14, unchanged from the FY 2013-14 appropriation.



**Recommendation:** There are currently 47 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 estimated funding under the School Finance Act (current law), these programs will receive up to \$8,617.63 per child per year (\$6,479.42 X 1.33) for FY 2012-13 (or \$36.67 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 2013-14, and the portions that will be transferred to other state agencies.

<b>Facility School Funding: FY 2013-14</b>	
Description	Updated Estimates
Projected Average Facility Schools FTE	1,625.0
Multiplied by: State Average Per Pupil Revenues for FY 2013-14 X 1.33	<u>\$8,781.36</u>
Total Estimated Facility School payments	\$14,269,718
Plus: Additional Funding (approximately 1.5 percent) to account for placement and attendance fluctuations	\$214,046
<b>Estimated Facility School Funding for line item</b>	<b>\$14,483,764</b>
<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>	<b>\$1,254,876</b>
<i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>	<b>\$79,032</b>

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 \$14,485,000 for FY 2013-14.** This level of appropriation 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 consistent with Section 22-54-129, C.R.S., staff is using the state average per pupil revenue amount for FY 2013-14 based on the existing statutory formula. Thus, if the formula is modified through separate legislation this session, this line item may need to be adjusted accordingly.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding from this line item for educational programs.

- \$1,254,876 to the Colorado School for the Deaf and the Blind, School Operations.
- \$79,032 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes.

## **(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 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.

**Request:** The Department requests a total appropriation of \$282,385,393 (including \$2,790,393 cash funds, \$4,595,000 reappropriated funds, and \$275,000,000 federal funds). With budget amendment BA-2, the request continues an FY 2012-13 supplemental request to increase the cash funds appropriation by \$440,393 cash funds to account for additional grant funding in FY 2012-13 and FY 2013-14.

**Recommendation:** Staff recommends an appropriation of \$281,239,931 total funds (including \$2,707,305 cash funds, \$4,595,000 reappropriated funds, and \$273,937,626 federal funds) and 68.1 FTE. The recommendation continues an increase of \$445,000 cash funds enacted in the Department’s FY 2012-13 supplemental bill to account for additional gift, grants, and donations anticipated in FY 2013-14. The recommendation includes the following changes from the FY 2012-13 adjusted appropriation and the Department’s request:

- A decrease of \$758,237 total funds (including \$87,695 cash funds and \$670,542 federal funds) that the recommendation reflects in the newly recommended indirect cost assessment line item (discussed below). The recommendation aligns with the Department’s planned indirect cost assessments for FY 2013-14.
- A decrease of \$391,832 federal funds and 5.3 FTE that are instead reflected in the newly recommended Accountability and Improvement Planning line item within the Management and Administration division. The recommended reallocation reflects existing staff and resources that are devoted to the Department’s ongoing accountability and improvement planning efforts to implement S.B. 09-163. For transparency purposes, staff recommends consolidating the funds and FTE supporting that work in the new line item.

The following table compares the components of the Department’s request and staff’s recommendation for the Appropriated Sponsored Programs line item.

*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent  
Committee Decision*

<b>Appropriated Sponsored Programs: FY 2013-14 Estimates (without Sequestration Impacts)</b>				
<b>Distribution</b>	<b>Department Request</b>		<b>Staff Recommendation</b>	
	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>
<i>Cash Funds:</i>				
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0	\$810,000	0.0
University of Denver - Early Childhood Grant	50,000	0.2	50,000	0.2
CO Legacy Foundation/ Gates Foundation Grant	275,000	0.0	275,000	0.0
Healthy Schools Private Grant	465,000	0.8	465,000	0.8
Allowance for Additional Grants	1,190,393	0.0	1,195,000	0.0
Reallocate to Indirect Cost Assessment line item	<u>0</u>	<u>0.0</u>	<u>(87,695)</u>	<u>0.0</u>
Subtotal: Cash Funds	\$2,790,393	1.0	\$2,707,305	1.0
<i>Reappropriated Funds:</i>				
Traumatic Brain Injury - Human Services	\$115,000	0.0	\$115,000	0.0
Federal Child Care Block Grant Funds transferred from the Department of Human Services	<u>4,480,000</u>	<u>6.0</u>	<u>4,480,000</u>	<u>6.0</u>
Subtotal: Reappropriated Funds	\$4,595,000	6.0	\$4,595,000	6.0
<i>Federal Funds:</i>				
Title I Programs	\$207,692,836	30.4	\$207,692,836	30.4
Title II Programs	29,754,303	10.5	29,754,303	10.5
After School Learning Centers	12,500,534	5.0	12,500,534	5.0
Charter School Grants	10,450,000	4.0	10,450,000	4.0
Adult Education - WIA	7,011,513	8.0	7,011,513	8.0
Mathematics and Science Partnerships	2,201,364	1.0	2,201,364	1.0
Educate Homeless Children	875,621	1.3	875,621	1.3
Even Start	557,603	0.1	557,603	0.1
Byrd Scholarship Program	653,851	0.0	653,851	0.0
Coordinated School Health/ AIDS Prevention	501,644	4.1	501,644	4.1
Other	2,800,731	2.0	2,800,731	2.0
Reallocate to Indirect Cost Assessment line item	0	0.0	(670,542)	0.0
Reallocate to Accountability and Improvement Planning line item	<u>0</u>	<u>0.0</u>	<u>(391,832)</u>	<u>(5.3)</u>
Subtotal: Federal Funds	\$275,000,000	66.4	\$273,937,626	61.1
<b>Total</b>	<b>\$282,385,393</b>	<b>73.4</b>	<b>\$281,239,931</b>	<b>68.1</b>

*Sequestration Impact:* Staff notes that federal sequestration may significantly impact the federal funds anticipated under this line item, including a potential \$8.6 million reduction to Title I funding for schools with at-risk populations. Staff has not included sequestration impacts in the recommended appropriations to this line item.

**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 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 criteria<sup>14</sup>. The State Board is required to give priority to schools at which the dropout rate exceeds 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. According to the Department, a total of 78 schools have been selected for grants in the second cycle, which began in FY 2011-12.

**Request:** The Department requests a continuation appropriation of \$5,000,000 cash funds from the State Education Fund and 1.0 FTE, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request for an appropriation of \$5,000,000 cash funds from the State Education Fund. As in prior years, staff remains concerned about the program's ability to ensure that recipient schools continue to fund increased services supported by the grants after grant funding expires<sup>15</sup>. However, based on concerns that the General Assembly expressed last year, the Department is planning changes to the program that would address some of staff's most pressing concerns. Staff intends to work with the Department regarding potential changes to the program during the 2013 interim and may recommend legislative changes to the program for the 2014 Legislative Session.

#### **BOCES Funding per Section 22-5-122, C.R.S.**

The General Assembly created this program with an initial appropriation of \$1.3 million in H.B. 12-1345 to assist BOCES in working with partner districts to implement and meet the state's educational priorities. 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.

**Request:** The Department requests a continuation appropriation of \$1.3 million and 1.0 FTE, equal to the FY 2012-13 appropriation provided in H.B. 12-1345.

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<sup>14</sup> 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 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.

<sup>15</sup> Sections 22-91-105 (2) (j) and (3) (e), C.R.S., require the Department to consider the likelihood that "recipient schools will continue to fund the increases in the level of school counseling services following the expiration of the grant" as a criterion for grant awards.

**Recommendation:** Staff recommends 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.

**Request:** The Department's request reflects continuation funding of \$1,000,000 cash funds from the Contingency Reserve Fund for FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **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.

**Request:** The Department requests continuation funding of \$480,000 cash funds from the State Public School Fund for FY 2013-14.

**Recommendation:** Staff recommends 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, this program is 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.

### **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. Cheryl Serrano, Superintendent of El Paso - Fountain Ft. Carson school district currently serves as Colorado's Commission member.

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 1<sup>st</sup> 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

**Request:** The Department requests a continuation appropriation of \$24,061 cash funds from the State Education Fund in FY 2013-14, equal to the FY 2012-13 appropriation.

**Recommendation:** Staff recommends appropriating \$23,015 cash funds from the State Education Fund in FY 2013-14. Commission staff indicate that the current assessment is \$1.00 per child of active duty military personnel who are assigned to (but who may not necessarily 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 \$24,061, and for FY 2013-14 has been established at \$23,015.

**(D) INDIRECT COST ASSESSMENT (NEW SUBDIVISION RECOMMENDED)**

**INDIRECT COST ASSESSMENT (New line item recommended)**

Pursuant to the Committee’s common policy to improve the transparency of the treatment of indirect costs, staff recommends the creation of a new subdivision and line item 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.

**Request:** The Department is not requesting the creation of the subdivision or the new line item. However, the Department reports that it intends to assess a total of \$1,741,763 in indirect costs to a variety of line items within Assistance to Public Schools.

**Recommendation:** Staff recommends creating the new subdivision and line item and reflecting the Department’s estimated indirect cost assessments in the Long Bill. The following table shows the anticipated indirect cost assessments by line item within the Management and Administration division.

<b>FY 2013-14 Assistance to Public Schools Indirect Cost Assessments</b>				
<b>Line Item</b>	<b>Total Indirects</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
Special Education Programs for Children with Disabilities	\$825,727	\$0	\$0	\$825,727
English Language Proficiency Program	50,683	0	0	50,683
Federal Nutrition Programs	91,710	0	0	91,710
S.B. 97-101 Public School Health Services	15,406	0	15,406	0
Office of Dropout Prevention and Student Reengagement	0	0	0	0
Appropriated Sponsored Programs	<u>758,237</u>	<u>87,695</u>	<u>0</u>	<u>670,542</u>
<b>Total, Assistance to Public Schools</b>	<b>\$1,741,763</b>	<b>\$87,695</b>	<b>\$15,406</b>	<b>\$1,638,662</b>



### **(3) Library Programs**

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*Background Information:* Public libraries are managed and operated locally based on revenues raised from local sources.<sup>16</sup> The State provides no direct state funding to libraries 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 without regard to age, physical or mental health, place of residence, or economic status;
- 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;
- Plinkit - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- AskColorado - an on-line, 24/7 virtual reference service that connects individuals with librarians throughout the state.

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<sup>16</sup> Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 114 public library jurisdictions with 252 public library buildings. 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 (96 serve populations less than 50,000, including 47 that serve fewer than 5,000 people). In FY 2010-11, nearly 60.0 percent of libraries in Colorado reported that they are the only provider of free access to the Internet in their communities.

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.

### **Administration**

This line item provides state funding and staff for the general administration of library programs and the provision of library services.

**Request:** The Department requests continuation level funding according to OSPB's common policies, with no change from the FY 2012-13 appropriation. The FY 2013-14 request includes a total of \$999,598 and 14.3 FTE, consisting of \$749,598 General Fund and \$250,000 cash funds. The source of cash funds is grants and donations.<sup>17</sup>

**Recommendation:** Staff recommends the request. 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.

**Request:** The Department requests continuation level funding according to OSPB's common policies, with no change from the FY 2012-13 appropriation. The FY 2013-14 request includes \$3,031,787 federal funds and 23.8 FTE.

**Recommendation:** Staff recommends an appropriation of \$2,948,239 federal funds and 23.8 FTE. Staff's recommendation is \$83,548 below the request because the staff recommendation reflects those funds in the newly recommended Indirect Cost Assessment line item for the Library Programs division, pursuant to Committee policy for FY 2013-14. The following table shows the components of staff's recommendation relative to the FY 2012-13 appropriation.

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<sup>17</sup> 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 February 26, 2013, the balance in the Trust was approximately \$750,000. The Trust was 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.

<b>Federal Library Funding</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	<u>\$3,031,787</u>	<u>\$0</u>	<u>\$3,031,787</u>	<u>23.8</u>
<b>TOTAL</b>	<b>\$3,031,787</b>	<b>0</b>	<b>\$3,031,787</b>	<b>23.8</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$3,031,787	\$0	\$3,031,787	23.8
Indirect Cost Assessment	<u>(83,548)</u>	<u>0</u>	<u>(83,548)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,948,239</b>	<b>0</b>	<b>\$2,948,239</b>	<b>23.8</b>
<b>Increase/(Decrease)</b>	(\$83,548)	\$0	(\$83,548)	0.0
Percentage Change	(2.8%)	0.0%	(2.8%)	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$83,548	\$0	\$83,548	0.0

**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 spending the federal funds over a three year period (through FY 2012-13) and expects to spend the remaining private grant moneys in FY 2013-14.

The State Library has partnered with Native American tribes and the State’s neediest libraries to enhance computer access at 81 locations where broadband penetration is low due to poverty and/or geography. The State Library has also partnered with community organizations and state agencies to meet major programmatic needs in computer/Internet skills training, education, workforce development, and access for disabled individuals. Recipients have used grant funds to replace out-of-date computers, and to add new computers, projectors, screens, headphones, and updated wiring to expand capacity. Grant funds have also supported promotional materials customized for each library’s local market, 4.0 FTE to provide training to library staff and their patrons, and a 0.5 FTE compliance officer to assist libraries in data gathering, procurement, and federal compliance and in submitting required reports to granting authorities. The Department hired all of the associated staff as at-will, temporary employees for the duration of the grant period.

**Request:** The Department requests continuation level funding according to OSPB’s common policies, with no change from the FY 2012-13 appropriation. The FY 2013-14 request for \$1,219,460 includes \$443,274 cash funds and \$776,186 federal funds and 4.5 FTE.

**Recommendation:** Staff recommends an appropriation of \$67,000 cash funds spending authority and no FTE. The Department has spent all of the federal funds from the original grant and anticipates spending the final \$67,000 in cash funds in FY 2013-14. The Department has not previously supported FTE with cash funds and does not intend to do so in FY 2013-14. Unless the Department receives additional funds, the Broadband Technology Opportunities Program line item will not be necessary beyond FY 2013-14. The following table shows the components of staff’s recommendation.

<b>Broadband Technology Opportunities Program</b>					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>FY 2012-13 Appropriation:</b>					
HB 12-1335 (Long Bill)	<u>\$1,219,460</u>	<u>\$0</u>	<u>\$443,274</u>	<u>\$776,186</u>	<u>4.5</u>
<b>TOTAL</b>	<b>\$1,219,460</b>	<b>0</b>	<b>\$443,274</b>	<b>\$776,186</b>	<b>4.5</b>
<b>FY 2013-14 Recommended Appropriation:</b>					
FY 2012-13 Appropriation	\$1,219,460	\$0	\$443,274	\$776,186	4.5
Reflect Available Funding	<u>(1,152,460)</u>	<u>0</u>	<u>(376,274)</u>	<u>(776,186)</u>	<u>(4.5)</u>
<b>TOTAL</b>	<b>\$67,000</b>	<b>\$0</b>	<b>\$67,000</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,152,460)	\$0	(\$376,274)	(\$776,186)	(4.5)
Percentage Change	(94.5%)	0.0%	(84.9%)	(100.0%)	(100.0%)
<b>FY 2013-14 Executive Request:</b>					
Request Above/(Below) Recommendation	\$1,152,460	\$0	\$376,274	\$776,186	4.5

**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.<sup>18</sup> 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

<sup>18</sup> 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.

- identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$1.6 million annual budget consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$500,000), continuing education fees (\$32,000), administrative fees related to a cooperative purchasing program (\$19,000), and other miscellaneous sources.

**Request:** The Department requests continuation level funding (\$1.0 million General Fund) for FY 2013-14, unchanged from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends 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.

**Request:** The Department requests continuation level funding of \$379,796 (including \$359,796 General Fund and \$20,000 cash funds) for FY 2013-14, unchanged from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

### **Colorado Talking Book Library, Building Maintenance and Utilities 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 very 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 of NLS support is estimated at over \$630,000 annually, and the existing inventory of materials and equipment provided by NLS is valued at over \$5.5 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons, a savings of approximately \$2.3 million annually.

*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.

**Request:** The Department requests continuation level funding of \$70,660 General Fund in FY 2013-14, unchanged from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the Department's request.

### **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 for five purposes. Specifically, the General Assembly is required to make the following annual appropriations from



the Fund (FY 2012-13 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$3,878,836);
- 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 (\$350,000);
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$980,328); and

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.

*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.

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

**Request:** The Department requests continuation level funding of \$350,000 reappropriated funds for FY 2013-14, unchanged from the FY 2012-13 appropriation. The request continues the \$100,000 increase provided by the General Assembly in FY 2012-13.

**Recommendation:** Staff recommends the request.

**INDIRECT COST ASSESSMENT (New line item recommended)**

Pursuant to the Committee's common policy to improve the transparency of the treatment of indirect costs, staff recommends the creation of a new line item 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.



**Request:** The Department is not requesting the creation of the new line item. However, the Department reports that it intends to assess a total of \$117,070 in indirect costs to the Federal Library Funding line item.

**Recommendation:** Staff recommends creating the new subdivision and line item and reflecting the Department’s estimated indirect cost assessments in the Long Bill. The following table shows the anticipated indirect cost assessments by line item within the Management and Administration division.

<b>FY 2013-14 Library Programs Indirect Cost Assessments</b>			
<b>Line Item</b>	<b>Total Indirects</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
Federal Library Funding	<u>117,070</u>	<u>0</u>	<u>117,070</u>
<b>Total, Library Programs</b>	<b>\$117,070</b>	<b>\$0</b>	<b>\$117,070</b>

#### **(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 202 students (ages 3 to 21) in the 2011-12 school year, a decrease of twelve students from the 2010-11 school year. The CSDB's total enrollment was 538 students for the 2011-12 school year, including 336 children under age three. Total enrollment in 2011-12 included 437 deaf/hearing impaired children and 110 blind children. Compared to FY 2010-11, the CSDB's total enrollment decreased by 44 students (7.6 percent). Of the total number of students receiving on-campus services, 86 resided at the CSDB (returning home only on weekends) and the remaining 116 students only attended classes during the day.

Of the total number of students enrolled, 342 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 186 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).

<b>Colorado School for the Deaf and the Blind: FY 2011-12 Enrollment</b>						
<b>Description</b>	<b>Children Under 3</b>		<b>On-campus Students</b>		<b>Total Enrollment</b>	
	<b>Number</b>	<b>Annual % Change</b>	<b>Number</b>	<b>Annual % Change</b>	<b>Number</b>	<b>Annual % Change</b>
Deaf/ Hearing Impaired	296	-6.9%	141	-8.4%	437	-7.4%
Blind/ Visually Impaired	<u>40</u>	-20.0%	<u>61</u>	1.7%	<u>101</u>	-8.2%
<b>Total Enrollment</b>	<b>336</b>	-8.7%	<b>202</b>	-5.6%	<b>538</b>	-7.6%
Number of Residential Students	0	0.0%	86	3.6%	86	3.6%
Number of FTE for Whom Facility School Funding is Received	0	0.0%	186	-0.5%	186	-0.5%
<i>Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts</i>	<i>0.0%</i>		<i>92.1%</i>		<i>34.6%</i>	

## **(A) SCHOOL OPERATIONS**

### **Personal Services**

This line item provides funding for most School employees and for certain professional and temporary services.

**Request:** The Department requests continuation level funding pursuant to OSPB’s common policies. The request includes a total of \$9,121,285 and 141.3 FTE, including \$7,910,969 General Fund and \$1,210,316 reappropriated funds. The request annualizes H.B. 12-1246 (Reverse Payday Shift) to eliminate one-time funding in that legislation.

**Recommendation:** Staff recommends the requested total appropriation of \$9,121,285 and 141.3 FTE, including the Annualization of H.B. 12-1246. Staff’s recommendation includes \$7,831,409 General Fund and \$1,289,876 reappropriated funds. The following table shows the components of the staff recommendation relative to the FY 2012-13 appropriation.

<b>Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>				
HB 12-1335 (Long Bill)	\$9,121,285	\$7,910,969	\$1,210,316	141.3
Other Legislation	<u>173,373</u>	<u>173,373</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,294,658</b>	<b>\$8,084,342</b>	<b>\$1,210,316</b>	<b>141.3</b>
<b>FY 2013-14 Recommended Appropriation:</b>				
FY 2012-13 Appropriation	\$9,294,658	\$8,084,342	\$1,210,316	141.3
Fund Source Adjustments	0	(79,560)	79,560	0.0
Annualize prior year legislation	<u>(173,373)</u>	<u>(173,373)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,121,285</b>	<b>\$7,831,409</b>	<b>\$1,289,876</b>	<b>141.3</b>
<b>Increase/(Decrease)</b>	(\$173,373)	(\$252,933)	\$79,560	0.0
Percentage Change	(1.9%)	(3.1%)	6.6%	0.0%
<b>FY 2013-14 Executive Request:</b>				
Request Above/(Below) Recommendation	\$0	\$79,560	(\$79,560)	0.0

Please note that pursuant to H.B. 96-1354 [Section 22-80-106.5, C.R.S.], teachers employed by the CSDB are compensated in accordance with the salary schedule adopted by the local school district (El Paso District 11) as of January 1 of the previous fiscal year (i.e., on a one year lag). The FY 2010-11 appropriation included \$81,261 for this purpose, including \$79,703 for teachers supported by this line item and \$1,558 for teachers supported by the next line item. Consistent with the salary schedule for D-11, the Department has not requested such an increase since that time. For FY 2013-14, the Department has not requested any funding for salary increases, consistent with the D-11 salary schedule for the 2012-13 school year.

*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, the CSDB receives the state average per pupil

revenue times 1.33 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 (the CSDB currently operates on a 174-day calendar).

Staff's calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

<b>Projected FY 2013-14 Facility Schools Funding for CSDB</b>	
Projected statewide average per pupil funding (based on current law)	\$6,602.53
Facility school funding for year-round educational programs (1.33 x avg. PPR)	\$8,781.36
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$37.37
Estimated student-days billed by CSDB (average daily attendance (193 projected) x 174 instructional days)	33,582
<b>Projected Transfer to CSDB (Daily rate x Student-days)</b>	<b>\$1,254,876</b>

<b>CSDB Personal Services - Funding Splits</b>	
Total Recommended Funding	\$9,121,285
Less: Estimated Transfer from the Facility Schools Funding Line item	(1,254,876)
Less: Federal Nutritional Funds transferred from the Appropriated Sponsored Programs line item	(35,000)
<b>General Fund portion of appropriation</b>	<b>\$7,831,409</b>

### **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.

Prior to FY 2006-07, this program was supported by existing personal services funding, as well as various federal grants, donations, and in-kind services. For FY 2006-07, this line item was increased \$462,620 General Fund and 1.8 FTE to continue and expand two early literacy development programs and funding has remained approximately at this level in subsequent years. 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.

**Request:** The Department requests a continuation level appropriation of \$1,165,533 General Fund and 10.0 FTE pursuant to OSPB’s common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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.

**Request:** The Department requests a continuation appropriation of \$77,703 General Fund pursuant to OSPB’s common policies, calculated as 80.0 percent of actual expenditures in FY 2011-12.

**Recommendation:** Staff recommends an appropriation of \$87,032 General Fund, pursuant to the Committee’s common policies for FY 2013-14. The following table shows the components of staff’s recommendation.

<b>Shift Differential</b>			
	<b>Total Funds</b>	<b>General Fund</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>			
HB 12-1335 (Long Bill)	<u>\$83,985</u>	<u>\$83,985</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$83,985</b>	<b>\$83,985</b>	<b>0.0</b>
<b>FY 2013-14 Recommended Appropriation:</b>			
FY 2012-13 Appropriation	\$83,985	\$83,985	0.0
Employee benefits/common changes	<u>3,047</u>	<u>3,047</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$87,032</b>	<b>\$87,032</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,047	\$3,047	0.0
Percentage Change	3.6%	3.6%	0.0%
<b>FY 2013-14 Executive Request:</b>			
Request Above/(Below) Recommendation	(\$9,329)	(\$9,329)	0.0

**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 outlay<sup>19</sup>, custodial services, equipment rental, storage, dues and subscriptions, and printing.

**Request:** The Department requests a continuation appropriation of \$417,277 General Fund pursuant to OSPB’s common policies, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

**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 new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 14 vehicles<sup>20</sup> that are all utilized at the CSDB.

**Request:** The Department requests a continuation appropriation of \$26,666 General Fund, with no change from the FY 2012-13 appropriation. The Request includes funding to replace one midsize sedan (license number 222ETL).

**Recommendation:** Staff recommends approving the request for funding to replace the one vehicle, as the vehicle in question exceeds the mileage threshold. Staff’s overall recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee through the establishment of a common policy for Vehicle Lease Payments.

**Utilities**

This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

**Request:** The Department requests a continuation appropriation of \$554,810 General Fund, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request. The following table details actual utility expenditures for the last two fiscal years, the current appropriation, and the request and recommendation.

<b>Colorado School for the Deaf and the Blind Utilities Expenses</b>						
<b>Service</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recomm.</b>
Natural gas	\$240,456	\$174,722	\$182,835	\$170,000	\$182,835	\$182,835

<sup>19</sup> 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.

<sup>20</sup> Currently, these vehicles include: seven vans, three sedans, two buses, and two trucks.

<b>Colorado School for the Deaf and the Blind Utilities Expenses</b>						
	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	
<b>Service</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Recomm.</b>
Electricity	121,824	129,162	164,031	163,180	164,032	164,032
Water and sewer	63,852	72,289	79,467	96,630	79,467	79,467
Other - energy efficiency projects	<u>88,400</u>	<u>146,421</u>	<u>116,799</u>	<u>125,000</u>	<u>128,476</u>	<u>128,476</u>
<b>Total</b>	<b>\$514,532</b>	<b>\$522,594</b>	<b>\$543,132</b>	<b>\$554,810</b>	<b>\$554,810</b>	<b>\$554,810</b>

**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.

**Request:** The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request. The recommendation is intended to allow the CSDB to receive and spend all categorical program funding for which it is eligible.

**Medicaid Reimbursement 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 26-4-531 (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).

**Request:** The Department requests a continuation appropriation of \$150,000 reappropriated funds spending authority and 1.5 FTE, with no change from the FY 2012-13 appropriation.



**Recommendation:** Staff recommends the request. The recommendation is intended to allow the CSDB to receive and spend all Medicaid funding it earns. The CSDB received \$144,306 in FY 2011-12 and anticipates receiving about \$150,000 annually.

## **(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.

**Request:** The Department requests a continuation appropriation of \$120,000 cash funds for FY 2013-14, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends the request. Staff recommends maintaining this appropriation at its current level despite the low levels of expenditures in recent years. The CSDB indicates that the poor economy has affected the fee revenue they are able to collect. However, if the statewide deaf symposium is reinstated, they will need the higher spending authority.

### **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; and staff development. 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. The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

**Request:** The Department requests a continuation appropriation of \$1,025,000 (including \$755,000 cash funds and \$270,000 reappropriated funds) and 5.4 FTE for FY 2013-14, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request. Staff recommends appropriating rounded dollar amounts to better reflect the nature and basis for this appropriation.

#### **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.

**Request:** The Department requests a continuation appropriation of \$200,000 cash funds spending authority for FY 2013-14, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends 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.

### **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.

**Request:** The Department requests a continuation appropriation of \$1,200,000 reappropriated funds and 9.0 FTE for FY 2013-14, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends the request.

## **Long Bill Footnotes and Requests for Information**

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### **LONG BILL FOOTNOTES**

Staff recommends that the following footnotes be **continued**.

- 9 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 \$300,000 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 \$300,000 in FY 2012-13 and in the recommendation for FY 2013-14) 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 KHzs. 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 Newline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by e mail. Newline services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newline 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.

Staff recommends that the following footnote be **continued as modified**:

- 8 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 2012-13~~ FY 2-13-14. It is the intent of the General Assembly that the Department of Education be authorized to utilize up to ~~\$1,664,234~~ \$1,709,450 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated ~~281.5~~ 450 FTE participants funded at a rate of ~~\$5,912.02~~ 6,021 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Comment: House Bill 19-1319<sup>21</sup> created the ASCENT Program for students who voluntarily extend their high school education beyond 12<sup>th</sup> grade in order to attend college courses (“fifth year” students). The stated objectives of the program include: (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 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

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<sup>21</sup> See Section 22-35-108, C.R.S.

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 281.5 FTE students are participating in the ASCENT Program. The Department has provided district-reported data (from February 2013) indicating that a total of 1,080 12<sup>th</sup> graders may participate in ASCENT in FY 2013-14. However, the Department's budget assumes that the appropriation will support 450 students.

Staff recommends **adding** the following footnote:

- N 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 2013-14, 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 current study will impact funding requirements for FY 2014-15 and FY 2015-16.

Staff recommends the following footnotes be **eliminated**:

- 5 Department of Education, Management and Administration, Assessments and Data Analyses, Colorado Student Assessment Program – It is the intent of the General Assembly that the Department use \$6,357,743 of the cash funds appropriation to this line item to develop new statewide science and social studies assessments and update the alternate assessment for students with significant cognitive disabilities and the Colorado English Language Assessments to align with statewide academic standards.

Comment: This footnote specified the General Assembly's intent with respect to a specific one-time appropriation for assessment development in FY 2012-13 and is no longer necessary.

- 6 Department of Education, Management and Administration, Assessments and Data Analyses, Educator Effectiveness Implementation – It is the intent of the General Assembly that the cash funds appropriation to this line item from the State Education Fund remain available until the close of FY 2014-15

Comment: This footnote specified the General Assembly's intent with respect that a one-time appropriation in FY 2012-13 remain available for three years. Because the appropriation was one-time in nature and is not recommended for the FY 2013-14 Long Bill, the footnote is no longer necessary.

- 7 Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Reserve – It is the intent of the General Assembly that the appropriation to this line item be expended in the event of financial emergencies at either the State Charter School Institute or at State Charter School Institute charter schools.

Comment: This footnote clarified the General Assembly's intent that the State Charter School Institute Emergency Reserve be used to respond to financial emergencies at either the SCSI or at SCSI charter schools. Staff is recommending the elimination of the line item referenced in the footnote, eliminating any need for the footnote.

## REQUESTS FOR INFORMATION

Staff recommends the continuation of the following information requests, with modifications shown in struck type and small caps, in the priority order provided below:

- 1 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 ~~2011-12~~ 2012-13 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 ~~2010-11~~ 2011-12 and actual district expenditures for each program in fiscal year ~~2010-11~~ 2011-12. 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 ~~2010-11~~ 2011-12 and actual district expenditures in fiscal year ~~2010-11~~ 2011-12.

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.

- 2 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, ~~2012~~ 2013, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2011-12~~ 2012-13: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that is attributable to the Program.

Comment: 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.

- 3 **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, ~~2011~~ 2013, 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 ~~2010-11~~ 2011-12 and ~~2011-12~~ 2012-13.

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 2011-12 and FY 2012-13.

Staff recommends the **elimination** of the following request for information.

- 4 Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Reserve -- The State Charter School Institute is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.



Comment: Staff is recommending the elimination of this line item and information request because the relevant funds are now continuously appropriated to the State Charter School Institute and the line item is no longer necessary.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
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<b>DEPARTMENT OF EDUCATION</b> <b>Robert Hammond, Commissioner</b>
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**(1) MANAGEMENT AND ADMINISTRATION**

This section provides funding and staff for: the State Board of Education; the administration of a variety of education-related programs and for the general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund. 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>285,444</u>	<u>278,071</u>	<u>290,998</u>	<u>290,998</u>	<u>290,998</u>
FTE	2.0	2.0	2.0	2.0	2.0
General Fund	285,444	278,071	290,998	290,998	290,998
General Department and Program Administration	<u>3,565,982</u>	<u>3,349,453</u>	<u>3,782,451</u>	<u>3,782,451</u>	<u>3,782,451</u>
FTE	32.1	31.5	34.6	34.6	34.6
General Fund	2,092,763	1,553,500	1,589,218	1,589,218	1,589,218
Cash Funds	116,580	145,177	169,232	169,232	169,232
Reappropriated Funds	1,356,639	1,650,776	2,024,001	2,024,001	2,024,001
Office of Professional Services	<u>1,542,627</u>	<u>2,141,494</u>	<u>3,017,628</u>	<u>3,017,628</u>	<u>2,713,912</u>
FTE	20.7	25.0	25.0	25.0	25.0
Cash Funds	1,542,627	2,141,494	3,017,628	3,017,628	2,713,912
Division of On-line Learning	<u>226,081</u>	<u>301,128</u>	<u>337,334</u>	<u>337,334</u>	<u>337,334</u>
FTE	2.0	2.5	3.3	3.3	3.3
Cash Funds	226,081	301,128	337,334	337,334	337,334

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Health, Life, and Dental	<u>2,537,559</u>	<u>3,140,202</u>	<u>3,406,391</u>	<u>4,165,942</u>	<u>4,139,408</u>
General Fund	1,379,708	1,450,460	1,442,412	1,656,199	1,658,677
Cash Funds	95,480	241,795	332,074	424,131	424,638
Reappropriated Funds	73,100	377,766	326,418	470,274	469,931
Federal Funds	989,271	1,070,181	1,305,487	1,615,338	1,586,162
Short-term Disability	<u>27,174</u>	<u>49,954</u>	<u>51,054</u>	<u>67,931</u>	<u>68,385</u>
General Fund	1,000	21,124	19,713	22,322	22,532
Cash Funds	1,951	3,275	5,786	7,409	7,449
Reappropriated Funds	5,745	5,237	5,237	7,722	7,763
Federal Funds	18,478	20,318	20,318	30,478	30,641
S.B. 04-257 Amortization Equalization					
Disbursement	<u>704,407</u>	<u>730,198</u>	<u>1,082,192</u>	<u>1,420,839</u>	<u>1,422,642</u>
General Fund	275,835	330,197	376,311	468,423	465,616
Cash Funds	55,516	46,929	104,605	155,359	156,108
Reappropriated Funds	88,481	31,669	128,732	160,980	161,760
Federal Funds	284,575	321,403	472,544	636,077	639,158
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>452,564</u>	<u>475,089</u>	<u>928,461</u>	<u>1,282,702</u>	<u>1,282,843</u>
General Fund	140,309	179,308	321,845	422,882	418,860
Cash Funds	41,279	37,711	89,895	140,255	140,931
Reappropriated Funds	64,270	0	110,629	145,329	146,034
Federal Funds	206,706	258,070	406,092	574,236	577,018

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>779,003</u>	<u>965,670</u>
General Fund	0	0	0	244,648	288,386
Cash Funds	0	0	0	101,340	124,558
Reappropriated Funds	0	0	0	83,711	107,909
Federal Funds	0	0	0	349,304	444,817
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>612,156</u>	<u>594,843</u>
General Fund	0	0	0	207,734	190,422
Cash Funds	0	0	0	71,084	71,084
Reappropriated Funds	0	0	0	66,915	66,915
Federal Funds	0	0	0	266,423	266,422
Workers' Compensation	<u>267,313</u>	<u>263,197</u>	<u>433,303</u>	<u>627,674</u>	<u>627,674</u>
General Fund	119,340	104,925	165,608	239,896	239,896
Cash Funds	23,029	19,997	37,916	64,516	64,516
Reappropriated Funds	24,573	23,999	53,209	77,078	77,078
Federal Funds	100,371	114,276	176,570	246,184	246,184
Legal Services	<u>257,395</u>	<u>246,374</u>	<u>378,525</u>	<u>378,525</u>	<u>378,525</u>
General Fund	134,613	168,455	214,910	214,910	214,910
Cash Funds	107,843	63,767	148,165	148,165	148,165
Reappropriated Funds	14,939	14,152	15,450	15,450	15,450
Administrative Law Judge Services	<u>63,725</u>	<u>37,871</u>	<u>65,353</u>	<u>77,719</u>	<u>77,719</u>
Cash Funds	34,303	31,654	54,073	64,305	64,305
Reappropriated Funds	29,422	6,217	11,280	13,414	13,414

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Payment to Risk Management and Property Funds	<u>30,477</u>	<u>53,752</u>	<u>83,183</u>	<u>92,027</u>	<u>96,292</u> *
General Fund	26,385	43,770	83,183	92,027	96,292
Cash Funds	1,511	3,403	0	0	0
Reappropriated Funds	2,581	6,579	0	0	0
Capitol Complex Leased Space	<u>538,886</u>	<u>548,356</u>	<u>556,399</u>	<u>668,885</u>	<u>668,885</u> *
General Fund	103,425	81,077	80,400	92,240	92,240
Cash Funds	94,638	119,692	130,363	150,498	150,498
Reappropriated Funds	70,948	87,395	87,633	116,386	116,386
Federal Funds	269,875	260,192	258,003	309,761	309,761
Reprinting and Distributing Laws Concerning					
Education	<u>34,109</u>	<u>27,076</u>	<u>35,480</u>	<u>35,480</u>	<u>35,480</u>
Cash Funds	34,109	27,076	35,480	35,480	35,480
Emeritus Retirement	<u>5,386</u>	<u>2,099</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	5,386	2,099	0	0	0
<b>SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items</b>	10,539,129	11,644,314	14,448,752	17,637,294	17,483,061
<i>FTE</i>	<u>56.8</u>	<u>61.0</u>	<u>64.9</u>	<u>64.9</u>	<u>64.9</u>
General Fund	4,564,208	4,212,986	4,584,598	5,541,497	5,568,047
Cash Funds	2,374,947	3,183,098	4,462,551	4,886,736	4,608,210
Reappropriated Funds	1,730,698	2,203,790	2,762,589	3,181,260	3,206,641
Federal Funds	1,869,276	2,044,440	2,639,014	4,027,801	4,100,163

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
<b>(B) Information Technology</b>					
Information Technology Services	0	<u>2,703,116</u>	<u>2,723,713</u>	<u>2,723,713</u>	<u>2,723,713</u>
FTE	0.0	18.8	23.0	23.0	23.0
General Fund	0	2,079,066	2,098,959	2,098,959	2,098,959
Reappropriated Funds	0	624,050	624,754	624,754	624,754
 Purchase of Services from Computer Center	 <u>45,635</u>	 <u>144,252</u>	 <u>189,795</u>	 <u>169,259</u>	 <u>169,259</u>
General Fund	45,635	144,252	189,795	169,259	169,259
 Multiuse Network Payments	 0	 <u>28,398</u>	 <u>103,502</u>	 <u>202,097</u>	 <u>202,097</u>
General Fund	0	28,398	103,502	202,097	202,097
 COFRS Modernization	 0	 0	 <u>197,914</u>	 <u>197,914</u>	 <u>197,914</u>
General Fund	0	0	61,100	61,100	61,100
Cash Funds	0	0	89,496	89,496	89,496
Reappropriated Funds	0	0	47,318	47,318	47,318
 Information Technology Asset Maintenance	 <u>303,427</u>	 <u>296,486</u>	 <u>303,830</u>	 <u>303,830</u>	 <u>303,830</u>
General Fund	303,427	296,486	303,830	303,830	303,830
 Disaster Recovery	 <u>13,783</u>	 <u>19,265</u>	 <u>19,722</u>	 <u>19,722</u>	 <u>19,722</u>
General Fund	13,783	19,265	19,722	19,722	19,722
 Information Technology Services	 <u>1,431,090</u>	 0	 0	 0	 0
FTE	9.7	0.0	0.0	0.0	0.0
General Fund	806,717	0	0	0	0
Reappropriated Funds	624,373	0	0	0	0

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
School Accountability Reports and State Data Reporting System	<u>1,281,151</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	6.4	0.0	0.0	0.0	0.0
General Fund	1,281,151	0	0	0	0
<b>SUBTOTAL - (B) Information Technology</b>	<b>3,075,086</b>	<b>3,191,517</b>	<b>3,538,476</b>	<b>3,616,535</b>	<b>3,616,535</b>
<b>FTE</b>	<b><u>16.1</u></b>	<b><u>18.8</u></b>	<b><u>23.0</u></b>	<b><u>23.0</u></b>	<b><u>23.0</u></b>
General Fund	2,450,713	2,567,467	2,776,908	2,854,967	2,854,967
Cash Funds	0	0	89,496	89,496	89,496
Reappropriated Funds	624,373	624,050	672,072	672,072	672,072

**(C) Assessments and Data Analyses**

Colorado Student Assessment Program	<u>21,415,429</u>	<u>21,947,677</u>	<u>28,093,332</u>	<u>32,286,134</u>	<u>34,052,962</u> *
FTE	16.2	14.5	11.8	11.8	11.8
Cash Funds	15,584,332	15,879,370	22,243,106	26,435,908	26,448,378
Federal Funds	5,831,097	6,068,307	5,850,226	5,850,226	7,604,584
Federal Grant for State Assessments and Related Activities	<u>2,161,644</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	2,161,644	2,247,224	2,247,224	2,247,224	2,247,224

\* This line item contains a decision item.



**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Longitudinal Analyses of Student Assessment Results	<u>249,102</u>	<u>7,693,157</u>	<u>8,044,511</u>	<u>8,044,511</u>	<u>5,186,311</u>
FTE	2.2	2.8	3.0	3.0	3.0
General Fund	249,102	276,057	286,311	286,311	286,311
Federal Funds	0	7,417,100	7,758,200	7,758,200	4,900,000
Early Literacy Assessment Tool	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Cash Funds	0	0	3,000,000	3,000,000	3,000,000
Basic Skills Placement or Assessment Tests	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>320,917</u>	<u>320,917</u>
Cash Funds	0	0	1,000,000	320,917	320,917
Preschool to Postsecondary Education Alignment	<u>397,943</u>	<u>456,289</u>	<u>567,685</u>	<u>567,685</u>	<u>567,685</u>
FTE	2.3	3.4	3.5	3.5	3.5
Cash Funds	397,943	456,289	567,685	567,685	567,685
Educator Effectiveness Unit Administration	<u>0</u>	<u>0</u>	<u>424,390</u>	<u>424,390</u>	<u>424,390</u>
FTE	0.0	0.0	3.0	3.0	3.0
General Fund	0	0	424,390	424,390	424,390
Educator Effectiveness Implementation	<u>0</u>	<u>0</u>	<u>8,258,981</u>	<u>1,832,151</u>	<u>1,715,081</u>
FTE	0.0	0.0	17.5	14.5	14.5
Cash Funds	0	0	6,426,830	0	0
Federal Funds	0	0	1,832,151	1,832,151	1,715,081

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Accountability and Improvement Planning	0	0	0	<u>625,501</u>	<u>1,117,060</u> *
FTE	0.0	0.0	0.0	3.2	10.0
General Fund	0	0	0	625,501	566,728
Federal Funds	0	0	0	0	550,332
<b>SUBTOTAL - (C) Assessments and Data</b>					
<b>Analyses</b>	24,224,118	32,344,347	51,636,123	49,348,513	48,631,630
FTE	<u>26.4</u>	<u>26.4</u>	<u>44.5</u>	<u>44.7</u>	<u>51.5</u>
General Fund	249,102	276,057	710,701	1,336,202	1,277,429
Cash Funds	15,982,275	16,335,659	33,237,621	30,324,510	30,336,980
Federal Funds	7,992,741	15,732,631	17,687,801	17,687,801	17,017,221

**(D) State Charter School Institute**

State Charter School Institute Administration, Oversight, and Management	<u>1,327,971</u>	<u>1,471,394</u>	<u>1,831,657</u>	<u>2,466,743</u>	<u>2,466,743</u>
FTE	9.2	11.1	10.7	11.7	11.7
Reappropriated Funds	1,327,971	1,471,394	1,831,657	2,466,743	2,466,743
Institute Charter School Assistance Fund	0	0	<u>460,000</u>	<u>260,000</u>	<u>460,000</u>
Cash Funds	0	0	460,000	260,000	460,000
Other Transfers to Institute Charter Schools	<u>1,630,348</u>	<u>2,243,815</u>	<u>2,013,615</u>	<u>3,622,979</u>	<u>3,622,979</u>
Reappropriated Funds	1,630,348	2,243,815	2,013,615	3,622,979	3,622,979
Transfer of Federal Moneys to Institute Charter Schools	<u>3,760,840</u>	<u>5,214,512</u>	<u>5,730,000</u>	<u>5,730,000</u>	<u>5,730,000</u>
FTE	4.3	4.6	4.5	4.5	4.5
Reappropriated Funds	3,760,840	5,214,512	5,730,000	5,730,000	5,730,000

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>184,989</u>	<u>165,719</u>	<u>210,014</u>	<u>210,014</u>	<u>210,014</u>
FTE	2.9	2.4	2.6	2.6	1.6
Reappropriated Funds	184,989	165,719	210,014	210,014	210,014
State Charter School Institute Emergency Reserve	<u>0</u>	<u>0</u>	<u>230,000</u>	<u>320,000</u>	<u>0</u>
Reappropriated Funds	0	0	230,000	320,000	0
<b>SUBTOTAL - (D) State Charter School Institute</b>	<b>6,904,148</b>	<b>9,095,440</b>	<b>10,475,286</b>	<b>12,609,736</b>	<b>12,489,736</b>
<b>FTE</b>	<u>16.4</u>	<u>18.1</u>	<u>17.8</u>	<u>18.8</u>	<u>17.8</u>
Cash Funds	0	0	460,000	260,000	460,000
Reappropriated Funds	6,904,148	9,095,440	10,015,286	12,349,736	12,029,736
<b>(E) Indirect Cost Assessment</b>					
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>523,511</u>
Cash Funds	0	0	0	0	303,716
Federal Funds	0	0	0	0	219,795
<b>SUBTOTAL - (E) Indirect Cost Assessment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>523,511</b>
<b>FTE</b>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	0	0	0	0	303,716
Federal Funds	0	0	0	0	219,795
<b>TOTAL - (1) Management and Administration</b>	<b>44,742,481</b>	<b>56,275,618</b>	<b>80,098,637</b>	<b>83,212,078</b>	<b>82,744,473</b>
<b>FTE</b>	<u>115.7</u>	<u>124.3</u>	<u>150.2</u>	<u>151.4</u>	<u>157.2</u>
General Fund	7,264,023	7,056,510	8,072,207	9,732,666	9,700,443
Cash Funds	18,357,222	19,518,757	38,249,668	35,560,742	35,798,402
Reappropriated Funds	9,259,219	11,923,280	13,449,947	16,203,068	15,908,449
Federal Funds	9,862,017	17,777,071	20,326,815	21,715,602	21,337,179

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 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>1,452,478</u>	<u>1,327,752</u>	<u>1,501,265</u>	<u>1,501,265</u>	<u>1,501,265</u>
FTE	15.0	15.6	17.2	17.2	17.2
Cash Funds	64,790	20,293	20,418	20,418	20,418
Reappropriated Funds	1,387,688	1,307,459	1,480,847	1,480,847	1,480,847
 State Share of Districts' Total Program Funding	 <u>3,206,198,052</u>	 <u>3,331,922,155</u>	 <u>3,379,714,291</u>	 <u>3,575,261,024</u>	 <u>3,480,819,031</u> *
General Fund	2,636,387,224	2,387,670,327	2,540,099,253	2,552,899,253	2,640,158,992
General Fund Exempt	161,444,485	284,175,417	312,202,624	312,202,624	312,202,624
Cash Funds	408,366,343	660,076,411	527,412,414	710,159,147	528,457,415
 Hold-Harmless On-line Charters	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
General Fund	0	0	0	0	0
 Hold-harmless Full-day Kindergarten Funding	 <u>6,925,561</u>	 <u>6,890,040</u>	 <u>6,919,157</u>	 <u>0</u>	 <u>7,057,924</u> *
Cash Funds	6,925,561	6,890,040	6,919,157	0	7,057,924
 District Per Pupil Reimbursements for Juveniles					
Held in Jail	<u>17,626</u>	<u>27,029</u>	<u>100,000</u>	<u>100,000</u>	<u>25,000</u>
Cash Funds	17,626	27,029	100,000	100,000	25,000
 At-risk Supplemental Aid	 <u>0</u>	 <u>0</u>	 <u>3,839,627</u>	 <u>3,839,627</u>	 <u>3,839,627</u>
Cash Funds	0	0	3,839,627	3,839,627	3,839,627

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA Federal Funds	<u>49,148,594</u>	<u>10,878,016</u>	<u>0</u>	<u>0</u>	<u>0</u>
Education Jobs Fund Program Federal Funds	<u>153,039,578</u>	<u>6,472,891</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>SUBTOTAL - (A) Public School Finance</b>	<b>3,416,781,889</b>	<b>3,357,517,883</b>	<b>3,392,074,340</b>	<b>3,580,701,916</b>	<b>3,493,242,847</b>
<i>FTE</i>	<u>15.0</u>	<u>15.6</u>	<u>17.2</u>	<u>17.2</u>	<u>17.2</u>
General Fund	2,636,387,224	2,387,670,327	2,540,099,253	2,552,899,253	2,640,158,992
General Fund Exempt	161,444,485	284,175,417	312,202,624	312,202,624	312,202,624
Cash Funds	415,374,320	667,013,773	538,291,616	714,119,192	539,400,384
Reappropriated Funds	1,387,688	1,307,459	1,480,847	1,480,847	1,480,847
Federal Funds	202,188,172	17,350,907	0	0	0

**(B) Categorical Programs**

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

Special Education - Children with Disabilities	<u>272,304,048</u>	<u>289,562,892</u>	<u>293,472,248</u>	<u>296,367,873</u>	<u>292,488,888</u> *
FTE	71.2	81.1	64.5	64.5	63.0
General Fund	71,216,792	71,572,347	71,572,347	71,572,347	71,572,347
Cash Funds	56,145,333	58,225,450	63,069,594	65,965,219	65,649,062
Reappropriated Funds	0	101,812	101,812	101,812	101,812
Federal Funds	144,941,923	159,663,283	158,728,495	158,728,495	155,165,667

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
English Language Proficiency Program	<u>21,739,150</u>	<u>23,048,344</u>	<u>25,751,974</u>	<u>26,627,334</u>	<u>26,481,076</u> *
FTE	6.2	6.4	4.6	4.6	4.6
General Fund	3,088,808	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	9,307,545	9,984,180	11,358,657	12,234,017	12,138,442
Federal Funds	9,342,797	9,962,566	11,291,719	11,291,719	11,241,036
<b>SUBTOTAL - (I) District Programs Required by Statute</b>	294,043,198	312,611,236	319,224,222	322,995,207	318,969,964
<i>FTE</i>	<u>77.4</u>	<u>87.5</u>	<u>69.1</u>	<u>69.1</u>	<u>67.6</u>
General Fund	74,305,600	74,673,945	74,673,945	74,673,945	74,673,945
Cash Funds	65,452,878	68,209,630	74,428,251	78,199,236	77,787,504
Reappropriated Funds	0	101,812	101,812	101,812	101,812
Federal Funds	154,284,720	169,625,849	170,020,214	170,020,214	166,406,703
<b>(II) Other Categorical Programs</b>					
Public School Transportation	<u>50,777,960</u>	<u>52,052,250</u>	<u>52,417,107</u>	<u>53,528,739</u>	<u>53,261,338</u> *
FTE	2.0	2.0	2.0	2.0	2.0
General Fund	37,419,163	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	13,358,797	15,130,023	15,494,880	16,606,512	16,339,111
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>23,296,124</u>	<u>22,764,221</u>	<u>24,218,018</u>	<u>24,566,338</u>	<u>24,528,307</u> *
General Fund	17,727,636	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	5,568,488	4,971,371	6,425,168	6,773,488	6,735,457

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Special Education Programs for Gifted and Talented Children	<u>9,057,765</u>	<u>9,201,106</u>	<u>9,473,606</u>	<u>9,615,492</u>	<u>9,600,000</u> *
FTE	0.4	0.5	0.5	0.5	0.5
General Fund	5,456,826	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	3,600,939	3,701,106	3,973,606	4,115,492	4,100,000
Expelled and At-risk Student Services Grant Program	<u>7,108,239</u>	<u>7,439,965</u>	<u>7,493,560</u>	<u>7,493,560</u>	<u>7,493,560</u>
FTE	1.0	1.1	1.0	1.0	1.0
General Fund	5,651,021	5,786,766	5,788,807	5,788,807	5,788,807
Cash Funds	1,457,218	1,653,199	1,704,753	1,704,753	1,704,753
Small Attendance Center Aid	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>
General Fund	765,582	787,645	787,645	787,645	787,645
Cash Funds	193,797	171,734	171,734	171,734	171,734
Comprehensive Health Education	<u>955,578</u>	<u>970,107</u>	<u>1,005,396</u>	<u>1,005,396</u>	<u>1,005,396</u>
FTE	0.6	1.0	1.0	1.0	1.0
General Fund	300,000	299,279	300,000	300,000	300,000
Cash Funds	655,578	670,828	705,396	705,396	705,396
<b>SUBTOTAL - (II) Other Categorical Programs</b>	<b>92,155,045</b>	<b>93,387,028</b>	<b>95,567,066</b>	<b>97,168,904</b>	<b>96,847,980</b>
<b>FTE</b>	<b>4.0</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
General Fund	67,320,228	67,088,767	67,091,529	67,091,529	67,091,529
Cash Funds	24,834,817	26,298,261	28,475,537	30,077,375	29,756,451

\* This line item contains a decision item.



**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
<b>SUBTOTAL - (B) Categorical Programs</b>	386,198,243	405,998,264	414,791,288	420,164,111	415,817,944
<i>FTE</i>	<u>81.4</u>	<u>92.1</u>	<u>73.6</u>	<u>73.6</u>	<u>72.1</u>
General Fund	141,625,828	141,762,712	141,765,474	141,765,474	141,765,474
Cash Funds	90,287,695	94,507,891	102,903,788	108,276,611	107,543,955
Reappropriated Funds	0	101,812	101,812	101,812	101,812
Federal Funds	154,284,720	169,625,849	170,020,214	170,020,214	166,406,703

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

**(I) Health and Nutrition**

Federal Nutrition Programs	<u>147,405,447</u>	<u>158,395,957</u>	<u>156,638,128</u>	<u>156,631,328</u>	<u>156,539,618</u>
FTE	9.4	10.5	9.0	9.0	9.0
General Fund	81,764	80,159	89,127	82,327	82,327
Federal Funds	147,323,683	158,315,798	156,549,001	156,549,001	156,457,291
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>688,274</u>	<u>683,230</u>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>
Cash Funds	688,274	683,230	850,000	850,000	850,000
Start Smart Nutrition Program Fund	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
General Fund	700,000	700,000	700,000	700,000	700,000
Start Smart Nutrition Program	<u>679,996</u>	<u>765,105</u>	<u>843,495</u>	<u>843,495</u>	<u>843,495</u>
Cash Funds	6,015	65,105	143,495	143,495	143,495
Reappropriated Funds	673,981	700,000	700,000	700,000	700,000

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
S.B. 97-101 Public School Health Services	<u>71,662</u>	<u>139,649</u>	<u>142,073</u>	<u>142,073</u>	<u>134,593</u>
FTE	0.6	1.4	1.4	1.4	1.4
Reappropriated Funds	71,662	139,649	142,073	142,073	134,593
School Breakfast Program	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	500,000	0	0	0	0
<b>SUBTOTAL - (I) Health and Nutrition</b>	<b>152,518,023</b>	<b>163,156,585</b>	<b>161,646,340</b>	<b>161,639,540</b>	<b>161,540,350</b>
<b>FTE</b>	<b>10.0</b>	<b>11.9</b>	<b>10.4</b>	<b>10.4</b>	<b>10.4</b>
General Fund	1,281,764	780,159	789,127	782,327	782,327
Cash Funds	3,166,933	3,220,979	3,466,139	3,466,139	3,466,139
Reappropriated Funds	745,643	839,649	842,073	842,073	834,593
Federal Funds	147,323,683	158,315,798	156,549,001	156,549,001	156,457,291

**(II) Capital Construction**

Division of Public School Capital Construction

Assistance	<u>656,517</u>	<u>733,308</u>	<u>874,831</u>	<u>874,831</u>	<u>874,831</u>
FTE	6.8	7.5	9.0	9.0	9.0
Cash Funds	656,517	733,308	874,831	874,831	874,831

Public School Capital Construction Assistance

Board - Lease Payments	<u>11,816,671</u>	<u>35,183,873</u>	<u>44,000,000</u>	<u>57,000,000</u>	<u>57,000,000</u> *
Cash Funds	11,816,671	35,183,873	44,000,000	57,000,000	57,000,000

Financial Assistance Priority Assessment	<u>75,936</u>	<u>41,550</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	75,936	41,550	50,000	50,000	50,000

State Aid for Charter School Facilities	<u>5,000,000</u>	<u>5,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Cash Funds	5,000,000	5,000,000	6,000,000	6,000,000	6,000,000

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
<b>SUBTOTAL - (II) Capital Construction</b>	17,549,124	40,958,731	50,924,831	63,924,831	63,924,831
<i>FTE</i>	<u>6.8</u>	<u>7.5</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Cash Funds	17,549,124	40,958,731	50,924,831	63,924,831	63,924,831
<b>(III) Reading and Literacy</b>					
Early Literacy Program	<u>0</u>	<u>0</u>	<u>5,411,989</u>	<u>20,945,023</u>	<u>0</u>
FTE	0.0	0.0	9.8	8.0	0.0
Cash Funds	0	0	5,411,989	20,945,023	0
Early Literacy Competitive Grant Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,150,000</u>
Cash Funds	0	0	0	0	5,150,000
Early Literacy Program Per Pupil Intervention					
Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,850,000</u>
Cash Funds	0	0	0	0	9,850,000
Read-to-Achieve Grant Program	<u>5,383,445</u>	<u>4,338,262</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	1.0	1.0	0.0	0.0	0.0
Cash Funds	5,383,445	4,338,262	0	0	0
Federal Title I Reading First Grant	<u>1,483,688</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.7	0.0	0.0	0.0	0.0
Federal Funds	1,483,688	0	0	0	0
<b>SUBTOTAL - (III) Reading and Literacy</b>	6,867,133	4,338,262	5,411,989	20,945,023	15,000,000
<i>FTE</i>	<u>1.7</u>	<u>1.0</u>	<u>9.8</u>	<u>8.0</u>	<u>8.0</u>
Cash Funds	5,383,445	4,338,262	5,411,989	20,945,023	15,000,000
Federal Funds	1,483,688	0	0	0	0

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
<b>(IV) Professional Development and Instructional Support</b>					
Content Specialists	<u>375,144</u>	<u>410,402</u>	<u>441,808</u>	<u>441,808</u>	<u>441,808</u>
FTE	3.5	3.9	5.0	5.0	5.0
Cash Funds	375,144	410,402	441,808	441,808	441,808
Office of Dropout Prevention and Student Reengagement	<u>150,172</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,700,000</u>
FTE	2.0	2.3	2.3	2.3	2.3
Federal Funds	150,172	3,000,000	3,000,000	3,000,000	2,700,000
Stipends for Nationally Board Certified Teachers	<u>0</u>	<u>0</u>	<u>604,800</u>	<u>705,600</u>	<u>278,400</u>
Cash Funds	0	0	604,800	705,600	278,400
Closing the Achievement Gap	<u>1,800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	1,800,000	0	0	0	0
School Leadership Academy Program	<u>71,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	71,488	0	0	0	0
<b>SUBTOTAL - (IV) Professional Development and Instructional Support</b>					
	2,396,804	3,410,402	4,046,608	4,147,408	3,420,208
FTE	<u>5.5</u>	<u>6.2</u>	<u>7.3</u>	<u>7.3</u>	<u>7.3</u>
General Fund	71,488	0	0	0	0
Cash Funds	2,175,144	410,402	1,046,608	1,147,408	720,208
Federal Funds	150,172	3,000,000	3,000,000	3,000,000	2,700,000

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
<b>(V) Facility Schools</b>					
Facility Schools Unit and Facility Schools Board	<u>198,681</u>	<u>189,922</u>	<u>258,575</u>	<u>258,575</u>	<u>258,575</u>
FTE	2.5	2.2	3.0	3.0	3.0
Reappropriated Funds	198,681	189,922	258,575	258,575	258,575
Facility School Funding	<u>14,179,339</u>	<u>13,255,214</u>	<u>14,508,000</u>	<u>14,508,000</u>	<u>14,483,764</u>
Cash Funds	14,179,339	13,255,214	14,508,000	14,508,000	14,483,764
<b>SUBTOTAL - (V) Facility Schools</b>	<b>14,378,020</b>	<b>13,445,136</b>	<b>14,766,575</b>	<b>14,766,575</b>	<b>14,742,339</b>
FTE	<u>2.5</u>	<u>2.2</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Cash Funds	14,179,339	13,255,214	14,508,000	14,508,000	14,483,764
Reappropriated Funds	198,681	189,922	258,575	258,575	258,575
<b>(VI) Other Assistance</b>					
Appropriated Sponsored Programs	<u>230,030,904</u>	<u>234,162,767</u>	<u>282,390,000</u>	<u>282,385,393</u>	<u>281,239,931</u> *
FTE	70.4	83.5	74.0	74.0	68.7
Cash Funds	1,198,306	1,283,631	2,795,000	2,790,393	2,707,305
Reappropriated Funds	4,475,388	4,480,000	4,595,000	4,595,000	4,595,000
Federal Funds	224,357,210	228,399,136	275,000,000	275,000,000	273,937,626
School Counselor Corps Grant Program	<u>4,988,422</u>	<u>4,991,186</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
FTE	0.9	0.9	1.0	1.0	1.0
Cash Funds	4,988,422	4,991,186	5,000,000	5,000,000	5,000,000
BOCES Funding per Section 22-5-122, C.R.S.	<u>0</u>	<u>0</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
FTE	0.0	0.0	0.0	1.0	1.0
Cash Funds	0	0	1,300,000	1,300,000	1,300,000

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Contingency Reserve Fund	<u>3,981,551</u>	<u>100,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	2,946,551	0	0	0	0
Cash Funds	1,035,000	100,000	1,000,000	1,000,000	1,000,000
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>20,046</u>	<u>22,832</u>	<u>24,061</u>	<u>24,061</u>	<u>23,015</u>
Cash Funds	20,046	22,832	24,061	24,061	23,015
Supplemental On-line Education Grant Program	<u>49,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	49,998	0	0	0	0
<b>SUBTOTAL - (VI) Other Assistance</b>	239,550,921	239,756,785	290,194,061	290,189,454	289,042,946
<i>FTE</i>	<u>71.3</u>	<u>84.4</u>	<u>75.0</u>	<u>76.0</u>	<u>70.7</u>
General Fund	2,946,551	0	0	0	0
Cash Funds	7,771,772	6,877,649	10,599,061	10,594,454	10,510,320
Reappropriated Funds	4,475,388	4,480,000	4,595,000	4,595,000	4,595,000
Federal Funds	224,357,210	228,399,136	275,000,000	275,000,000	273,937,626
<b>SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance</b>	433,260,025	465,065,901	526,990,404	555,612,831	547,670,674
<i>FTE</i>	<u>97.8</u>	<u>113.2</u>	<u>114.5</u>	<u>113.7</u>	<u>108.4</u>
General Fund	4,299,803	780,159	789,127	782,327	782,327
Cash Funds	50,225,757	69,061,237	85,956,628	114,585,855	108,105,262
Reappropriated Funds	5,419,712	5,509,571	5,695,648	5,695,648	5,688,168
Federal Funds	373,314,753	389,714,934	434,549,001	434,549,001	433,094,917

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
<b>D Indirect Cost Assessment</b>					
Indirect Cost Assessment	0	0	0	0	1,741,763
Cash Funds	0	0	0	0	87,695
Reappropriated Funds	0	0	0	0	15,406
Federal Funds	0	0	0	0	1,638,662
<b>SUBTOTAL - D Indirect Cost Assessment</b>	0	0	0	0	1,741,763
<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	0	0	0	0	87,695
Reappropriated Funds	0	0	0	0	15,406
Federal Funds	0	0	0	0	1,638,662
<b>TOTAL - (2) Assistance to Public Schools</b>	4,236,240,157	4,228,582,048	4,333,856,032	4,556,478,858	4,458,473,228
<i>FTE</i>	<u>194.2</u>	<u>220.9</u>	<u>205.3</u>	<u>204.5</u>	<u>197.7</u>
General Fund	2,782,312,855	2,530,213,198	2,682,653,854	2,695,447,054	2,782,706,793
General Fund Exempt	161,444,485	284,175,417	312,202,624	312,202,624	312,202,624
Cash Funds	555,887,772	830,582,901	727,152,032	936,981,658	755,137,296
Reappropriated Funds	6,807,400	6,918,842	7,278,307	7,278,307	7,286,233
Federal Funds	729,787,645	576,691,690	604,569,215	604,569,215	601,140,282

\* This line item contains a decision item.



**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 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>818,202</u>	<u>805,623</u>	<u>999,598</u>	<u>999,598</u>	<u>999,598</u>
FTE	12.8	12.4	14.3	14.3	14.3
General Fund	741,018	725,568	749,598	749,598	749,598
Cash Funds	77,184	80,055	250,000	250,000	250,000
Federal Library Funding	<u>2,747,133</u>	<u>2,806,091</u>	<u>3,031,787</u>	<u>3,031,787</u>	<u>2,948,239</u>
FTE	22.0	23.1	23.8	23.8	23.8
Federal Funds	2,747,133	2,806,091	3,031,787	3,031,787	2,948,239
Broadband Technology Opportunities Program	<u>1,220,294</u>	<u>1,413,095</u>	<u>1,219,460</u>	<u>1,219,460</u>	<u>67,000</u>
FTE	2.1	4.5	4.5	4.5	0.0
Cash Funds	279,295	390,739	443,274	443,274	67,000
Federal Funds	940,999	1,022,356	776,186	776,186	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>359,489</u>	<u>359,796</u>	<u>379,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,489	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>70,650</u>	<u>70,488</u>	<u>70,660</u>	<u>70,660</u>	<u>70,660</u>
General Fund	70,650	70,488	70,660	70,660	70,660

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Reading Services for the Blind	<u>250,000</u>	<u>250,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Reappropriated Funds	250,000	250,000	350,000	350,000	350,000
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,548</u>
Federal Funds	0	0	0	0	83,548
<b>TOTAL - (3) Library Programs</b>	6,465,768	6,705,093	7,051,301	7,051,301	5,898,841
<i>FTE</i>	<u>36.9</u>	<u>40.0</u>	<u>42.6</u>	<u>42.6</u>	<u>38.1</u>
General Fund	2,171,157	2,155,852	2,180,054	2,180,054	2,180,054
Cash Funds	356,479	470,794	713,274	713,274	337,000
Reappropriated Funds	250,000	250,000	350,000	350,000	350,000
Federal Funds	3,688,132	3,828,447	3,807,973	3,807,973	3,031,787

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 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>8,981,005</u>	<u>8,700,446</u>	<u>9,294,658</u>	<u>9,121,285</u>	<u>9,121,285</u>
FTE	135.4	135.8	141.3	141.3	141.3
General Fund	7,694,132	7,479,446	8,084,342	7,910,969	7,831,409
Reappropriated Funds	1,286,873	1,221,000	1,210,316	1,210,316	1,289,876
Early Intervention Services	<u>1,144,440</u>	<u>1,037,519</u>	<u>1,165,533</u>	<u>1,165,533</u>	<u>1,165,533</u>
FTE	10.0	9.2	10.0	10.0	10.0
General Fund	1,144,440	1,037,519	1,165,533	1,165,533	1,165,533
Shift Differential	<u>65,530</u>	<u>87,032</u>	<u>83,985</u>	<u>77,703</u>	<u>87,032</u>
General Fund	65,530	87,032	83,985	77,703	87,032
Operating Expenses	<u>417,256</u>	<u>417,277</u>	<u>417,277</u>	<u>417,277</u>	<u>417,277</u>
General Fund	417,256	417,277	417,277	417,277	417,277
Vehicle Lease Payments	<u>25,617</u>	<u>24,100</u>	<u>26,666</u>	<u>26,666</u>	<u>26,666</u>
General Fund	25,617	24,100	26,666	26,666	26,666
Utilities	<u>522,594</u>	<u>543,132</u>	<u>554,810</u>	<u>554,810</u>	<u>554,810</u>
General Fund	522,594	543,132	554,810	554,810	554,810

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Allocation of State and Federal Categorical Program Funding	<u>119,842</u>	<u>183,537</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
FTE	0.1	0.3	0.4	0.4	0.4
Reappropriated Funds	119,842	183,537	170,000	170,000	170,000
Medicaid Reimbursements for Public School Health Services	<u>133,329</u>	<u>144,306</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
FTE	1.3	1.5	1.5	1.5	1.5
Reappropriated Funds	133,329	144,306	150,000	150,000	150,000
<b>SUBTOTAL - (A) School Operations</b>	<b>11,409,613</b>	<b>11,137,349</b>	<b>11,862,929</b>	<b>11,683,274</b>	<b>11,692,603</b>
FTE	<u>146.8</u>	<u>146.8</u>	<u>153.2</u>	<u>153.2</u>	<u>153.2</u>
General Fund	9,869,569	9,588,506	10,332,613	10,152,958	10,082,727
Reappropriated Funds	1,540,044	1,548,843	1,530,316	1,530,316	1,609,876
<b>(B) Special Purpose</b>					
Fees and Conferences	<u>5,485</u>	<u>7,926</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Cash Funds	5,485	7,926	120,000	120,000	120,000
Outreach Services	<u>503,107</u>	<u>653,456</u>	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>
FTE	2.3	3.9	5.4	5.4	5.4
Cash Funds	370,815	493,637	755,000	755,000	755,000
Reappropriated Funds	132,292	159,819	270,000	270,000	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

\* This line item contains a decision item.

**JBC Staff Staff Figure Setting - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>FY 2013-14 Recommendation</b>
Grants	<u>527,111</u>	<u>444,509</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
FTE	4.2	2.9	9.0	9.0	9.0
Reappropriated Funds	527,111	444,509	1,200,000	1,200,000	1,200,000
<b>SUBTOTAL - (B) Special Purpose</b>	1,035,703	1,105,891	2,545,000	2,545,000	2,545,000
FTE	<u>6.5</u>	<u>6.8</u>	<u>14.4</u>	<u>14.4</u>	<u>14.4</u>
Cash Funds	376,300	501,563	1,075,000	1,075,000	1,075,000
Reappropriated Funds	659,403	604,328	1,470,000	1,470,000	1,470,000
<b>TOTAL - (4) School for the Deaf and the Blind</b>	12,445,316	12,243,240	14,407,929	14,228,274	14,237,603
FTE	<u>153.3</u>	<u>153.6</u>	<u>167.6</u>	<u>167.6</u>	<u>167.6</u>
General Fund	9,869,569	9,588,506	10,332,613	10,152,958	10,082,727
Cash Funds	376,300	501,563	1,075,000	1,075,000	1,075,000
Reappropriated Funds	2,199,447	2,153,171	3,000,316	3,000,316	3,079,876
<b>TOTAL - Department of Education</b>	4,299,893,722	4,303,805,999	4,435,413,899	4,660,970,511	4,561,354,145
FTE	<u>500.1</u>	<u>538.8</u>	<u>565.7</u>	<u>566.1</u>	<u>560.6</u>
General Fund	2,801,617,604	2,549,014,066	2,703,238,728	2,717,512,732	2,804,670,017
General Fund Exempt	161,444,485	284,175,417	312,202,624	312,202,624	312,202,624
Cash Funds	574,977,773	851,074,015	767,189,974	974,330,674	792,347,698
Reappropriated Funds	18,516,066	21,245,293	24,078,570	26,831,691	26,624,558
Federal Funds	743,337,794	598,297,208	628,704,003	630,092,790	625,509,248

\* This line item contains a decision item.

**TABLE 1**  
**Comparison of Governor's Request and Legislative Action: Funding for Public School Finance for FY 2012-13**

Description	Governor's FY 2012-13 Request			Legislative Action				
	November 2011 Request	January 2012 Budget		Long Bill (H.B. 12-1335)	School Finance Bill (H.B. 12-1345)	Subtotal	2013 Mid-year	
		Amendment	Final Request 1/				Adjust. S.B. 13-108	Final Appropriation
Funded Pupil Count	812,589.0	4,595.6	817,184.6	817,221.0		817,221.0	438.7	817,659.7
Statewide Base Per-Pupil Funding	\$5,831.99		\$5,831.99	\$5,843.26		\$5,843.26		\$5,843.26
<i>Denver-Boulder Inflation Rate for Prior CY 2/</i>	<i>3.5%</i>		<i>3.5%</i>	<i>3.7%</i>		<i>3.7%</i>		<i>3.7%</i>
Total Program Funding (Prior to Negative Factor)	\$6,248,516,540	\$37,611,945	\$6,286,128,485	\$6,302,403,884		\$6,302,403,884	7,078,289	\$6,309,482,173
LESS: Negative Factor Reduction	(1,123,773,467)	21,678,557	(1,102,094,910)	(1,068,522,446)	57,003,449	(1,011,518,997)		(1,011,518,997)
<b>EQUALS: Adjusted Total Program Funding</b>	<b>\$5,124,743,073</b>	<b>\$59,290,502</b>	<b>\$5,184,033,575</b>	<b>\$5,233,881,438</b>	<b>\$57,003,449</b>	<b>\$5,290,884,887</b>	<b>\$7,078,289</b>	<b>\$5,297,963,176</b>
<i>Negative Factor as Percent of "Full" Funding</i>	<i>-18.0%</i>		<i>-17.5%</i>	<i>-17.0%</i>		<i>-16.0%</i>		<i>-16.0%</i>
<b>Statewide Average Per Pupil Funding</b>	<b>\$6,306.69</b>	<b>\$12,901.58</b>	<b>\$6,594.89</b>	<b>\$6,404.49</b>	<b>\$69.75</b>	<b>\$6,474.24</b>	<b>\$16,134.69</b>	<b>\$6,479.42</b>
Local Share of Districts' Total Program Funding	1932383353	-7709498	1924673855	\$1,924,424,268	\$0	\$1,924,424,268	(\$6,175,383)	\$1,918,248,885
State Share of Districts' Total Program Funding	\$3,192,359,720	\$67,000,000	(\$3,125,359,720)	\$3,309,457,170	\$57,003,449	\$3,366,460,619	\$13,253,672	\$3,379,714,291

1/ These figures represent the Governor's final budget request, prior to legislative action in the 2012 Session. These figures exclude the Governor's January 2013 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 2011; legislative action was based on the actual inflation rate (released in February 2012).

**TABLE 2**  
**Comparison of Governor's Request for FY 2013-14 and Appropriations for FY 2012-13**

Description	Governor's November 2012 Request			Governor's Amended Request		
	FY 2012-13 Appropriation as of May 2012	FY 2013-14 Request as of November 2012	Year-over- year Change	Adjusted FY 2012-13 Appropriation (S.B. 13-108)	FY 2013-14 Request as of January 2013	Year-over- year Change
Funded Pupil Count	817,221.0	825,813.0	8,592.0	817,659.7	827,556.0	9,896.3
Statewide Base Per-Pupil Funding <i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	\$5,843.26 3.7%	\$5,971.81 2.2%	\$128.55	\$5,843.26 3.7%	\$5,965.97 2.1%	\$122.71
Total Program Funding (Prior to Negative Factor)	\$6,302,403,884	\$6,510,905,288	\$208,501,404	\$6,309,482,173	\$6,523,519,638	\$214,037,465
LESS: Negative Factor Reduction	(1,011,518,997)	(1,011,518,997)	0	(1,011,518,997)	(972,543,597)	38,975,400
<b>EQUALS: Adjusted Total Program Funding</b>	<b>\$5,290,884,887</b>	<b>\$5,499,386,291</b>	<b>\$208,501,404</b>	<b>\$5,297,963,176</b>	<b>\$5,550,976,041</b>	<b>\$253,012,865</b>
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	16.0%	15.5%	-0.5%	16.0%	14.9%	-1.1%
<b>Statewide Average Per Pupil Funding</b>	<b>\$6,474.24</b>	<b>\$6,659.36</b>	<b>\$185.12</b>	<b>\$6,479.42</b>	<b>\$6,707.67</b>	<b>\$228.25</b>
Local Share of Districts' Total Program Funding	\$1,924,424,268	\$1,936,925,267	\$12,500,999	\$1,918,248,885	\$1,975,715,017	\$57,466,132
State Share of Districts' Total Program Funding	\$3,366,460,619	\$3,562,461,024	\$196,000,405	\$3,379,714,291	\$3,575,261,024	\$195,546,733

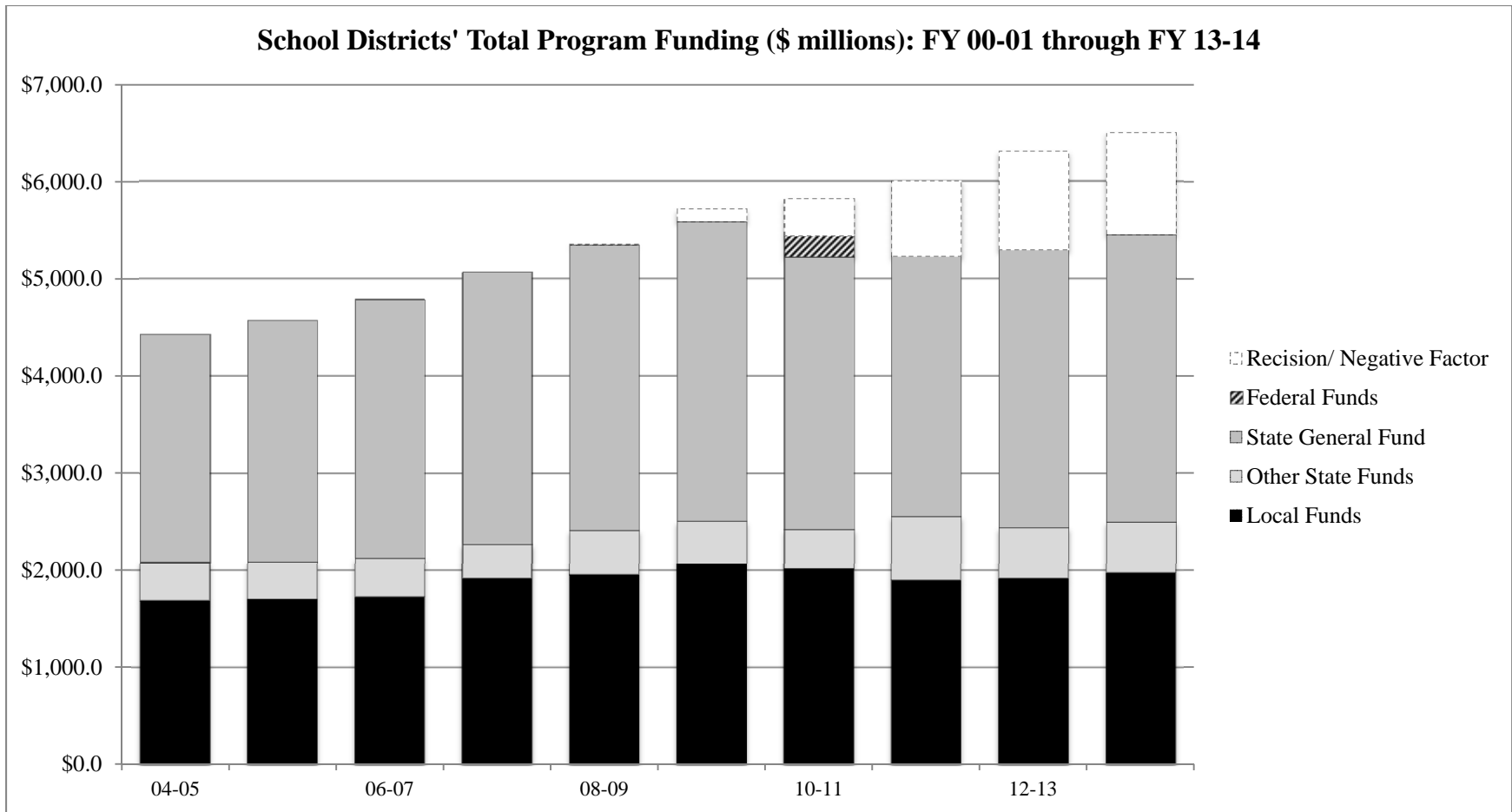
1/ The Governor's budget request is based on the OSPB projection of the inflation rate for calendar year 2012 (2.1 percent); legislative action will be based on the actual inflation rate (1.9 percent).



**TABLE 3**  
**Comparison of Governor's Request and Staff Recommendation: Funding for Public School Finance for FY 2013-14**

Description	Governor's November 2012 Request			Staff Recommendation for Long Bill	Difference
	November 2012 Request	January 2013 Budget Amendment	Final Request		
Funded Pupil Count	825,813.0	1,743.0	827,556.0	826,428.2	(1,127.8)
Statewide Base Per-Pupil Funding	\$5,971.81	(\$5.84)	\$5,965.97	\$5,954.28	(\$11.69)
<i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	<i>2.2%</i>		<i>2.1%</i>	<i>1.9%</i>	
Total Program Funding (Prior to Negative Factor)	\$6,510,905,288	\$12,614,350	\$6,523,519,638	\$6,502,398,280	(\$21,121,358)
LESS: Negative Factor Reduction	(1,011,518,997)	38,975,400	(972,543,597)	(1,045,881,297)	(73,337,700)
<b>EQUALS: Adjusted Total Program Funding</b>	<b>\$5,499,386,291</b>	<b>\$51,589,750</b>	<b>\$5,550,976,041</b>	<b>\$5,456,516,983</b>	<b>(\$94,459,058)</b>
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	<i>15.5%</i>	<i>-0.6%</i>	<i>14.9%</i>	<i>16.1%</i>	<i>1.2%</i>
<b>Statewide Average Per Pupil Funding</b>	<b>\$6,659.36</b>	<b>\$48.31</b>	<b>\$6,707.67</b>	<b>\$6,602.53</b>	<b>(\$105.14)</b>
Local Share of Districts' Total Program Funding	\$1,936,925,267	\$38,789,750	\$1,975,715,017	\$1,975,697,952	(\$17,065)
State Share of Districts' Total Program Funding	<u>\$3,562,461,024</u>	<u>\$12,800,000</u>	<u>\$3,575,261,024</u>	<u>\$3,480,819,031</u>	<u>(\$94,441,993)</u>
General Fund	2,852,301,877	12,800,000	2,865,101,517	2,948,433,550	83,332,033
Cash Funds (State Education Fund)	618,559,147	0	618,559,147	453,236,878	(165,322,269)
Cash Funds (State Public School Fund)	91,600,000	0	91,600,000	79,148,603	(12,451,397)

1/ The Governor's November 1, 2012 request was based on the September 2012 OSPB projection of the inflation rate for calendar year 2012 (2.2 percent); the final request was based on the December 2012 OSPB projection (2.1 percent); staff's recommendation is based on the actual inflation rate released in February 2013 (1.9 percent).



*JBC Staff Figure Setting – FY 2013-14. Staff Working Document – Does Not Represent Committee Decision*

**School Districts' Total Program Funding**

Fund Source	Appropriations									Recomm.
	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
<i>Funded Pupil Count</i>	729,417	741,403	753,338	760,917	778,136	789,511	798,677	808,195	817,660	826,428
Local Funds	\$1,686,434,918	\$1,701,325,166	\$1,729,248,571	\$1,915,779,555	\$1,955,868,681	\$2,068,616,086	\$2,018,856,003	\$1,900,525,468	\$1,918,248,885	\$1,975,697,952
State Education Fund (SEF)/ State Public School Fund (SPSF)	401,122,658	390,768,821	403,505,151	362,163,909	462,870,995	442,677,995	408,557,173	660,076,411	527,412,414	528,457,416
General Fund	2,342,782,148	2,480,460,455	2,657,663,684	2,790,546,868	2,930,074,211	3,076,277,922	2,797,831,709	2,671,845,744	2,852,301,877	2,952,361,615
Federal Funds a/	0	0	0	0	0	0	<u>216,358,164</u>	0	0	0
<b>SUBTOTAL: AVAILABLE FUNDING</b>	<b>4,430,339,724</b>	<b>4,572,554,442</b>	<b>4,790,417,406</b>	<b>5,068,490,332</b>	<b>5,348,813,887</b>	<b>5,587,572,003</b>	<b>5,441,603,049</b>	<b>5,232,447,623</b>	<b>5,297,963,176</b>	<b>5,456,516,983</b>
<i>Available Funding/ Funded Pupil Count</i>	<i>\$6,074</i>	<i>\$6,167</i>	<i>\$6,359</i>	<i>\$6,661</i>	<i>\$6,874</i>	<i>\$7,077</i>	<i>\$6,813</i>	<i>\$6,474</i>	<i>\$6,479</i>	<i>\$6,603</i>
Recision/ Negative Factor b/	0	0	0	0	<u>6,247,730</u>	<u>129,813,999</u>	<u>381,211,101</u>	<u>774,414,342</u>	<u>1,011,518,997</u>	<u>1,045,881,297</u>
<b>SUBTOTAL: FUNDING NOT PROVIDED</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,247,730</b>	<b>129,813,999</b>	<b>381,211,101</b>	<b>774,414,342</b>	<b>1,011,518,997</b>	<b>1,045,881,297</b>
<b>TOTAL</b>	<b>4,430,339,724</b>	<b>4,572,554,442</b>	<b>4,790,417,406</b>	<b>5,068,490,332</b>	<b>5,355,061,617</b>	<b>5,717,386,002</b>	<b>5,822,814,150</b>	<b>6,006,861,965</b>	<b>6,309,482,173</b>	<b>6,502,398,280</b>

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.