

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF FIGURE SETTING

DEPARTMENT OF EDUCATION

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

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**DEPARTMENT OF EDUCATION:
FY 2011-12**

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**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests

(1) MANAGEMENT AND ADMINISTRATION

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

(A) Administration and Centrally-Appropriated Line Items

State Board of Education - GF	237,412	267,099	285,445	S	279,684	282,837	BA
FTE	1.9	2.0	2.0		2.0	2.0	
General Department and Program Administration	3,526,740	3,552,289	3,738,511		3,696,333	3,733,261	
FTE	<u>35.6</u>	<u>35.2</u>	<u>48.4</u>		<u>49.0</u>	<u>39.6</u>	
General Fund	2,160,714	2,160,169	2,092,763	S	2,028,424	1,553,500	BA
FTE	21.6	19.2	26.0		26.0	16.2	
Cash Funds	98,109	92,233	122,983	S	167,794	169,039	DI#3; BA
FTE	1.5	1.5	1.9	S	2.5	2.5	DI#3; BA
Reappropriated Funds	1,267,917	1,299,887	1,522,765		1,500,115	2,010,722	
FTE	12.5	14.5	14.5		14.5	20.9	
Federal Funds	0	0	0		0	0	
FTE	0.0	0.0	6.0		6.0	0.0	
Office of Professional Services - CF	1,711,574	1,765,442	1,860,700		1,838,187	Pending	BA
FTE	19.9	22.2	23.0		23.0	23.0	
Teaching and Learning Conditions Survey - CF (SEF)	85,000	0	0		0	0	

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Department of Education**

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	
Division of On-line Learning	310,698	238,574	371,720	371,057	369,307	
FTE	<u>3.2</u>	<u>2.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	
Cash Funds (On-line Education Cash Fund)	310,698	238,574	0	0	0	
FTE	3.2	2.5	0.0	0.0	0.0	
Cash Funds (State Education Fund)	0	0	371,720	371,057	369,307	BA
FTE	0.0	0.0	3.5	3.5	3.5	
Reappropriated Funds	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Health, Life, and Dental	<u>2,323,089</u>	<u>2,642,463</u>	<u>2,902,393</u>	<u>3,131,888</u>	<u>3,140,202</u>	
General Fund	1,226,239	1,432,921	1,379,708	1,466,311	1,474,625	
Cash Funds	78,978	84,288	209,927	286,685	286,685	
Reappropriated Funds	138,156	186,393	323,487	366,635	366,635	
Federal Funds	879,716	938,861	989,271	1,012,257	1,012,257	
Short-term Disability	<u>34,573</u>	<u>43,717</u>	<u>46,423</u>	<u>56,920</u>	<u>Pending</u>	
General Fund	16,669	21,845	17,910	22,748		
Cash Funds	1,259	3,286	4,290	5,244		
Reappropriated Funds	2,582	0	5,745	7,749		
Federal Funds	14,063	18,586	18,478	21,179		
S.B. 04-257 Amortization Equalization Disbursement	<u>425,246</u>	<u>580,925</u>	<u>714,960</u>	<u>900,439</u>	<u>Pending</u>	
General Fund	198,152	288,373	275,835	359,863		
Cash Funds	15,501	43,245	66,069	82,950		
Reappropriated Funds	26,161	0	88,481	122,587		
Federal Funds	185,432	249,307	284,575	335,039		

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NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
S.B. 06-235 Supplemental Amortization Equalization						
Disbursement	<u>199,473</u>	<u>369,981</u>	<u>519,325</u>	<u>723,567</u>	<u>Pending</u>	
General Fund	90,684	177,137	200,359	289,175		
Cash Funds	7,266	27,028	47,990	66,656		
Reappropriated Funds	14,602	10,000	64,270	98,508		
Federal Funds	86,921	155,816	206,706	269,228		
Salary Survey and Senior Executive Service	<u>910,214</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	468,087	0	0	0	0	
Cash Funds	35,413	0	0	0	0	
Reappropriated Funds	20,000	0	0	0	0	
Federal Funds	386,714	0	0	0	0	
Performance-based Pay Awards	<u>336,590</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	123,091	0	0	0	0	
Cash Funds	14,928	0	0	0	0	
Reappropriated Funds	20,000	0	0	0	0	
Federal Funds	178,571	0	0	0	0	
Workers' Compensation	<u>170,376</u>	<u>190,261</u>	<u>303,091</u>	<u>340,456</u>	<u>Pending</u>	
General Fund	40,649	29,109	71,444 S	148,473		
Cash Funds	10,012	12,211	62,441 S	41,706		
Reappropriated Funds	19,588	32,696	68,835 S	28,734		
Federal Funds	100,127	116,245	100,371	121,543		

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSP Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
Legal Services	<u>381,671</u>	<u>349,921</u>	<u>557,759</u>	<u>557,759</u>	<u>Pending</u>	
General Fund	175,454	168,075	204,169	204,169		
Cash Funds	161,869	178,366	207,946	207,946		
Reappropriated Funds	44,348	3,480	133,017	133,017		
Federal Funds	0	0	12,627	12,627		
Hours	5,082.0	4,644.0	7,602.0	7,602.0	5,600.0	
Administrative Law Judge Services	<u>42,623</u>	<u>56,177</u>	<u>79,754</u>	<u>41,457</u>	<u>Pending</u>	
Cash Funds	15,653	26,759	34,303	34,303		
Reappropriated Funds	26,970	29,418	45,451	7,154		
Payment to Risk Management and Property Funds	<u>131,213</u>	<u>104,085</u>	<u>30,477</u>	<u>76,294</u>	<u>Pending</u>	
General Fund	114,999	90,111	26,385	66,049		
Cash Funds	5,987	5,160	1,511	3,783		
Reappropriated Funds	10,227	8,814	2,581	6,462		
Federal Funds	0	0	0	0		
Leased Space	<u>0</u>	<u>0</u>	<u>11,500</u>	<u>11,500</u>	<u>0</u>	
General Fund	0	0	0	0	0	
Cash Funds (State Education Fund)	0	0	0	0	0	
Reappropriated Funds	0	0	11,500	11,500	0	
Federal Funds	0	0	0	0	0	
Capitol Complex Leased Space	<u>554,753</u>	<u>555,362</u>	<u>547,414</u>	<u>585,877</u>	<u>Pending</u>	
General Fund	179,166	107,165	109,675 S	114,539		
Cash Funds	47,383	51,356	94,641 S	53,959		
Reappropriated Funds	38,870	121,935	73,223 S	128,542		
Federal Funds	289,334	274,906	269,875	288,837		

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
Communication Services Payments - GF	0	0	0	0	Pending	
Reprinting and Distributing Laws Concerning Education - CF (SPSF)	33,608	32,610	35,480	35,480	35,480	
Emeritus Retirement - GF	8,578	5,386	10,875	10,875	5,387	
Feasibility Study Concerning Creation and Operation of State Residential Schools - GF	0	42,356	0	0	0	
(B) Information Technology						
Information Technology Services	901,339	868,059	1,453,563	1,422,691	2,708,158	
FTE	<u>9.7</u>	<u>9.8</u>	<u>17.0</u>	<u>17.0</u>	<u>23.0</u>	
General Fund	801,339	830,056	826,417 S	795,545	2,082,473	BA
FTE	9.7	9.8	10.1	10.1	16.1	
Reappropriated Funds	100,000	38,003	627,146	627,146	625,685	
FTE	0.0	0.0	6.9	6.9	6.9	
School Accountability Reports and State Data Reporting System - GF	1,318,734	1,257,200	1,285,865 S	1,257,647	Included in above	BA
FTE	3.4	6.5	6.0	6.0	line item	
Purchase of Services from Computer Center - GF	47,628	45,860	45,635	146,462	Pending	BA
Multiuse Network Payments - GF	35,952	35,952	0	28,303	Pending	
Information Technology Asset Maintenance - GF	89,224	303,540	303,830	303,830	303,830	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	
Disaster Recovery - GF	19,238	7,387	19,722	19,722	19,722	
(C) Assessments and Data Analyses						
Colorado Student Assessment Program	20,893,265	21,422,184	21,689,344	21,670,364	21,710,217	
FTE	<u>13.0</u>	<u>14.9</u>	<u>11.8</u>	<u>11.8</u>	<u>11.8</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds (State Education Fund)	15,719,422	15,717,448	15,756,521	15,753,937	15,879,370	BA
FTE	5.3	5.0	5.0	5.0	5.0	
Federal Funds	5,173,843	5,704,736	5,932,823	5,916,427	5,830,847	BA
FTE	7.7	9.9	6.8	6.8	6.8	
Federal Grant for State Assessments and Related Activities - FF	0	0	2,161,644	2,161,644	2,247,224	
FTE	0.0	0.0	5.7	5.7	5.7	
Longitudinal Analyses of Student Assessment Results	280,395	255,792	285,774 S	275,719	7,698,006	BA
FTE	<u>2.1</u>	<u>2.9</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	
General Fund	280,395	255,792	285,774 S	275,719	280,906	
FTE	2.1	2.9	3.0	3.0	3.0	
Federal Funds	0	0	0	0	7,417,100	
Preschool to Postsecondary Education Alignment - CF (SEF)	542,451	716,891	569,332	565,591	563,176	BA
FTE	1.6	2.7	5.0	5.0	3.5	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
Postsecondary and Workforce Readiness Assessments Pilot Program - CF (SEF)	17,120	0	0	0	0	
(D) State Charter School Institute						
State Charter School Institute Administration, Oversight, and Management - RF (via SCSF Fund)	1,187,252	1,692,911	1,736,338	1,705,221	1,502,820	BA
FTE	8.3	12.5	17.5	17.5	10.7	
State INSTITUTE Charter School Institute Capital- Construction Assistance FUND - CF (Institute Charter School Assistance Fund)	n/a	See Subsection (2) (C) (II)		See Subsection (2) (C) (II)	550,000	
Other Transfers to Institute Charter Schools - RF (via SCSF Fund)	1,572,253	1,924,569	2,013,615	2,013,615	2,013,615	
Transfer of Federal Moneys to Institute Charter Schools - RF	0	5,729,547	5,192,754	5,185,906	5,730,000	
FTE	0.0	4.0	6.0	6.0	4.5	
Department Implementation of Section 22-30.5-501 et seq., C.R.S. - RF (transfer from State Share line item)	323,444	250,747	202,842	200,735	204,859	BA
FTE	3.1	2.8	2.6	2.6	2.6	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests
SUBTOTAL - MANAGEMENT AND ADMINISTRATION	38,651,726	45,307,287	48,976,085	49,615,223	52,818,101	
FTE	<u>101.8</u>	<u>118.0</u>	<u>151.5</u>	<u>152.1</u>	<u>132.9</u>	
General Fund	7,632,404	7,525,533	7,441,811	7,817,538	6,003,280	
FTE	38.7	40.4	47.1	47.1	37.3	
Cash Funds	18,912,231	18,994,897	19,445,854	19,515,278	17,303,057	
FTE	31.5	33.9	38.4	39.0	37.5	
<i>CF (State Education Fund)</i>	<i>16,363,993</i>	<i>16,434,339</i>	<i>16,697,573</i>	<i>16,690,585</i>	<i>16,811,853</i>	
<i>FTE</i>	<i>1.6</i>	<i>2.7</i>	<i>5.0</i>	<i>5.0</i>	<i>3.5</i>	
<i>CF (State Public School Fund)</i>	<i>33,608</i>	<i>32,610</i>	<i>35,480</i>	<i>35,480</i>	<i>35,480</i>	
Reappropriated Funds	4,812,370	11,328,400	12,112,050	12,143,626	13,004,336	
FTE	23.9	33.8	47.5	47.5	45.6	
Federal Funds	7,294,721	7,458,457	9,976,370	10,138,781	16,507,428	
FTE	7.7	9.9	18.5	18.5	12.5	

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				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests

(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	1,434,916	1,332,914	1,546,503	1,472,336	1,473,395	
FTE	<u>16.1</u>	<u>15.6</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds (Read-to-Achieve Cash Fund)	0	0	20,729	20,729	20,418	
FTE	0.0	0.0	0.2	0.2	0.2	
Cash Funds (Average Daily Membership Study Fund)	0	0	52,000 S	0	0	
Reappropriated Funds (off-the-top of State Share)	1,434,916	1,332,914	1,473,774	1,451,607	1,452,977	BA
FTE	16.1	15.6	18.3	18.3	18.3	

Accelerating Students Through Concurrent Enrollment Program (ASCENT) Administration - FF

	11,035	2,397	See above line	See above line	See above line	
FTE	0.0	0.0	item	item	item	

Declining Enrollment Study - CF (SEF)	0	160,000	0	0	0	
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**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change	
	Actual	Actual	Appropriation	OSP Request (includes proposed law changes)	Staff Recomm. (current law)	Requests	
Funded Pupil Count (FTE)	778,108.4	789,496.6	798,676.6	S	807,618.6	805,890.6	BA
Percent Change	2.3%	1.5%	1.2%		1.1%	0.9%	
Denver-Boulder Inflation Rate (prior CY)	2.2%	3.9%	-0.6%		1.0%	1.9%	
Statewide BASE Per Pupil Funding	\$5,250.41	\$5,507.68	\$5,529.71		\$5,585.01	\$5,634.77	
Percent Change	3.2%	4.9%	0.4%		1.0%	1.9%	
Total Program Funding (PRIOR TO State Budget Stabilization Factor)	5,354,796,950	5,717,386,002	5,822,814,150	S	5,945,424,990	5,987,109,016	BA
LESS: Reversion (FY09 and FY10)/ State Budget Stabilization Factor (FY11 and FY12)	(5,777,656)	(129,620,699)	(597,569,265)	S	(836,008,441)	(547,983,762)	BA
Percent of Total Program Funding	-0.1%	-2.3%	-10.3%		-14.1%	-9.2%	
Adjusted Total Program Funding a,b/	5,349,019,294	5,587,765,303	5,225,244,885	S	5,109,416,549	5,439,125,254	BA
Percent Change	5.5%	4.5%	-6.5%		-2.2%	4.1%	
Statewide AVERAGE Per Pupil Funding (for adjusted total program funding)	\$6,874.39	\$7,077.63	\$6,542.38		\$6,326.52	\$6,749.21	BA
Percent Change	3.2%	3.0%	-7.6%		-3.3%	3.2%	
Local Share of Total Program Funding a/	1,956,083,870	2,068,895,672	2,018,856,003	S	1,876,279,613	1,876,349,509	BA
Percent Change	2.1%	5.8%	-2.4%		-7.1%	-7.1%	
For Information Only: Portion of Local Revenues That Districts Must Spend on Categorical Programs			1,602,337	S	1,072,802	109,750	BA

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
	Actual	Actual	Appropriation			Requests
State Share of Districts' Total Program Funding b/	<u>3,392,935,424</u>	<u>3,518,869,631</u>	<u>3,206,388,882</u>	<u>3,233,136,936</u>	<u>3,562,775,745</u>	DI#1
General Fund	2,930,064,429	3,076,191,636	2,797,831,709 S	2,805,890,909	3,132,600,570	BA
<i>General Fund Exempt Account (included above)</i>	<i>39,251,792</i>	<i>0</i>	<i>161,444,485</i>	<i>161,444,485</i>	<i>Pending</i>	
Cash Funds (State Education Fund)	362,223,212	339,578,055	283,801,647 S	327,033,830	317,158,532	BA
Cash Funds (State Public School Fund)	100,647,783	103,099,940	124,755,526 S	100,212,197	113,016,643	
<i>Percent Change in State Share</i>	<i>7.6%</i>	<i>3.7%</i>	<i>-8.9%</i>	<i>0.8%</i>	<i>11.1%</i>	
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>63.4%</i>	<i>63.0%</i>	<i>61.4%</i>	<i>63.3%</i>	<i>65.5%</i>	

Education Stabilization Funds from the State

Fiscal Stabilization Fund in ARRA - FF

60,026,613 S 0 0

Education Jobs Fund Program - FF

156,331,551 S 0 0

State Share Correction for Local Share

Overpayments in Prior Fiscal Years - CF (SPSF)

0 3,684,365 0 0 0

Appropriation to State Education Fund - GF

120,964,055 0 0 0 0

Military Dependent Supplemental Pupil

Enrollment Aid - GF

0 0 0 0 0

Hold-harmless Full-day Kindergarten Funding -

CF (SEF)

7,321,864 7,698,050 7,264,394 S 6,745,230 7,198,953 DI#1 ; BA

District Per Pupil Reimbursements for Juveniles

Held in Jail - CF (Read-to-Achieve Cash Fund)

n/a n/a 188,558 188,558 100,000

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests
Subtotal - Public School Finance	3,522,656,259	3,531,747,357	3,431,746,501	3,241,543,060	3,571,548,093	
FTE	<u>16.1</u>	<u>15.6</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	
General Fund	3,051,028,484	3,076,191,636	2,797,831,709	2,805,890,909	3,132,600,570	
<i>General Fund Exempt Acct. (incl. above)</i>	<i>39,251,792</i>	<i>0</i>	<i>161,444,485</i>	<i>161,444,485</i>	<i>Pending</i>	
Cash Funds	470,192,859	454,220,410	416,082,854	434,200,544	437,494,546	
FTE	0.0	0.0	0.2	0.2	0.2	
<i>CF (State Education Fund)</i>	<i>369,545,076</i>	<i>347,436,105</i>	<i>291,066,041</i>	<i>333,779,060</i>	<i>324,357,485</i>	
<i>CF (State Public School Fund)</i>	<i>100,647,783</i>	<i>106,784,305</i>	<i>124,755,526</i>	<i>100,212,197</i>	<i>113,016,643</i>	
Reappropriated Funds	1,434,916	1,332,914	1,473,774	1,451,607	1,452,977	
FTE	16.1	15.6	18.3	18.3	18.3	
Federal Funds	0	2,397	216,358,164	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	

a/ House Bill 10-1369 requires certain districts with a relatively high local share of total program funding to use a portion of revenues generated by their total program mill levies to replace any state funding for categorical programs that the district would otherwise be eligible to receive (called "categorical buyout"). These figures include the local funding that is anticipated to be used for such purpose.

b/ Pursuant to Section 22-54-114 (2.3), C.R.S., a portion of this appropriation is used to offset the direct and indirect administrative costs incurred by the Department in implementing the School Finance Act. These figures include amounts used for this purpose and thus not distributed to school districts.

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request		
	Actual	Actual	Appropriation	(includes proposed law changes)	Staff Recomm. (current law)	Requests
(B) Categorical Programs						
(I) District Programs Required by Statute						
Special Education Programs for Children with Disabilities	284,228,028	269,814,937	286,289,454	287,376,179	288,628,104	
FTE	<u>65.0</u>	<u>71.1</u>	<u>64.5</u>	<u>64.5</u>	<u>64.5</u>	
General Fund	71,572,347	70,784,064	71,572,347	71,572,347	71,572,347	BA
Cash Funds (State Education Fund)	55,789,778	55,789,778	55,789,778	56,973,525	58,225,450	DI#2
Cash Funds (local funds) a/	0	788,283				
Reappropriated Funds	0	0	101,812	101,812	101,812	
FTE	0.5	0.0	1.0	1.0	1.0	
Federal Funds	156,865,903	142,452,812	158,825,517	158,728,495	158,728,495	BA
FTE	64.5	71.1	63.5	63.5	63.5	
State Funding Portion of Appropriation	127,362,125	126,573,842	127,362,125	128,545,872	129,797,797	
Annual Change in State Funding	4.9%	-0.6%	0.6%	0.9%	1.9%	
English Language Proficiency Program	18,429,452	22,328,316	23,696,750	24,023,135	24,377,497	
FTE	<u>4.8</u>	<u>6.4</u>	<u>4.6</u>	<u>4.6</u>	<u>4.6</u>	
General Fund	3,101,598	3,051,644	3,101,598	3,101,598	3,101,598	
Cash Funds (State Education Fund)	5,510,459	9,019,602	9,294,755	9,629,818	9,984,180	DI#2
Cash Funds (local funds) a/	0	49,954				
Federal Funds	9,817,395	10,207,116	11,300,397	11,291,719	11,291,719	BA
FTE	4.8	6.4	4.6	4.6	4.6	
State Funding Portion of Appropriation	8,612,057	12,071,246	12,396,353	12,731,416	13,085,778	
Annual Change in State Funding	19.5%	40.2%	2.7%	2.7%	5.6%	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests
(II) Other Categorical Programs						
Public School Transportation	45,833,107	50,106,914	49,991,821	50,483,023	50,828,042	
FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	36,896,492	36,342,243	36,922,227	36,914,996	36,922,227	BA
FTE	2.0	2.0	2.0	2.0	0.0	
Cash Funds (State Education Fund)	8,486,615	12,737,410	12,619,594	13,118,027	13,455,815	DI#2
FTE	0.0	0.0	0.0	0.0	2.0	
Cash Funds (local funds) a/	0	577,261				
Cash Funds (Public School Transportation Fund)	450,000	450,000	450,000	450,000	450,000	
<i>State Funding Portion of Appropriation</i>	<i>45,383,107</i>	<i>49,079,653</i>	<i>49,541,821</i>	<i>50,033,023</i>	<i>50,378,042</i>	
<i>Annual Change in State Funding</i>	<i>0.9%</i>	<i>8.1%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.7%</i>	
Transfer to the Department of Higher Education for						
Distribution of State Assistance for Career and						
Technical Education	<u>21,672,472</u>	<u>23,189,191</u>	<u>23,296,124</u>	<u>23,436,274</u>	<u>23,584,498</u>	
General Fund	17,792,850	17,715,890	17,792,850	17,792,850	17,792,850	
Cash Funds (State Education Fund)	3,879,622	5,396,341	5,503,274	5,643,424	5,791,648	DI#2
Cash Funds (local funds) a/	0	76,960				
<i>State Funding Portion of Appropriation</i>	<i>21,672,472</i>	<i>23,112,231</i>	<i>23,296,124</i>	<i>23,436,274</i>	<i>23,584,498</i>	
<i>Annual Change in State Funding</i>	<i>2.2%</i>	<i>6.6%</i>	<i>0.8%</i>	<i>0.6%</i>	<i>1.2%</i>	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	
Special Education Programs for Gifted and Talented						
Children	8,394,542	8,988,280	9,059,625	9,127,635	9,201,106	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	
General Fund	5,498,443	5,485,160	5,500,000	5,499,250	5,500,000	BA
FTE	0.0	0.0	0.5	0.5	0.0	
Cash Funds (State Education Fund)	2,896,099	3,431,684	3,559,625	3,628,385	3,701,106	DI#2
FTE	0.0	0.0	0.0	0.0	0.5	
Cash Funds (local funds) a/	0	71,436				
State Funding Portion of Appropriation	8,394,542	8,916,844	9,059,625	9,127,635	9,201,106	
Annual Change in State Funding	5.3%	6.2%	1.6%	0.8%	1.6%	
Expelled and At-risk Student Services Grant Program	6,341,714	7,325,776	7,493,560	7,560,145	7,493,560	
FTE	<u>1.0</u>	<u>1.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	5,789,845	5,771,023	5,788,807	5,780,456	5,788,807	BA
FTE	1.0	1.8	1.0	1.0	0.0	
Cash Funds (State Education Fund)	551,869	1,554,753	1,704,753	1,779,689	1,704,753	DI#2
FTE	0.0	0.0	0.0	0.0	1.0	
Annual Change in State Funding	0.2%	15.5%	2.3%	0.9%	0.0%	
Small Attendance Center Aid	<u>943,333</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	
General Fund	787,645	716,252	787,645	787,645	787,645	
Cash Funds (State Education Fund)	155,688	171,734	171,734	171,734	171,734	
Cash Funds (local funds) a/	0	71,393				
State Funding Portion of Appropriation	943,333	887,986	959,379	959,379	959,379	
Annual Change in State Funding	7.6%	-5.9%	8.0%	0.0%	0.0%	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
Comprehensive Health Education	688,246	988,246	1,005,396	1,011,614	1,005,396	
FTE	<u>0.1</u>	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	0	300,000	300,000	300,000	300,000	
Cash Funds (State Education Fund)	105,396	105,396	705,396	711,614	705,396	DI#2; BA
FTE	0.0	0.0	1.0	1.0	1.0	
Cash Funds (Comprehensive Health Education)	582,850	582,850	0	0	0	
FTE	0.1	0.9	0.0	0.0	0.0	
Annual Change in State Funding	14.8%	43.6%	1.7%	0.6%	0.0%	
<i>Minimum Inflationary Increase for Categorical Programs Required by Section 17 of Article IX of the State Constitution</i>				\$2,290,975 <i>included in above line items</i>	\$4,391,173 <i>included in above line items</i>	
Subtotal - Categorical Programs	386,530,894	383,701,039	401,792,109	403,977,384	406,077,582	
FTE	<u>72.9</u>	<u>82.2</u>	<u>73.6</u>	<u>73.6</u>	<u>73.6</u>	
General Fund	141,439,220	140,166,276	141,765,474	141,749,142	141,765,474	
FTE	3.0	3.8	3.5	3.5	0.0	
Cash Funds	78,408,376	90,874,835	89,798,909	92,106,216	94,190,082	
FTE	0.1	0.9	1.0	1.0	4.5	
CF (State Education Fund)	77,375,526	88,206,698	89,348,909	91,656,216	93,740,082	
Reappropriated Funds	0	0	101,812	101,812	101,812	
FTE	0.5	0.0	1.0	1.0	1.0	
Federal Funds	166,683,298	152,659,928	170,125,914	170,020,214	170,020,214	
FTE	69.3	77.5	68.1	68.1	68.1	
State Funding for Categorical Programs	219,397,596	229,027,217	231,114,383	233,405,358	235,505,556	
Annual Change in State Funding	4.2%	4.4%	0.9%	1.0%	1.9%	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSP Request (includes proposed law changes)	Staff Recomm. (current law)	Requests

a/ In some districts, local tax revenues more than offset the amount needed for total program funding pursuant to the school finance formula. In these cases, pursuant to Section 22-54-107 (2), C.R.S., the excess tax revenues are used to offset state funding of categorical programs (referred to as "categorical buyout"). For FY 2009-10, nine affected districts spent a total of \$1,629,288 in local tax revenues for various categorical programs; the General Fund appropriation for each of these appropriation for each of these programs was reduced by the same amount, and these state funds were instead distributed to districts to offset costs associated with children with disabilities, English language proficiency programs, public school transportation, career and technical education, gifted and talented programs, and for small attendance center aid.

**(C) Grant Programs, Distributions, and Other Assistance
(I) Health and Nutrition**

Federal Nutrition Programs	127,364,851	138,867,055	108,624,222	108,610,006	156,616,096	
FTE	<u>7.6</u>	<u>8.6</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	
General Fund	76,668	64,409	81,764	78,830	80,528	BA
FTE	0.9	0.9	0.9	0.9	0.9	
Federal Funds	127,288,183	138,802,646	108,542,458	108,531,176	156,535,568	BA
FTE	6.7	7.7	8.1	8.1	8.1	
State Match for School Lunch Program - CF (SPSF)	2,472,644	2,472,644	2,472,644	2,472,644	2,472,644	
Child Nutrition School Lunch Protection Program - CF (SEF)	697,071	739,790	850,000	850,000	850,000	
School Breakfast Program - GF	498,500	500,000	500,000	500,000	0	
Start Smart Nutrition Program Fund - GF	700,000	700,000	700,000	700,000	700,000	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
Start Smart Nutrition Program	<u>654,458</u>	<u>696,019</u>	<u>794,229</u>	<u>843,495</u>	<u>843,495</u>	
Cash Funds (Start Smart Nutrition Program Fund)	0	0	94,229 S	0	143,495	
Reappropriated Funds (Start Smart Nut. Pgm.	654,458	696,019	700,000 S	843,495	700,000	BA
S.B. 97-101 Public School Health Services - RF	138,893	129,115	148,314	136,966	140,388	BA
FTE	1.3	1.3	1.4	1.4	1.4	
(II) Capital Construction						
Division of Public School Capital Construction						
Assistance - CF (Public School Capital Construction						
Assistance Fund)	461,528	650,749	895,147	880,728	Pending	BA
FTE	4.3	6.2	9.0	9.0	9.0	
Public School Capital Construction Assistance Board -						
Lease Payments - CF (Public School Capital						
Construction Assistance Fund)	0	3,535,000	20,000,000	20,000,000	29,000,000	
Financial Assistance Priority Assessment - CF						
(Public School Capital Construction Assistance Fund)	4,450,000	7,595,721	396,000	396,000	164,793	
State Aid for Charter School Facilities	<u>5,135,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	
General Fund	0	0	0	0	0	
Cash Funds (SEF)	5,135,000	5,000,000	5,000,000	5,000,000	5,000,000	
State Charter School Institute Capital Construction					See Subsection	
Assistance - CF (SCSI CC Assistance Fund)	0	0	875,636	875,636	(1) (D), above	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
(III) Reading and Literacy						
Federal Title I Reading First Grant - FF	8,336,811	3,962,715	300,000	0	0	
FTE	11.1	6.8	0.0	0.0	0.0	
Read-to-Achieve Grant Program - CF	5,918,882	4,403,643	6,290,713	2,000,000	6,256,086	BA
FTE	0.0	0.9	1.0	1.0	1.0	
Family Literacy Education Fund	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	200,000	0	0	0	0	
Cash Funds (SEF)	0	0	0	0	0	
Family Literacy Education Grant Program - RF	200,000	33,875	30,000	30,000	0	
(IV) Professional Development and Instructional Support						
Closing the Achievement Gap	<u>1,701,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>0</u>	
General Fund	0	0	0	0	0	
Cash Funds (SEF)	1,701,000	1,800,000	1,800,000	1,800,000	0	
Content Specialists	404,539	431,192	437,392	434,379	434,102	
FTE	<u>3.6</u>	<u>3.9</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds (SEF)	404,539	431,192	437,392	434,379	434,102	BA
FTE	3.6	3.9	5.0	5.0	5.0	

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSP Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
Office of Drop-out Prevention and Student Re-engagement	0	157,772	150,172	150,172	3,000,000	
FTE	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.3</u>	
Cash Funds (Student Re-engagement Grant Program Fund)	0	157,772	0	0	0	
FTE	0.0	2.0	0.0	0.0	0.0	
Federal Funds	0	0	150,172	150,172	3,000,000	
FTE	0.0	0.0	2.0	2.0	2.3	
School Leadership Academy Program	0	42,469	75,000	0	0	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	0	0	75,000	0	0	BA
FTE	0.0	0.0	0.7	0.0	0.0	BA
Cash Funds (SEF)	0	42,469	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds (gifts, grants, and donations)	0	0	0	0	0	
National Credential Fee Assistance - CF (SEF)	125,000	0	0	0	0	
Boards of Cooperative Services - GF	210,000	0	0	0	0	
Civic Education - CF (SEF)	2,305	0	0	0	0	
Financial Literacy - CF (SEF)	15,533	3,528	0	0	0	
Colorado History Day - CF (SEF)	10,000	10,000	0	0	0	
Innovative Schools Act of 2008 - GF	78,811	0	0	0	0	
FTE	0.5	0.0	0.0	0.0	0.0	
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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests

(V) Summer and After-school Programs

Summer School Grant Program	27,026	15,236	0	0	0	
FTE	<u>0.3</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds (SEF)	27,026	15,236	0	0	0	
FTE	0.3	0.2	0.0	0.0	0.0	
Cash Funds (Read-to-Achieve Cash Fund)	0	0	0	0	0	
 Dropout Prevention Activity Grant Program - CF	 55,074	 83,460	 0	 0	 0	
 Healthy Choices Dropout Prevention Pilot Program	 0	 0	 14,953	 14,953	 0	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.0</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds	0	0	14,953	14,953	0	
FTE	0.0	0.0	0.2	0.2	0.0	

(VI) Facility Schools

Facility Schools Unit and Facility Schools Board	162,392	202,313	258,109	257,387	256,344	
FTE	<u>0.9</u>	<u>1.5</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	
Cash Funds (SEF)	162,392	0	0	0	0	
FTE	0.9	0.0	0.0	0.0	0.0	
Reappropriated Funds	0	202,313	258,109	257,387	256,344	BA
FTE	0.0	1.5	3.0	3.0	3.0	
 Facility School Funding - CF (SEF)	 16,584,920	 15,975,523	 16,779,077	 16,779,077	 14,875,000	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
Hold-harmless Facility School Funding - CF (SEF)	587,504	n/a	n/a	n/a	n/a	
District Per Pupil Reimbursement for Juveniles Held in Jail Pursuant to Section 22-32-141 (4) (d), C.R.S. - CF (Read-to-Achieve Cash Fund)	n/a	n/a	See Public School Finance subsection			
(VII) Other Assistance						
Appropriated Sponsored Programs	215,207,645	225,238,648	285,437,580	285,362,439	280,780,000	
FTE	<u>67.9</u>	<u>70.0</u>	<u>73.3</u>	<u>73.3</u>	<u>74.1</u>	
Cash Funds	518,973	1,173,326	3,237,000	3,234,747	1,300,000	BA
FTE	0.0	0.0	0.0	0.0	1.0	
Reappropriated Funds	4,710,538	0	4,475,388	4,467,802	4,480,000	BA
FTE	6.0	6.0	6.0	6.0	6.0	
Federal Funds	209,978,134	224,065,322	277,725,192	277,659,890	275,000,000	BA
FTE	61.9	64.0	67.3	67.3	67.1	
School Counselor Corps Grant Program - CF (SEF)	4,970,559	4,993,650	4,998,500 S	3,996,850	0	BA
FTE	0.7	1.0	1.0	0.8	0.0	BA
Contingency Reserve Fund	<u>1,532,288</u>	<u>130,152</u>	<u>3,446,551</u>	<u>500,000</u>	<u>1,000,000</u>	
General Fund	0	0	2,946,551 S	0	0	
Cash Funds	1,532,288	130,152	500,000	500,000	1,000,000	
Regional Service Cooperatives - CF (SEF)	145,135	1,008,079	0	0	0	
FTE	0.7	0.7	0.0	0.0	0.0	
First Responder School Mapping System - CF (SEF)	150,000	0	0	0	0	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
Supplemental On-line Education Services - CF (SPSF)	480,000	480,000	480,000	480,000	480,000	
Supplemental On-line Education Grant Program - CF (SPSF)	50,000	50,000	50,000	50,000	0	
School Awards Program Fund - GF	0	0	0	0	0	
School Awards Program - CF (School Awards Program Fund)	0	250,000	250,000	250,000	0	
Interstate Compact on Educational Opportunity for Military Children - CF (SEF)	0	18,411	30,185	30,185	22,832	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests
Subtotal - Grant Programs, Distributions, and						
Other Assistance	399,728,369	420,176,759	462,084,424	453,400,917	502,891,780	
FTE	<u>98.9</u>	<u>103.1</u>	<u>105.6</u>	<u>104.7</u>	<u>104.8</u>	
General Fund	1,763,979	1,264,409	4,303,315	1,278,830	780,528	
FTE	0.9	0.9	1.6	0.9	0.9	
Cash Funds	46,657,373	51,020,345	65,451,476	60,045,199	61,998,952	
FTE	11.0	14.9	16.2	16.0	16.0	
<i>CF (State Education Fund)</i>	<i>30,717,984</i>	<i>30,037,878</i>	<i>29,895,154</i>	<i>28,890,491</i>	<i>21,181,934</i>	
FTE	6.2	5.8	6.0	5.8	5.0	
<i>CF (State Public School Fund)</i>	<i>3,002,644</i>	<i>3,002,644</i>	<i>3,002,644</i>	<i>3,002,644</i>	<i>2,952,644</i>	
Reappropriated Funds	5,703,889	1,061,322	5,611,811	5,735,650	5,576,732	
FTE	7.3	8.8	10.4	10.4	10.4	
Federal Funds	345,603,128	366,830,683	386,717,822	386,341,238	434,535,568	
FTE	79.7	78.5	77.4	77.4	77.5	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
SUBTOTAL - ASSISTANCE TO PUBLIC						
SCHOOLS	4,308,915,522	4,335,625,155	4,295,623,034	4,098,921,361	4,480,517,455	
FTE	<u>187.9</u>	<u>200.9</u>	<u>197.7</u>	<u>196.8</u>	<u>196.9</u>	
General Fund	3,194,231,683	3,217,622,321	2,943,900,498	2,948,918,881	3,275,146,572	
<i>General Fund Exempt Account (included above)</i>	<i>39,251,792</i>	<i>0</i>	<i>161,444,485</i>	<i>161,444,485</i>	<i>Pending</i>	
FTE	3.9	4.7	5.1	4.4	0.9	
Cash Funds	595,258,608	596,115,590	571,333,239	586,351,959	593,683,580	
FTE	11.1	15.8	17.4	17.2	20.7	
<i>CF (State Education Fund)</i>	<i>477,638,586</i>	<i>465,680,681</i>	<i>410,310,104</i>	<i>454,325,767</i>	<i>439,279,501</i>	
FTE	6.2	5.8	6.0	5.8	5.0	
<i>CF (State Public School Fund)</i>	<i>103,650,427</i>	<i>109,786,949</i>	<i>127,758,170</i>	<i>103,214,841</i>	<i>115,969,287</i>	
Reappropriated Funds	7,138,805	2,394,236	7,187,397	7,289,069	7,131,521	
FTE	23.9	24.4	29.7	29.7	29.7	
Federal Funds	512,286,426	519,493,008	773,201,900	556,361,452	604,555,782	
FTE	149.0	156.0	145.5	145.5	145.6	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSPB Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests

(3) LIBRARY PROGRAMS

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

Administration	826,736	842,611	990,241		963,078	978,884	
FTE	<u>12.7</u>	<u>12.7</u>	<u>12.8</u>		<u>12.8</u>	<u>14.3</u>	
General Fund	738,698	747,162	741,018	S	714,476	729,661	BA
FTE	11.7	11.7	11.8		11.8	11.8	
Cash Funds	88,038	95,449	249,223		248,602	249,223	BA
FTE	1.0	1.0	1.0		1.0	2.5	
Federal Library Funding - FF	2,543,810	2,948,328	3,030,533		3,008,012	3,031,787	BA
FTE	21.1	21.7	23.8		23.8	23.8	
Broadband Technology Opportunities Program	n/a	n/a	1,557,711		1,219,460	1,219,460	
FTE			<u>2.3</u>		<u>4.5</u>	<u>4.5</u>	
Cash Funds			279,847	S	443,274	443,274	BA
FTE			0.4	S	1.6	1.6	BA
Federal Funds			1,277,864	S	776,186	776,186	BA
FTE			1.9	S	2.9	2.9	BA
Colorado Library Consortium - GF	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	
Colorado Virtual Library	<u>1,359,731</u>	<u>359,796</u>	<u>379,796</u>		<u>379,796</u>	<u>379,796</u>	
General Fund	1,359,731	359,796	359,796		359,796	359,796	
Cash Funds	0	0	20,000		20,000	20,000	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSPB Request (includes proposed law changes)	Staff Recomm. (current law)	
Colorado Talking Book Library, Building Maintenance and Utilities Expenses - GF	58,728	70,660	70,660	70,660	70,660	
Reading Services for the Blind	<u>550,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	
General Fund	300,000	0	0	0	0	
Reappropriated Funds	250,000	250,000	250,000	250,000	250,000	
SUBTOTAL - LIBRARY PROGRAMS	6,339,005	5,471,395	7,278,941	6,891,006	6,930,587	
FTE	<u>33.8</u>	<u>34.4</u>	<u>38.9</u>	<u>41.1</u>	<u>42.6</u>	
General Fund	3,457,157	2,177,618	2,171,474	2,144,932	2,160,117	
FTE	11.7	11.7	11.8	11.8	11.8	
Cash Funds	88,038	95,449	549,070	711,876	712,497	
FTE	1.0	1.0	1.4	2.6	4.1	
Reappropriated Funds	250,000	250,000	250,000	250,000	250,000	
Federal Funds	2,543,810	2,948,328	4,308,397	3,784,198	3,807,973	
FTE	21.1	21.7	25.7	26.7	26.7	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
				OSP Request	Staff Recomm.	
	Actual	Actual	Appropriation	(includes proposed law changes)	(current law)	Requests

(4) SCHOOL FOR THE DEAF AND THE BLIND

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

(A) School Operations

Personal Services	8,547,644	9,094,022	9,139,913		8,858,848	9,008,608	
FTE	<u>140.6</u>	<u>138.7</u>	<u>141.3</u>		<u>141.3</u>	<u>141.3</u>	
General Fund	7,218,419	7,707,110	7,827,557	S	7,546,492	7,672,649	BA
FTE	118.7	117.5	120.4		120.4	120.3	
Reappropriated Funds	1,329,225	1,386,912	1,312,356		1,312,356	1,335,959	
FTE	21.9	21.2	20.9		20.9	21.0	
Early Intervention Services - GF	1,119,568	1,171,904	1,157,476	S	1,134,581	1,149,775	BA
FTE	10.0	10.0	10.0		10.0	10.0	
Shift Differential - GF	84,932	65,638	65,530		89,571	43,837	
Operating Expenses - GF	417,277	417,277	417,277		417,277	417,277	
Vehicle Lease Payments - GF	19,151	26,729	25,617	S	24,155	Pending	
Utilities - GF	457,103	514,532	554,810		554,810	554,810	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
Allocation of State and Federal Categorical Program						
Funding - RF	160,135	111,279	149,842	150,000	170,000	
FTE	0.2	0.1	0.4	0.4	0.4	
Medicaid Reimbursements for Public School Health						
Services - RF	76,887	105,269	83,254	85,000	150,000	
FTE	1.0	1.2	1.5	1.5	1.5	
Subtotal - School Operations	10,882,697	11,506,650	11,593,719	11,314,242	11,494,307	
FTE	<u>151.8</u>	<u>150.0</u>	<u>153.2</u>	<u>153.2</u>	<u>153.2</u>	
General Fund	9,316,450	9,903,190	10,048,267	9,766,886	9,838,348	
FTE	128.7	127.5	130.4	130.4	130.3	
Reappropriated Funds	1,566,247	1,603,460	1,545,452	1,547,356	1,655,959	
FTE	23.1	22.5	22.8	22.8	22.9	

(B) Special Purpose

Fees and Conferences - CF	77,030	15,555	120,000	120,000	120,000	
Outreach Services	489,308	521,631	1,022,082	1,021,101	1,025,000	
FTE	<u>2.2</u>	<u>2.4</u>	<u>5.4</u>	<u>5.4</u>	<u>5.4</u>	
Cash Funds	0	403,280	753,082	753,082	755,000	
FTE	0.0	0.0	2.6	2.6	2.6	
Reappropriated Funds	489,308	118,351	269,000	268,019	270,000	BA
FTE	2.2	2.4	2.8	2.8	2.8	
Tuition from Out-of-state Students - CF	53,236	55,185	200,000	200,000	200,000	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12		Change Requests
				OSP Request (includes proposed law changes)	Staff Recomm. (current law)	
Summer Olympics Housing - CF	840	0	10,000	10,000	0	
Grants - RF	900,505	752,201	1,397,079	1,396,493	1,200,000	BA
FTE	6.4	5.2	9.0	9.0	9.0	
Subtotal - Special Purpose	1,520,919	1,344,572	2,749,161	2,747,594	2,545,000	
FTE	<u>8.6</u>	<u>7.6</u>	<u>14.4</u>	<u>14.4</u>	<u>14.4</u>	
Cash Funds	131,106	474,020	1,083,082	1,083,082	1,075,000	
FTE	0.0	0.0	2.6	2.6	2.6	
Reappropriated Funds	1,389,813	870,552	1,666,079	1,664,512	1,470,000	
FTE	8.6	7.6	11.8	11.8	11.8	
SUBTOTAL - SCHOOL FOR THE DEAF AND THE BLIND	12,403,616	12,851,222	14,342,880	14,061,836	14,039,307	
FTE	<u>160.4</u>	<u>157.6</u>	<u>167.6</u>	<u>167.6</u>	<u>167.6</u>	
General Fund	9,316,450	9,903,190	10,048,267	9,766,886	9,838,348	
FTE	128.7	127.5	130.4	130.4	130.3	
Cash Funds	131,106	474,020	1,083,082	1,083,082	1,075,000	
FTE	0.0	0.0	2.6	2.6	2.6	
Reappropriated Funds	2,956,060	2,474,012	3,211,531	3,211,868	3,125,959	
FTE	31.7	30.1	34.6	34.6	34.7	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Education**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		Change
	Actual	Actual	Appropriation	OSP Request (includes proposed law changes)	Staff Recomm. (current law)	Requests
TOTAL - DEPARTMENT	4,366,309,869	4,399,255,059	4,366,220,940	4,169,489,426	4,554,305,450	
FTE	<u>483.9</u>	<u>510.9</u>	<u>555.7</u>	<u>557.6</u>	<u>540.0</u>	
General Fund	3,214,637,694	3,237,228,662	2,963,562,050	2,968,648,237	3,293,148,317	
FTE	183.0	184.3	194.4	193.7	180.3	
<i>General Fund Exempt Account (included above)</i>	<i>39,251,792</i>	<i>0</i>	<i>161,444,485</i>	<i>161,444,485</i>	<i>Pending</i>	
Cash Funds	614,389,983	615,679,956	592,411,245	607,662,195	612,774,134	
FTE	43.6	50.7	59.8	61.4	64.9	
<i>CF (State Education Fund)</i>	<i>494,002,579</i>	<i>482,115,020</i>	<i>427,007,677</i>	<i>471,016,352</i>	<i>456,091,354</i>	
<i>FTE</i>	<i>7.8</i>	<i>8.5</i>	<i>11.0</i>	<i>10.8</i>	<i>8.5</i>	
<i>CF (State Public School Fund)</i>	<i>103,684,035</i>	<i>109,819,559</i>	<i>127,793,650</i>	<i>103,250,321</i>	<i>116,004,767</i>	
Reappropriated Funds	15,157,235	16,446,648	22,760,978	22,894,563	23,511,816	
FTE	79.5	88.3	111.8	111.8	110.0	
Federal Funds	522,124,957	529,899,793	787,486,667	570,284,431	624,871,183	
FTE	177.8	187.6	189.7	190.7	184.8	

KEY:

ITALICS = non-add figure, included for informational purposes

BA = impacted by a budget amendment submitted after the November 1 request

S = impacted by a supplemental appropriation

JBC WORKING DOCUMENT - ALL DECISIONS SUBJECT TO CHANGE
Staff Recommendation Does Not Represent Committee Decision

**DEPARTMENT OF EDUCATION:
FY 2011-12**

SUMMARY OF RECOMMENDATIONS INCLUDED IN THIS PACKET

In light of the significant funding reductions proposed by the Governor for school finance for FY 2011-12, staff has recommended reducing or eliminating funding for several programs and functions next year in order to maximize the amount of state funding available for school finance. Consistent with the priorities expressed by the Department during its hearing with the Joint Budget Committee last December, staff has recommended maintaining funding for those programs or functions that are most critical for the Department to continue implementing education reform legislation, including S.B. 08-212, S.B. 09-163, and S.B. 10-191. In addition, staff has recommended maintaining funding for those programs or functions that are, in staff's view, important to address equity issues for certain school districts, communities, or groups of students.

Please note that in some instances, the Department's budget request is predicated on statutory changes; in contrast, staff's recommendations are based on current law. However, staff has included recommendations in this packet related to specific statutory change proposals. Of the statutory changes either recommended or discussed in this packet, staff recommends that the Joint Budget Committee only carry legislation to transfer certain cash fund balances. Staff recommends that any other statutory changes necessary to reduce appropriations for public schools be addressed through the annual school finance bill. This will allow legislators and various stakeholders to weigh the merits of various statutory changes and budget reductions in a coherent and comprehensive manner.

The table on the next page provides a summary of the most significant staff recommendations included in this packet. Detailed recommendations for each line item follow.

Summary of Significant Staff Recommendations in this Packet						
Description	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Recommended Changes from Adjusted FY 2010-11 Appropriation for FY 2011-12:						
State Share of Districts' Total Program Funding:						
Eliminate one-time federal funds and backfill with state funds	\$0	\$216,358,164	\$0	\$0	(\$216,358,164)	0.0
Offset projected reduction in local funds	142,506,494	142,506,494	0	0	0	0.0
Other adjustments	<u>(2,477,795)</u>	<u>(24,095,797)</u>	<u>21,618,002</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Long Bill	140,028,699	334,768,861	21,618,002	0	(216,358,164)	0.0
Less: "Placeholder" for savings to be achieved through the annual school finance bill*	<u>(290,709,661)</u>	<u>(326,709,661)</u>	<u>36,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: School Finance	(150,680,962)	8,059,200	57,618,002	0	(216,358,164)	0.0
Reflect increase in federal nutrition funding and recently awarded federal grants	58,260,038	0	0	0	58,260,038	0.0
BEST Program - Lease Payments	9,000,000	0	9,000,000	0	0	0.0
Required increase in state funding for categorical programs	4,391,173	0	4,391,173	0	0	0.0
Adjust appropriations related to indirect cost assessments (estim.)	0	(500,000)	0	500,000	0	0.0
Suspend funding for School Counselor Corps Grant Program	(4,998,500)	0	(4,998,500)	0	0	(1.0)
Eliminate one-time funding for districts' cash flow needs	(2,946,551)	(2,946,551)	0	0	0	0.0
Facility school funding	(1,904,077)	0	(1,904,077)	0	0	0.0
Suspend funding for Closing the Achievement Gap program	(1,800,000)	0	(1,800,000)	0	0	0.0
Suspend funding for School Breakfast (grant) Program	(500,000)	(500,000)	0	0	0	0.0
Adjust administrative spending authority for SCSi	(233,518)	0	0	(233,518)	0	(6.8)
Eliminate funding for School Leadership Academy Program	(75,000)	(75,000)	0	0	0	(0.7)
Suspend funding for Supplemental On-line Grants	(50,000)	0	(50,000)	0	0	0.0

* Statutory change required.

(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.

Description: 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. One Board member is elected from each congressional district, plus an at-large member if there are 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 \$279,684 General Fund and 2.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$282,837 General Fund and 2.0 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$3,153 more than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent reduction (a difference of \$747); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$2,406).

Summary of Recommendation for State Board of Education						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$158,014	\$0	\$0	\$0	\$158,014	2.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(1,812)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,812)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	156,202	0	0	0	156,202	2.0
Reinstate FY 2010-11 one-time reduction	1,812	0	0	0	1,812	0.0
Salary Survey awarded in FY 10-11	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0

Summary of Recommendation for State Board of Education						
	GF	CF	RF	FF	TOTAL	FTE
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	2,854	0	0	0	2,854	0.0
Vacancy Savings (1.5%)	(2,413)	0	0	0	(2,413)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(1,580)	0	0	0	(1,580)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(3,281)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,281)</u>	<u>0.0</u>
Subtotal: Personal Services	153,594	0	0	0	153,594	2.0
Operating Expenses:						
FY 2010-11 Long Bill	129,243	0	0	0	129,243	
Staff Recommendation	\$282,837	\$0	\$0	\$0	\$282,837	2.0

General Department and Program Administration.

Description: 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.

The following table details staff supported by this line item, by function or duty.

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Estim.	FY 2011-12 Recomm.
Commissioner/ Deputy and Assistant Commissioners	2.8	3.0	3.0	3.0
Chief of Staff	0.8	0.7	1.0	1.0
Communications Unit	1.5	1.5	1.5	1.5
Accounting/Purchasing	10.0	10.0	11.0	11.0
Budgeting	2.6	3.4	3.0	3.0
Grants Fiscal Management	0.3	0.0	0.5	0.5
Human Resources	2.0	2.0	2.0	2.0
Research and Evaluation	4.0	4.3	4.0	4.0
GED Program	1.4	1.9	2.5	2.5

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Estim.	FY 2011-12 Recomm.
Legislative Liaison	0.8	0.9	1.0	1.0
Information Management Services	1.1	1.2	1.2	1.2
Prevention Initiatives	0.5	0.7	0.5	0.5
Exceptional Student Services -- Special Education Programs for Children with Disabilities, Gifted & Talented Children, and English Language Learners	1.3	1.0	1.3	1.3
Regional Services	0.8	0.8	0.8	0.8
Consultants/ Other	0.0	11.0	0.0	0.0
Support Staff	3.2	0.0	3.3	3.3
Staff Supported by ARRA	0.0	6.0	0.0	0.0
Sick/Annual Leave Payouts	2.1	0.0	3.0	3.0
General Department and Program Administration	35.2	48.4	39.6	39.6

Request: The Department requests \$3,696,333 and 49.0 FTE for FY 2011-12. The request includes \$2,028,424 General Fund, \$167,794 cash funds (from general education development or "GED" fees), and \$1,500,115 reappropriated funds (from departmental and statewide indirect cost recoveries).

Recommendation: **Staff recommends appropriating \$3,733,261 and 39.6 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$36,928 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (the recommended reduction is \$12,624 greater as it applies to General Fund and Reappropriated Funds); (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$51,608); and (c) the denial of statewide request related to printing (\$2,056 General Fund).

Staff also recommends appropriating a total of \$2,500,000 reappropriated funds from indirect cost recoveries in the FY 2011-12, an amount which is about \$500,000 higher than the request. This adjustment 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 the \$2,500,000 between this line item and the associated centrally appropriated line items.** This recommendation is discussed in more detail below.

Finally, the recommendation reflects 9.4 fewer FTE than the request, due to: (a) the elimination of 6.0 FTE that were added in early 2010 and supported by federal American Recovery and Reinvestment Act (ARRA) funds in FY 2009-10 and FY 2010-11; and (b) the elimination of 3.4

FTE based on information provided by the Department concerning positions that are currently filled (or being held vacant in order to make sick/annual leave payouts).

Summary of Recommendation for General Department and Program Administration						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$1,988,936	\$93,572	\$1,436,669	\$0	\$3,519,177	48.0
FY 2010-11 Supplemental (GED Program)	0	29,411	0	0	29,411	0.4
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(19,482)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,482)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	1,969,454	122,983	1,436,669	0	3,529,106	48.4
Reinstate FY 2010-11 one-time reduction	19,482	0	0	0	19,482	0.0
Salary Survey awarded in FY 10-11	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	46,178	2,027	21,760	0	69,965	0.0
Vacancy Savings (1.5%; but not applied to GED Program)	(30,527)	0	(21,876)	0	(52,403)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(19,889)	0	0	0	(19,889)	0.0
DI #1 - GED Program	0	45,586	0	0	45,586	0.6
Eliminate positions that are not currently filled or for which there is no funding	0	0	0	0	0	(9.4)
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(41,762)</u>	<u>(1,557)</u>	<u>(24,672)</u>	<u>0</u>	<u>(67,991)</u>	<u>0.0</u>
Subtotal: Personal Services	1,942,936	169,039	1,411,881	0	3,523,856	39.6
Operating Expenses:						
FY 2010-11 Long Bill	123,309	0	86,096	0	209,405	
Statewide DI - Printing of Statewide Warrants and Mainframe Documents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses	123,309	0	86,096	0	209,405	

Summary of Recommendation for General Department and Program Administration						
	GF	CF	RF	FF	TOTAL	FTE
Fund source adjustment related to statewide and departmental indirect cost recoveries	(512,745)	0	512,745	0	0	
Staff Recommendation	\$1,553,500	\$169,039	\$2,010,722	\$0	\$3,733,261	39.6

Funding Sources. Excluding the 2.5 FTE that are supported by GED program fees, the staff who are supported by this line item perform duties that should be supported by General Fund revenues. However, to the extent that the Department can collect indirect cost recoveries on various cash- and federally-funded programs administered by the Department, those indirect cost recoveries are applied here in lieu of General Fund. Currently, about 40 percent of this line item is supported by indirect cost recoveries (\$1.5 million); indirect cost recoveries are also applied in the associated centrally appropriated line items to cover the employee benefits and overhead costs associated with these staff (about \$489,000)¹.

Each year, the Department negotiates an indirect cost rate with the federal government. This agreed upon rate is applied to all sources of federal funds, unless a specified federal grant limits the amount that can be recovered for indirect costs (e.g., through a cap on the percent of moneys that may be spent for indirect costs or limiting the types of costs that may be included in the indirect cost plan). The Department also establishes an indirect cost rate that applies to cash-funded programs. Similarly, this rate is applied to all cash-funded programs, unless there is a statutory prohibition or limitation on the amount of indirect costs that can be recovered. Both rates are based on both Departmental and statewide indirect costs.

The following table identifies the applicable indirect cost rates for the last three fiscal years, the current fiscal year, and the proposed rates for FY 2011-12. The table also details, for each fiscal year, the amount of indirect cost recoveries collected, the portion expended based on the amount of indirect cost recoveries that are appropriated, and the remainder that reverts to the General Fund.

Indirect Cost Assessments and Recoveries					
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Indirect Cost Rates:	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>CDE Proposal /a</i>
Federal Funds	5.8%	8.6%	10.5%	10.7%	12.4%
Cash Funds	10.3%	12.0%	12.1%	12.2%	14.1%

¹ 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.

Indirect Cost Assessments and Recoveries					
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Indirect Cost Revenues:	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Dept. Estimate</i>	<i>Dept. Estimate</i>
Total amount collected	<u>1,496,701</u>	<u>2,160,375</u>	<u>2,557,702</u>	<u>2,702,611</u>	<u>3,133,535</u>
Federal Funds	1,294,289	1,911,296	2,271,535	2,459,914	2,853,040
Cash Funds	202,412	249,079	286,167	242,697	280,495
Expenditures of Indirect Cost Revenues:	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Approp.</i>	<i>Staff Recomm./b</i>
Portion of indirect cost recoveries expended (based on appropriation)	<u>1,383,259</u>	<u>1,411,085</u>	<u>1,663,518</u>	<u>2,012,043</u>	<u>2,500,000</u>
General Department and Program Administration line item	1,326,554	1,348,727	1,521,217	1,522,765	TBD
Various centrally appropriated line items	56,705	62,358	142,301	489,278	TBD
Portion of indirect cost recoveries that revert to the General Fund	113,442	749,290	894,184	690,568	633,535

a/ The Department's proposed federal indirect cost rate for FY 2011-12 has not yet been approved by the federal government. The indirect cost rate for cash funds will not be finalized until the federal rate has been approved.

b/ The Department's budget request reflects indirect cost recoveries of \$1,500,115 in the General Department and Program Administration line item and additional amounts for the associated centrally appropriated line items. Staff recommends appropriating a total of \$2,500,000 from statewide and departmental indirect cost recoveries for FY 2011-12. Staff has estimated the portion of the \$2.5 million that should be reflected in the General Department and Program Administration line item in the Numbers Pages section of this document based on the FY 2010-11 appropriation of indirect cost recoveries (\$489,278). Given the overall increase in these centrally appropriated line items, this likely overstates the General Fund savings that would result from staff's recommendation. To properly implement this recommendation, staff will need to work with the Department to reflect a portion of the \$2,500,000 in the associated centrally appropriated line items.

As indicated in the table above, staff recommends appropriating a total of \$2,500,000 from statewide and departmental indirect cost recoveries for FY 2011-12. This amount is about \$500,000 higher than the Department request. Staff's recommendation would not affect the amount of indirect cost recoveries that the Department will collect and it would not affect the overall net benefit to the General Fund. The recommendation is intended to increase the amount of indirect cost recoveries that are used to support Department expenditures in FY 2011-12, and thereby decrease the amount that would revert to the General Fund at the end of the fiscal year.

Please note that the recommendation includes both statewide and departmental indirect cost recoveries. The Department indicates that it is unable to accurately separate the amounts that are recovered related to each of these cost pools due to the process that is used to establish indirect cost rates. The Committee approved a common policy that would require a total of \$567,624 to be appropriated to this Department in FY 2011-12 to ensure that the Department collects its share of statewide indirect cost recoveries. Department staff indicated that it is likely that they will collect most, but not all of this amount based on restrictions and limitations that exist for certain cash and federally funded amounts.

Finally, please note that indirect cost rates are determined on a lag basis (a two year lag for the federal rate and a three year lag for the cash fund rate). Thus, while indirect cost recoveries are projected to increase in the current fiscal year and in FY 2011-12, these recoveries are projected to decline in the future (likely in FY 2013-14). Thus, while staff recommends reducing the General Fund appropriation in FY 2011-12, this fund source adjustment should be re-evaluated annually.

Office of Professional Services.

Description: This office is responsible for administration of the Colorado Educator Licensure Act. This Office is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Pursuant to Section 22-60.5-112, C.R.S., the State Board of Education is to annually adjust fees charged for licensing purposes, 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. Following is a staffing summary for the Office of Professional Services.

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Executive Director	1.0	1.0	1.0	1.0
Supervisors	1.9	2.0	2.0	2.0
Evaluators	8.0	8.0	8.0	8.0
Educator Preparation and Alternative Licensure Programs	0.5	1.0	1.0	1.0
Background Investigations and Background checks	3.8	5.0	5.0	5.0
Special Projects Assistant	1.0	1.0	1.0	1.0
Support Staff	5.9	5.0	5.0	5.0
Sick/Annual Leave Payouts	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	22.2	23.0	23.0	23.0

Request: The Department requests a total of \$1,838,187 cash funds (from the Educator Licensure Cash Fund) and 23.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating a total of \$1,859,867 and 23.0 FTE for personal services and operating expenses for FY 2011-12**, as detailed in the following table. The recommendation is \$21,680 higher than the request, due to: (a) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$21,680). Please note that staff has not applied a 1.5 percent vacancy savings factor (which would result in a reduction of \$20,809) due to the significant backlogs currently experienced by this Office, which is negatively impacting school districts.

Staff's overall recommendation for this line item is pending the calculation of associated centrally appropriated line items and the subsequent calculation of an indirect cost assessment. Staff will ultimately reflect Committee policy with respect to these centrally appropriated line items.

Summary of Recommendation for Office of Professional Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$1,361,012	\$0	\$0	\$1,361,012	23.0
Salary Survey awarded in FY 10-11	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	26,267	0	0	26,267	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	0	(27,100)	0	0	(27,100)	0.0
Subtotal: Personal Services	0	1,360,179	0	0	1,360,179	23.0
Operating Expenses:						
FY 2010-11 Long Bill	0	499,688	0	0	499,688	
Centrally Appropriated line items (employee benefits, risk management, and Capitol Complex leased space)	0	Pending	0	0	Pending	
Indirect Cost Assessment	0	Pending	0	0	Pending	
Staff Recommendation	\$0	Pending	\$0	\$0	Pending	23.0

Teaching and Learning Conditions Survey.

Description: House Bill 08-1384 (Teacher Quality Recruitment and Retention Program) requires that the Department design and administer a biennial teaching and learning conditions survey to all teachers in state public schools.

Request: The Department does not request any funding for this line item for FY 2011-12.

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

Division of On-line Learning.

Description: 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 \$371,057 cash funds from the State Education Fund and 3.5 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$369,307 and 3.5 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$1,750 lower than the request, due to: (a) the application of a 1.5 percent vacancy savings (\$4,310); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$2,560).

Summary of Recommendation for Division of On-line Learning						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$282,256	\$0	\$0	\$282,256	3.5
Salary Survey awarded in FY 10-11	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	5,097	0	0	5,097	0.0
Vacancy Savings (1.5%)	0	(4,310)	0	0	(4,310)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>(3,200)</u>	<u>0</u>	<u>0</u>	<u>(3,200)</u>	<u>0.0</u>
Subtotal: Personal Services	0	279,843	0	0	279,843	3.5
Operating Expenses:						
FY 2010-11 Long Bill	0	89,464	0	0	89,464	
Staff Recommendation	\$0	\$369,307	\$0	\$0	\$369,307	3.5

Health, Life and Dental.

Description: 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 \$3,131,888 total funds (including \$1,466,311 General Fund) for FY 2011-12. The request includes a reduction of \$8,314 based on a proposed change to employer contributions for part-time employees.

Recommendation: **Consistent with Committee policy, staff recommends appropriating \$3,140,202 (including \$1,474,625 General Fund).** Staff's recommendation is \$8,314 higher than the request as it excludes the effect of the proposed policy change.

Short-term Disability.

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

Request: The Department requests \$56,920 (including \$22,748 General Fund) for FY 2011-12.

Recommendation: **The staff recommendation is pending. Staff requests permission to work with Department staff to appropriately include federally-funded staff salaries** (information in the budget request is insufficient to do so), **and reflect staffing and fund source adjustments approved by the Committee.** Staff will ultimately reflect Committee policy in the appropriation for this line item, consistent with the Committee policy of applying a rate of 0.177 percent to FY 2009-10 base salaries (including shift differential payments).

S.B. 04-257 Amortization Equalization Disbursement.

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

Request: The Department requests \$900,439 (including \$359,863 General Fund) for FY 2011-12.

Recommendation: **The staff recommendation is pending. Staff requests permission to work with Department staff to appropriately include federally-funded staff salaries** (information in the budget request is insufficient to do so), **and reflect staffing and fund source adjustments approved by the Committee.** Staff will ultimately reflect Committee policy in the appropriation for this line item, consistent with the Committee policy [2.6 percent of FY 09-10 base salaries for CY 2011 and 3.0 percent of FY 09-10 base salaries for CY 2012].

S.B. 06-235 Supplemental Amortization Equalization Disbursement.

Description: Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA.

Request: The Department requests \$723,567 (including \$289,175 General Fund) for FY 2011-12.

Recommendation: **The staff recommendation is pending. Staff requests permission to work with Department staff to appropriately include federally-funded staff salaries** (information in the budget request is insufficient to do so), **and reflect staffing and fund source adjustments approved by the Committee.** Staff will ultimately reflect Committee policy in the appropriation for this line item, consistent with the Committee policy [2.0 percent of FY 09-10 base salaries for CY 2011 and 2.5 percent of FY 09-10 base salaries for CY 2012].

Salary Survey and Senior Executive Service.

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

Request: The Department has requested no annual increase for this purpose.

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

Performance-based Pay Awards.

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

Request: The Department has requested no annual increase for this purpose.

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

Workers' Compensation.

Description: This line item is used to pay 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 \$340,456 (including \$148,473 General Fund) for FY 2011-12.

Recommendation: **The staff recommendation is pending a Committee common policy for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Legal Services.

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

Request: The Department requests \$557,759 to purchase 7,602 hours of legal services. The request matches the FY 2010-11 appropriation.

Recommendation: **Staff recommends approving funding sufficient to purchase 5,600 hours of legal services.** In FY 2008-09 and FY 2009-10, the Department has purchased 5,082 and 4,644 hours of legal services, respectively. Staff has contacted both the Department of Education and the Department of Law to determine whether a reduction in the number of appropriated hours is warranted; both departments agreed that a reduction was reasonable. 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. The following table details staff's recommendation for FY 2011-12, along with FY 2010-11 data for purposes of comparison.

Legal Services				
Fund Source or Purpose	FY 2010-11			FY 2011-12
	Appropriation		Actual YTD, Annualized	Recommend.
	Funding	Hours	Hours	Hours
General Fund	\$204,169	2,782.7	2,326.3	2,782.0
Cash Funds - Educator Licensure Cash Fund	179,706	2,449.3	2,055.4	2,118.0
Cash Funds - On-line Education Cash Fund	28,240	384.9	0.0	Included in GF
Reappropriated Funds - Transfer from State Share of Districts' Total Program Funding line item	100,000	1,363.0	0.0	500.0
Reappropriated Funds - Transfer from Division of Public School Capital Construction Assistance line item	33,017	450.0	157.7	200.0
Federal Funds	12,627	172.1	24.0	0.0
Totals	557,759	7,602.0	4,563.4	5,600.0

Administrative Law Judge Services.

Description: 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 \$41,457 for FY 2011-12, including \$34,303 from the Educator Licensure Cash Fund and \$7,154 reappropriated funds from the Special Education Programs for Children with Disabilities line item.

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.

Payment to Risk Management and Property Funds.

Description: 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 is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

Request: The Department requests \$76,294 (including \$66,049 General Fund) for FY 2011-12.

Recommendation: **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Leased Space.

Description: This line item funds leased space needs for the Department. House Bill 08-1388 (School Finance Act) appropriated \$11,500 from the State Education Fund for staff that were added to the Public School Finance unit. In the middle of FY 2008-09, the source of funding was changed to reappropriated funds that are transferred from the State Share of Districts' Total Program Funding line item.

Request: The Department requests continuation funding of \$11,500 reappropriated funds for FY 2011-12.

Recommendation: **Staff recommends eliminating this appropriation for FY 2011-12.** In 2008, the Department did not have sufficient space to add 5.0 FTE at 201 E. Colfax Avenue. Following a reorganization, the Department chose to relocate federally funded staff to leased space outside the Capitol Complex; the Colorado Preschool unit remains intact at 201 E. Colfax Avenue. The Department records leased space expenditures for federally funded staff directly to each relevant federal grant, and thus does not require a separate leased space appropriation. However, the Department continues to fund the 5.0 FTE added through H.B. 08-1388 from moneys transferred from the State Share of Districts' Total Program Funding line item. Thus, the fund sources reflected in the Capitol Complex line item (below) should reflect this fund source as part of the reappropriated funds amount.

Capitol Complex Leased Space

Description: 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 \$585,877 (including \$114,539 General Fund) for FY 2011-12.

Recommendation: **Staff recommends providing funding sufficient to cover the leased space costs for office space at the building located at 201 E. Colfax Avenue in Denver (44,433 square feet). Staff's dollar recommendation is pending a determination of lease rates.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Communication Services Payments.

Description: This line item provides funding to pay to the Department of Personnel and Administration the Department of Education's share of the costs associated with operating the public safety communications infrastructure.

Request: The Department is not requesting any appropriation for this line item.

Recommendation: **The staff recommendation is pending a Committee common policy for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Reprinting and Distributing Laws Concerning Education.

Description: Pursuant to Section 22-2-112 (1) (i), C.R.S., the Department is required 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 of \$35,480 cash funds for FY 2011-12.

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

Emeritus Retirement.

Description: This appropriation provides 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, are at least 65 years of age, and meet certain other requirements. These payments were previously authorized pursuant to Section 22-64-119, C.R.S. However, this provision was repealed through S.B. 09-282 (Concerning the merger of the Denver public schools retirement system with the public employees' retirement association). The Legislative Council Staff fiscal note for S.B. 09-282 does not mention the repeal of this provision or any associated fiscal impact. The Department was not aware of this change, and has continued making these monthly payments.

Request: The Department requests continuation funding of \$10,875 General Fund for FY 2010-11.

Recommendation: The appropriation for this program has not changed since FY 2008-09. Based on current monthly payments to two individuals (ages 105 and 106) totaling \$448.86, **staff recommends appropriating \$5,387 for FY 2011-12.** Although the statutory authority for these payments was repealed in 2009, the General Assembly has continued appropriating funds for this purpose. Staff assumes that the General Assembly did not intend to discontinue payments to those individuals who remain eligible under the statute that existed prior to 2009.

Feasibility Study Concerning the Creation and Operation of State Residential Schools

Description: Senate Bill 09-256 (School Finance Act), required the Department to prepare a study examining the feasibility of a residential school for students who are in need of greater academic support and who are at risk of academic failure and included a one-time General Fund appropriation of \$55,706 for this purpose in FY 2009-10.

(B) Information Technology

Information Technology Services.

Description: This line item provides funding and staff related to information technology support functions. 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 \$1,422,691 (including \$795,545 General Fund) and 17.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$1,437,580 and 17.0 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$14,889 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of \$2,425); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$12,464).

In addition, as described below, staff's recommendation includes \$1,270,578 and 6.0 FTE from the "School Accountability Reports and State Data Reporting System" line item.

Summary of Recommendation for Information Technology Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$828,717	\$0	\$97,418	\$0	\$926,135	17.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(6,298)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,298)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	822,419	0	97,418	0	919,837	17.0
Reinstate FY 2010-11 one-time reduction	6,298	0	0	0	6,298	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	17,151	0	0	0	17,151	0.0
Vacancy Savings (1.5%)	(12,688)	0	(1,461)	0	(14,149)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(8,287)	0	0	0	(8,287)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(16,996)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,996)</u>	<u>0.0</u>
Subtotal: Personal Services	807,897	0	95,957	0	903,854	17.0
Operating Expenses:						
FY 2010-11 Long Bill	3,998	0	529,728	0	533,726	

Summary of Recommendation for Information Technology Services						
	GF	CF	RF	FF	TOTAL	FTE
Subtotal: Information Technology Services line item	\$811,895	\$0	\$625,685	\$0	\$1,437,580	17.0
<i>Transfer from "School Accountability Reports and State Data Reporting System" line item</i>	<i>\$1,270,578</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,270,578</i>	<i>6.0</i>
Staff Recommendation	\$2,082,473	\$0	\$625,685	\$0	\$2,708,158	23.0

School Accountability Reports and State Data Reporting System.

Description: 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. This line item was initially established to provide the funding for these activities.

Subsequently, S.B. 09-163 repealed the "Educational Accreditation Act of 1998" and provisions related to SARs and the measurement of academic achievement and growth. This act established a new accreditation and accountability process which is aligned with the Colorado growth model and its longitudinal data. Funding that had previously been used to pay for printing and mailing the SARs is now used to maintain the education data and growth exchange portal and to prepare web-based school performance reports.

Request: The Department requests \$1,257,647 General Fund and 6.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$1,270,578 and 6.0 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$12,931 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of \$3,110); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$9,821).

In addition, **staff recommends consolidating this line item with the Information Technology Services line item** (above). As described above, pursuant to S.B. 09-163, the Department no longer produces and distributes SARs, so the name of this line item is misleading and confusing. The funding in this line item is now used for information technology functions related to the Colorado growth model, the education data and growth exchange portal, and the preparation of web-based school performance reports. The staff and functions supported by this line item are now indistinguishable from those supported by the Information Technology Services line item.

Summary of Recommendation for "School Accountability Reports and State Data Reporting System"						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$646,080	\$0	\$0	\$0	\$646,080	6.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	(6,307)	0	0	0	(6,307)	0.0
Subtotal: FY 2010-11 Appropriation	639,773	0	0	0	639,773	6.0
Reinstate FY 2010-11 one-time reduction	6,307	0	0	0	6,307	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	8,072	0	0	0	8,072	0.0
Vacancy Savings (1.5%)	(9,812)	0	0	0	(9,812)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(6,461)	0	0	0	(6,461)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	(13,393)	0	0	0	(13,393)	0.0
Subtotal: Personal Services	624,486	0	0	0	624,486	6.0
Operating Expenses:						
FY 2010-11 Long Bill	646,092	0	0	0	646,092	
Subtotal	\$1,270,578	\$0	\$0	\$0	\$1,270,578	6.0
Transfer to Information Technology Services line item	(\$1,270,578)	\$0	\$0	\$0	(\$1,270,578)	(6.0)
Staff Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Purchase of Services from Computer Center.

Description: 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 \$146,462 General Fund for FY 2011-12.

Recommendation: **The staff recommendation is pending a Committee common policy for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Multiuse Network Payments.

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

Request: The Department requests \$28,303 General Fund for FY 2011-12.

Recommendation: **The staff recommendation is pending a Committee common policy for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Information Technology Asset Maintenance.

Description: 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 2011-12.

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

Disaster Recovery.

Description: 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 2011-12.

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

(C) Assessments and Data Analyses

Colorado Student Assessment Program (CSAP).

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 23 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 grade and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado chose tenth grade). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*. The following table

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

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

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

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 so that they incorporate 21st 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 has adopted new academic standards, conducted a PWR assessments pilot program, and approved attributes of a new statewide assessment system that will be aligned with the new standards. Pursuant to Section 22-7-1018 (2) (b), C.R.S., the results of a cost study should be available by October 1, 2011, concerning the costs of implementing the new assessment system. The Department is planning to transition to the new assessment system in 2014, which will require a two-year bridge from CSAP to the new P-20 assessment design called for in S.B 08-212, as follows:

- modify CSAP so that it better aligns with the newly adopted standards, at an estimated cost of \$216,000, and use the modified CSAP in 2012;
- in 2013, use the modified CSAP and pilot some items from the new assessments; and
- fully transition to the new assessments in 2014.

Description. This line item provides funding for the staff, operating expenses, and contract expenses associated with CSAP.

Request: The Department requests a total of \$21,670,364 and 11.8 FTE, including \$15,753,937 cash funds from the State Education Fund and \$5,916,427 federal funds for FY 2011-12.

Staff Recommendation. **Staff recommends appropriating a total of \$21,710,217 and 11.8 FTE for FY 2011-12, including \$15,879,370 cash funds from the State Education Fund and \$5,830,847 federal funds.** Funding in this line item supports three contracts: (1) Colorado Student Assessment Program - CSAP; (2) Colorado English Language Assessment - CELA; (3) the American College Testing Program - ACT; and expenditures related to the state staff who administer the assessment program. The Department's contracts for CSAP and CELA are in their fifth and sixth years, respectively. Given the plan to transition to a new assessment system, State Purchasing has authorized the Department to extend both contracts, if necessary. Staff's recommendation is slightly higher than the request (\$39,853) as it reflects updated information related to these contracts as well as related administrative expenses.

The following table provides an overview of the existing FY 2010-11 appropriation and staff's recommendation for FY 2011-12. The narrative that follows provides additional detail for these components.

Summary of Recommendation for CSAP Line Item			
Description	FY 2010-11 Approp.	FY 2011-12 Recomm.	Annual Change
I. CSAPs: Contract for developing, scoring, and reporting CSAPs (other than CSAP-A, CELA, and the ACT)	<u>\$16,421,014</u>	<u>\$16,486,004</u>	<u>\$64,990</u>
Cash Funds - State Education Fund	13,555,929	13,409,149	(146,780)
Federal Funds	2,865,085	3,076,855	211,770
II. CELA: Contract for developing, scoring, and reporting the Colorado English Language Assessment (CELA) -- Federal Funds	2,035,990	2,060,000	24,010
III. ACT: ACT test for 11th grade students -- Cash Funds - State Education Fund	1,746,450	1,946,700	200,250
IV. Administration: Staff and operating expenses	1,485,890	1,217,513	(268,377)
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fun	454,142	523,521	69,379
Federal Funds	1,031,748	693,992	(337,756)
Total	\$21,689,344	\$21,710,217	\$20,873
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	15,756,521	15,879,370	122,849
Federal Funds	5,932,823	5,830,847	(101,976)

I. Contract for development, scoring, and reporting related to the Colorado Student Assessment Program.

The primary expenditure in this line item is a contract currently with CTB - McGraw Hill to develop, maintain, manufacture, score, and report assessments. The following table details the basis for the existing FY 2010-12 appropriation and staff's recommendation for FY 2011-12.

Summary of Costs Associated With CTB - McGraw Hill Contract			
Description	FY 2010-11 Approp.*	FY 2011-12 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	<i>508,229</i>	<i>539,180</i>	<i>30,951</i>
Development	\$632,709	\$854,584	\$221,875
Production	436,213	444,804	8,591
Manufacturing	3,635,380	3,706,976	71,596
Test administration	890,051	907,585	17,534
Scoring and reporting	10,357,648	10,561,635	203,987

Summary of Costs Associated With CTB - McGraw Hill Contract			
Description	FY 2010-11 Approp.*	FY 2011-12 Recomm.	Annual Change
Post-test management	469,013	10,420	(458,593)
Totals	\$16,421,014	\$16,486,004	\$64,990
Cash Funds -- State Ed. Fund	13,555,929	13,409,149	(146,780)
Federal Funds	2,865,085	3,076,855	211,770

* Figures provided as the basis for the FY 2010-11 appropriation are reflected here. The actual contract for FY 2010-11 totals \$15,955,764.

Recommendation – I. CSAPs: As detailed in the above table, **staff recommends providing the \$16,486,004 to cover the costs of this contract for FY 2011-12, including \$13,409,149 cash funds from the State Education Fund and \$3,076,855 from 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 federal *No Child Left Behind Act* in this line item, with the balance of the appropriation coming from state funds.

In FY 2007-08 and FY 2008-09, the amount of federal funds applied to this line item was based on the estimated costs of the four assessments that had to be added due to *No Child Left Behind*, based on the actual number of assessments administered. This methodology allocated 14.7 percent of costs to federal funds. Figures provided by the Department for this contract, reflected above, utilize about 19 percent federal funds. Thus, it does not appear that state funds are being used to support the four newest tests.

II. 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 2010-11 appropriation and staff's recommendation for FY 2011-12.

Summary of Costs Associated With CTB - McGraw Hill CELA Contract			
Description	FY 2010-11 Approp.*	FY 2011-12 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	93,280	90,000	(3,280)
Development	\$149,697	\$146,517	(\$3,180)
Printing/Distribution/Collection	575,796	587,303	11,507
Scoring	671,143	684,555	13,412
Ongoing Development	19,600	19,992	392
Data Analysis	400,031	397,519	(2,512)
Reporting	<u>219,723</u>	<u>224,114</u>	<u>4,391</u>
Total – Federal Funds	\$2,035,990	\$2,060,000	\$24,010

* Figures provided as the basis for the FY 2010-11 appropriation are reflected here. The actual contract for FY 2010-11 totals \$2,019,640.

Recommendation – II. CELA: Staff recommends appropriating \$2,060,000 federal funds to cover the costs of the CELA contract for FY 2011-12.

III. Funding for Administration of Spring 2012 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 2010-11 appropriation and staff's recommendation for FY 2011-12.

Summary of Costs Associated With ACT Contract			
Description	FY 10-11 Approp.*	FY 11-12 Projection/ Recomm.	Annual Change
<i>Estimated # of students taking ACT on statewide test date</i>	54,390	58,000	3,610
Price per student (same as national rate)	<u>\$30.00</u>	<u>\$32.00</u>	<u>\$2.00</u>
Subtotal: Statewide test date	1,631,700	1,856,000	224,300
<i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i>	1,000	1,600	600
Price per student for voucher	<u>\$32.00</u>	<u>\$33.00</u>	<u>\$1.00</u>
Subtotal: Statewide test date	32,000	52,800	20,800
Subtotal: Student testing service costs	1,663,700	1,908,800	245,100
Test administration training workshops	11,540	11,900	360
College Readiness Standards reports (@\$80/request)	47,460	0	(47,460)
Data sent on CDs to schools (@ \$125/CD)	23,750	26,000	2,250
Subtotal: Other costs	82,750	37,900	(44,850)
Total	\$1,746,450	\$1,946,700	\$200,250

* Figures provided as the basis for the FY 2010-11 appropriation were based on the contract for FY 2009-10 contracts. The actual contract for FY 2010-11 totals \$1,821,390.

Recommendation – III. ACT: Staff recommends appropriating \$1,946,700 cash funds from the State Education Fund for the ACT contract for FY 2011-12.

IV. Support for state staff that administer exams.

The following table details the calculation for staff's recommendation for FY 2011-12.

Summary of Recommendation: Administration Portion of CSAP Line Item						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
Actual personal services expenditures based on existing, filled positions (prior to 2.5 percent reduction in employer's PERA contribution)	\$0	\$437,916	\$0	\$589,969	\$1,027,885	11.8
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>(5,993)</u>	<u>0</u>	<u>(19,379)</u>	<u>(25,372)</u>	<u>0.0</u>
Subtotal: Personal Services	0	431,923	0	570,590	1,002,513	11.8

Summary of Recommendation: Administration Portion of CSAP Line Item						
	GF	CF	RF	FF	TOTAL	FTE
Operating Expenses:						
Average of actual expenditures incurred in last two fiscal years (applying same fund splits as current payroll expenses)	0	91,598	0	123,402	215,000	
Staff Recommendation	\$0	\$523,521	\$0	\$693,992	\$1,217,513	11.8

Recommendation – IV. Administrative Staff: **Staff recommends appropriating \$1,217,513 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program for FY 2011-12.** Rather than building on prior year calculations, this recommendation rebuilds the appropriation based on existing, filled positions. Thus, staff does not recommend applying any vacancy savings or base reductions to the line item. **The fund sources in staff's recommendation are based on payroll information provided by the Department.**

Federal Grant for State Assessments and Related Activities.

Description. 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 \$2,161,644 federal funds and 5.7 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$2,247,224 federal funds and 5.7 FTE for FY 2011-12.** The dollar amount is based on the total projected amount of federal funds anticipated to be available in FY 2011-12 (\$8,078,071), less the amount of federal funds reflected in the above line item (\$5,830,847). The number of FTE is based on information provided by the Department concerning the total number of positions associated with both CSAP and federally-funded activities, less the number of FTE historically appropriated for the CSAP line item.

Longitudinal Analyses of Student Assessment Results.

Description: 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.

Request: The Department requests \$275,719 General Fund and 3.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$280,906 General Fund and 3.0 FTE for FY 2011,12**, as detailed in the following table. The recommendation is \$5,187 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of \$1,223); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$3,964).

Summary of Recommendation for Longitudinal Analyses of Student Assessment Results						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$257,769	\$0	\$0	\$0	\$257,769	3.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(2,715)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,715)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	255,054	0	0	0	255,054	3.0
Reinstate FY 2010-11 one-time reduction	2,715	0	0	0	2,715	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	4,331	0	0	0	4,331	0.0
Vacancy Savings (1.5%)	(3,932)	0	0	0	(3,932)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(2,577)	0	0	0	(2,577)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(5,405)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,405)</u>	<u>0.0</u>
Subtotal: Personal Services	250,186	0	0	0	250,186	3.0
Operating Expenses:						
FY 2010-11 Long Bill	30,720	0	0	0	30,720	
Staff Recommendation	\$280,906	\$0	\$0	\$0	\$280,906	3.0

In addition, staff recommends reflecting \$7,417,100 federal funds in this line item for FY 2011-12 for informational purposes. The Department was awarded a three-year federal grant totaling \$17.4 to improve state longitudinal data systems, streamlining and accelerating the movement of data

between schools, districts, and the Department. The Department anticipates spending grant moneys as follows over the three-year period:

FY 2010-11	\$6,362,312
FY 2011-12	\$7,417,100
FY 2012-13	\$3,629,675

Preschool to Postsecondary Education Alignment.

Description: 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 \$565,591 cash funds from the State Education Fund and 5.0 FTE for FY 2011-12.

Recommendation: Staff recommends appropriating \$563,176 and 3.5 FTE for FY 2011-12, as detailed in the following table. The recommendation is \$2,415 lower than the request, due to: (a) the application of a 1.5 percent vacancy savings (\$6,022); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$3,607). In addition, staff recommends reducing the FTE authorization from 5.0 to 3.5. Based on discussions with Department staff, this will better reflect the actual mix of state employees and contract staff.

Summary of Recommendation for Preschool to Postsecondary Education Alignment						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$397,099	\$0	\$0	\$397,099	5.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	4,375	0	0	4,375	0.0
Vacancy Savings (1.5%)	0	(6,022)	0	0	(6,022)	0.0
FTE adjustment to better reflect mix of employees and contract staff	0	0	0	0	0	(1.5)
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	0	(4,509)	0	0	(4,509)	0.0
Subtotal: Personal Services	0	390,943	0	0	390,943	3.5
Operating Expenses:						
FY 2010-11 Long Bill	0	172,233	0	0	172,233	
Staff Recommendation	\$0	\$563,176	\$0	\$0	\$563,176	3.5

Postsecondary and Workforce Readiness Assessments Pilot Program.

As a requirement of S.B. 08-212, the Department was required to conduct a pilot program concerning postsecondary and workforce readiness assessments, including an 8th or 9th grade planning assessment, a 10th grade preparatory assessment, and an 11th grade readiness assessment.

(D) State Charter School Institute

Background Information. This subsection includes funding for the State Charter School Institute (SCSI), which is 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.].

There are currently 18 Institute charter schools². The table on the following page provides a recent funding history for the Institute.

² Institute charter schools currently include: *Adams - Adams 12*: Pinnacle Charter School; *Adams - Brighton*: Academy at High Point; *Adams - Westminster*: Early College of Arvada, GOAL Online Academy, and Ricardo Flores Magnon Academy; *Eagle*: Stone Creek Elementary; *El Paso - Colorado Springs*: Pikes Peak Prep (21st Century), 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; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Calvert Online, and Provost Online; and *Mesa - Mesa Valley*: Caprock Academy.

State Charter School Institute: Funding				
Description	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estim./Approp.	FY 11-12 Estim./ Request
<i>Total Transfer from State Share line item a/:</i>				
Number of Institute Charter Schools	16	17	18	18
Funded Pupil Count	5,389.9	6,244.7	7,599.7	8,046.4
Average Per Pupil Funding	\$6,691.41	\$7,031.92	\$6,581.43	\$6,523.54
Total transfer from State Share line item	\$36,066,057	\$43,912,241	\$50,016,873	\$52,490,989
SCSI Administration, Oversight, and Management b/				
Reappropriated Funds	\$1,187,252	\$1,692,911	\$1,736,338	\$1,726,479
FTE	8.3	12.5	17.5	17.5
Other Transfers to Institute Charter Schools - RF b/	\$1,572,253	\$1,924,569	\$2,013,615	\$2,013,615
Transfer of Federal Moneys to Institute Charter Schools b/				
Reappropriated Funds	n/a	\$5,729,547	\$5,192,754	\$5,192,170
FTE		4.0	6.0	6.0

Sources:

a/ Pupil count and State Share information from the Department's annual school finance worksheets. Please note that the Department's figures assume no increase in the number of Institute charter schools for FY 2011-12; SCSI staff indicate that it's possible that a 19th school will be approved, and estimate a funded pupil count totaling 8,192 next year.

b/ For FYs 2008-09 and 2009-10, reflects actual data reported in Department's FY 2011-12 budget request; for FY 2010-11, reflects appropriation; and for FY 2011-12, reflects November 1, 2010 budget request.

General Note Concerning Funds and Accounting. House Bill 04-1362 did not include provisions requiring the Institute to establish funds and accounts for budgeting and accounting purposes (similar requirements for school districts are included in Article 45 of Title 22, C.R.S.). Absent these requirements, the State Charter School Institute Fund is used for purposes of accounting for all of the funds that flow through or are spent by the Institute (except for the Institute Charter School Assistance Fund, which was established in 2009). The State Charter School Institute Fund was originally created for purposes of accounting for gifts, grants, or donations received by the Institute. Moneys in this fund are subject to available appropriations. Department staff indicated that pursuant to Section 22-54-114 (1), C.R.S., they are authorized to forward the State Share payments to Institute charter schools without a separate appropriation. However, Department staff believe that spending authority is required out of the State Charter School Institute Fund for the Institute to incur administrative expenses and for the Institute to forward funding other than State Share payments to Institute charter schools.

State Charter School Institute Administration, Oversight, and Management.

Description: This line item authorizes the SCSI to spend a portion of Institute charter schools' per pupil funding. Pursuant to Section 22-30.5-513 (2) (b), C.R.S., the SCSI is authorized 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.

The following table details the current and projected staffing composition for the SCSI.

State Charter School Institute: Staffing Summary			
Position Description	FY 2010-11 Actual	FY 2011-12 SCSI Estim.	FY 2011-12 Recomm.
<i>Staff Supported by State Share Payments:</i>			
Executive Director	1.0	1.0	1.0
Deputy Director	0.8	0.8	0.8
Controller/ Grants Fiscal Manager	2.0	2.4	2.4
Assessment Coordinators	2.0	3.0	3.0
Compliance Officer	1.0	1.0	1.0
Information Technology/ Authorization Data Manager	1.0	1.5	1.5
Nutrition Director	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Subtotal	8.8	10.7	10.7

State Charter School Institute: Staffing Summary			
Position Description	FY 2010-11 <i>Actual</i>	FY 2011-12 <i>SCSI Estim.</i>	FY 2011-12 Recomm.
<i>Staff Supported by Federal Funds:</i>			
Deputy Director	0.2	0.2	0.2
Special Education	3.1	3.6	3.6
Gifted and Talented Coordinator	0.4	0.4	0.4
School Health Coordinator	0.1	0.1	0.1
Research Analyst	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
Subtotal	3.9	4.5	4.5
Total	12.7	15.2	15.2

Request: The Department's request reflects \$1,705,221 reappropriated funds and 17.5 FTE for this line item for FY 2011-12.

Recommendation: **Staff recommends appropriating \$1,502,820 and 10.7 FTE for FY 2011-12.** Staff's recommendation is based on information recently provided by SCSi staff concerning projected expenditures from and staff positions supported by this line item. This level of expenditure represents 2.86 percent of total State Share payments for Institute charter schools in FY 2011-12, as projected by the Department's school finance unit based on the current number of Institute charter schools and based on the current school finance formula. Please note that if the General Assembly modifies the school finance formula this Session, resulting in State Share payments to Institute charter schools totaling less than \$50,094,000 (a reduction of \$2,396,989 or 4.57 percent), this appropriation will need to be reduced to comply with the statutory 3.0 percent limitation.

State Charter School Institute Capital Construction Assistance.

Description. Pursuant to Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5-515.5, C.R.S., 1.0 percent of SCSi charter schools' per pupil funding is annually credited to the Institute Charter School Assistance Fund. Moneys in the Fund are subject to annual appropriation to the SCSi for the 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
- in addressing other facility or special education funding emergencies.

Request. The Department requests a continuation level of spending authority from this fund (\$875,636 cash funds). Please note, however, that the Department's request reflects this amount in another subsection of the Long Bill (as it is reflected in the FY 2010-11 Long Bill).

Recommendation. Senate Bill 10-111 renamed this fund and expanded the use of moneys in the fund to include expenditures that address "special education services funding emergencies". Thus, **staff recommends renaming this line item "Institute Charter School Assistance Fund", and including this appropriation in this subsection of the Long Bill** rather than in the (2) Assistance to Public Schools, (C) Grant Programs, Distributions, and Other Assistance, (II) Capital Construction subsection.

The SCSi did not award any grants or loans in FY 2009-10. The SCSi recently indicated that it anticipates spending \$520,000 from the Fund in the current fiscal year, leaving a fund balance of \$410,000. The SCSi projects spending up to \$550,000 from the fund in FY 2011-12, leaving an estimated fund balance of \$360,000. These estimates appear to be reasonable. **Staff recommends appropriating \$550,000 cash funds for this line item for FY 2011-12.**

Other Transfers to Institute Charter Schools.

Description. This line item provides spending authority to the Department to forward other state moneys (e.g., state funding for categorical programs) to Institute charter schools.

Request: The Department requests a continuation level of funding (\$2,013,615 reappropriated funds) for FY 2011-12.

Recommendation: **Staff recommends approving the request.** This amount appears reasonable based on actual transfers that occurred in FY 2009-10 (\$1,924,569).

Transfer of Federal Moneys To Institute Charter Schools.

Description. This line item reflects federal funds received by the SCSi for pass-through to Institute charter schools, along with the SCSi FTE supported with the 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).

Request: The Department requests \$5,185,906 reappropriated funds and 6.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$5,730,000 and 4.5 FTE for this line item for FY 2011-12.** Based on the actual amount of federal moneys that were passed through to Institute charter schools in FY 2009-10 (\$5,729,547), the requested amount appears too low. Staff's recommended FTE level is based on information recently provided by SCSi staff concerning staff positions that are supported by federal funds.

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

Description: This line item authorizes the Department to spend a portion of SCS 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 SCS 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 \$200,735 reappropriated funds and 2.6 FTE for FY 2011-12, as detailed in the following table.

FY 2011-12 Request: Implementation of Section 22-30.5-501 et seq., C.R.S.		
Department Expenditure/Description	Amount	FTE
Student Assessment	\$6,947	0.05
Charter Schools Unit	17,038	0.30
Chief of Staff - The Chief of Staff is the primary contact for SCS regarding any matters that must be reviewed by or referred to the Commissioner.	10,563	0.10
Legislative Liaison - The Legislative Liaison provides support in terms of tracking legislation, interface with lawmakers and the Governor's office, and general support and consultation for all legislative matters.	10,643	0.10
Budget/Management Staff	50,476	0.45
Research and Evaluation - The Research and Evaluation Unit provides a significant amount of information, analysis and support regarding student and human resources data collections.	47,803	0.60
Information Technology - This position provides networking, database, and all other IT support required by the SCS.	66,544	1.00
Modify contributions to PERA, pursuant to S.B. 10-146 (NP)	(7,172)	
FY 2010-11 Appropriation	\$202,842	2.60
Reinstate FY 2010-11 reduction in employer's contribution rate (2.5%)	\$7,172	
Reduction in employer's FY 2011-12 PERA contribution (4.5%)	(\$9,279)	
FY 2011-12 Request	\$200,735	2.60

Recommendation: **Staff recommends appropriating \$204,859 and 2.6 FTE for FY 2011-12.** Staff's recommendation matches the Department's request, except it is based on a 2.5 percent reduction in the employer's PERA contribution (rather than 4.5 percent – a difference of \$4,124).

(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.

Description. 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 transportation reimbursements, small attendance center aid, grant writing funds for boards of cooperative services, negotiated business incentive payments, military dependent supplemental pupil enrollment aid, and concurrent enrollment funding.

This line item also supports an audit team to ensure compliance related to funds districts receive for school finance, public school transportation, and English language proficiency programs, as well as funds facility schools and state agencies receive for education programs. The following table provides a staffing summary for this line item.

Public School Finance, Administration: Staffing Summary				
Position Description	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
School Finance	5.3	6.0	6.0	6.0
Colorado Preschool Program and Full-day Kindergarten Programs	5.5	7.0	7.0	7.0
School District Audits	4.5	5.0	5.0	5.0
Reimbursements for Juveniles Held in Jail	0.0	0.2	0.2	0.2
ASCENT Program	0.0	0.3	0.3	0.3
Sick/Annual Payouts	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	15.6	18.5	18.5	18.5

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.

Request. The Department requests \$1,472,336 reappropriated funds and 18.5 FTE for FY 2011-12.

Recommendation. **Staff recommends appropriating \$1,473,395 and 18.5 FTE for FY 2011,12,** as detailed in the following table. The recommendation is \$1,059 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings (\$21,237); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$22,296).

Summary of Recommendation for Public School Finance Administration						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$20,729	\$1,367,044	\$0	\$1,387,773	18.5
FY 2010-11 Supplemental (Average Daily Membership Study)	<u>0</u>	<u>52,000</u>	<u>0</u>	<u>0</u>	<u>52,000</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	0	72,729	1,367,044	0	1,439,773	18.5
Eliminate FY 2010-11 one-time funding	0	(52,000)	0	0	(52,000)	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	0	27,999	0	27,999	0.0
Vacancy Savings (1.5%)	0	(311)	(20,926)	0	(21,237)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>0</u>	<u>(27,870)</u>	<u>0</u>	<u>(27,870)</u>	<u>0.0</u>
Subtotal: Personal Services	0	20,418	1,346,247	0	1,366,665	18.5
Operating Expenses:						
FY 2010-11 Long Bill	0	0	106,730	0	106,730	
Staff Recommendation	\$0	\$20,418	\$1,452,977	\$0	\$1,473,395	18.5

Declining Enrollment Study.

This line item provided a one-time appropriation for FY 2009-10 from the State Education Fund for the Department to contract with a private entity to conduct a study to evaluate how declining pupil enrollment in school districts impacts students and to recommend possible remedies [see Section 22-54-132, C.R.S.]. The Department submitted the required report summarizing the study findings and recommendations, prepared by Pacey Economics Group, in March 2010. This study is available through the Department's web site.

State Share of Districts' Total Program Funding.

Background Information. 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. Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in base per pupil funding. For FY 2011-12, base per pupil funding will need to increase from \$5,529.71 to \$5,634.77 (1.9 percent), based on the actual 1.9 percent change in the CPI in CY 2010.

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 lower enrollment to recognize the economies of scale experienced by larger school districts. In addition, the school finance formula requires 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 (established at \$6,795³ for FY 2011-12) for two types of students:

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

Finally, for FY 2010-11 and FY 2011-12 only, the formula includes a negative "state budget stabilization" factor designed to reduce districts' total program funding to a specified total amount (\$5.4 billion). For FY 2011-12, under current law, this factor is estimated to be -9.2%, requiring a statewide reduction of \$548.0 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

³ This amount is applied in the formula prior to the application of the Budget Stabilization Factor; districts are anticipated to actually receive \$6,172.13 per on-line or ASCENT student in FY 2011-12 under current law.

program funding by 9.2 percent⁴. This new factor has the effect of reducing 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 2011-12, local property taxes and specific ownership taxes are projected to decrease by 7.1 percent.

Description. This line item provides funding for the State's share of school districts' "total program" funding.

Request. The Department's request for school finance for FY 2011-12 is based on earlier projections of the funded pupil count, the annual change in the CPI for CY 2010, and available local revenues. The request is also predicated on a statutory change that would reduce adjusted total program funding (after application of the state budget stabilization factor) to \$5.109 billion. This reduction would in turn, reduce the amount of state funding required by a similar amount. The Department also proposes extending the state budget stabilization factor for two more fiscal years (through FY 2013-14). However, the request does not specify what total program funding figure the state budget stabilization factor would be based upon (i.e., would the adjusted total program funding amount remain at \$5.1 billion, increase, or decrease in FY 2012-13 and FY 2013-14?).

Staff Recommendation Based on Current Law. Staff's recommendation for the Long Bill is based on current law. The following table summarizes the key components of the Department's request and staff's recommendation.

⁴ 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.

School Finance: Total Program	FY 10-11	FY 11-12	
	Adjusted Approp.	Request	Long Bill Recomm.
Funded Pupil Count	798,676.6	807,618.6	805,890.6
<i>Annual Percent Change</i>	<i>1.2%</i>	<i>1.1%</i>	<i>0.9%</i>
Statewide <u>Base</u> Per Pupil Funding	\$5,529.71	\$5,585.01	\$5,634.77
<i>Annual Percent Change</i>	<i>0.4%</i>	<i>1.0%</i>	<i>1.9%</i>
Statewide <u>Average</u> Per Pupil Funding	\$6,542.38	\$6,326.52	\$6,749.21
<i>Annual Percent Change</i>	<i>-7.6%</i>	<i>-3.3%</i>	<i>3.2%</i>
Adjusted Total Program Funding (after application of state budget stabilization factor, but <u>excluding</u> one-time federal moneys appropriated for FY 2010-11)	\$5,225,244,885	\$5,109,416,549	\$5,439,125,254
<i>Annual Percent Change</i>	<i>-6.5%</i>	<i>-2.2%</i>	<i>4.1%</i>
Local Share of Total Program Funding	\$2,018,856,003	\$1,876,279,613	\$1,876,349,509
<i>Annual Percent Change</i>	<i>-2.4%</i>	<i>-7.1%</i>	<i>-7.1%</i>
<u>State Share</u> of Districts' Total Program Funding	\$3,206,388,882	\$3,233,136,936	\$3,562,775,745
<i>Annual Percent Change</i>	<i>-8.9%</i>	<i>0.8%</i>	<i>11.1%</i>
<i>State Share as % of Districts' Total Program</i>	<i>61.4%</i>	<i>63.3%</i>	<i>65.5%</i>

Please note the following in relation to the FY 2011-12 recommended figures above:

- Current law authorizes the Department to fund 20,160 half-day Colorado Preschool Program slots in FY 2011-12. The above recommended figures thus include 10,080 FTE and \$62.2 million in total program funding for preschool for at-risk children.
- Current law (as amended by S.B. 11-157) authorizes districts to count kindergarten students as 0.58 FTE rather than 0.50 FTE in FY 2011-12. The above recommended figures thus include 5,217 FTE and \$32.6 million in total program funding for full-day kindergarten.
- The Department's request reflects 2,481 FTE participants in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program based on initial estimates provided by districts September 1. Based on more recent data and verification by Department staff, staff's recommendation reflects 753 ASCENT participants. Based on a rate of \$6,142.13/FTE (this figure was provided by the Department, based on current law and consistent with staff's recommendation), staff's recommendation includes a total of \$4,647,614 for ASCENT participants.
- ☛ Staff recommends that the General Assembly reduce the portion of Total Program funding that is designated for ASCENT participants. However, staff only recommends doing so if the General Assembly also eliminates the ability of districts to count and receive funding for "5th year" students who have completed minimum high school

graduation requirements through other concurrent enrollment programs in FY 2011-12. Thus, staff has included this issue in the subsection titled, "Staff Recommendation for Budget Balancing Plan" at the end of this section of this document.

Staff recommends appropriating a total of \$3,562,775,745 in the Long Bill for the State Share of Districts' Total Program Funding for FY 2011-12. Staff's recommendation is based on the existing school finance formula, as clarified by S.B. 11-157. The following table summarizes staff's recommendation, by fund source, in relation to the request. Staff has provided a discussion of each funding source following the table.

Sources of Funds Appropriated for Public School Finance				
Fund Source	FY 2010-11	FY 2011-12		
		Request	Recomm. Long Bill Approp.	Annual Change
General Fund	\$2,797,831,709	\$2,805,890,909	\$3,132,600,570	\$334,768,861
<i>Annual Percent Change</i>		0.3%	12.0%	
Cash Funds: State Public School Fund (federal mineral lease revenues, rental income earned on public school lands, and audit recoveries)	124,755,526	100,212,197	113,016,643	(11,738,883)
<i>Annual Percent Change</i>		-19.7%	-9.4%	
Cash Funds: State Education Fund	283,801,647	327,033,830	317,158,532	33,356,885
<i>Annual Percent Change</i>		15.2%	11.8%	
Total State Funds	3,206,388,882	3,233,136,936	3,562,775,745	356,386,863
<i>Annual Percent Change</i>		0.8%	11.1%	

State Public School Fund. The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF currently receives revenues from three primary sources⁵, 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

⁵ 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.

is capped at \$67.6 million. Based on the December 2010 Legislative Council Staff revenue forecast, staff has assumed FML revenues of \$67.6 million.

2. Interest or Investment Income Earned on Public School ("Permanent") Fund. Pursuant to Section 22-41-102 (3) (a), C.R.S., 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.
3. District Audit Recoveries. The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits. The time period over which a district may pay back overpayments to the Department is equivalent to the number of years covered by the audit [see Section 22-2-113 (1) (g), C.R.S.]. The Department offsets a large portion of its accounts receivable from districts (an asset) with deferred revenue equal to those amounts that are not anticipated to be received within the following fiscal year (a liability). Thus, the SPSF balance reflects only that portion of accounts receivable that the Department actually anticipates receiving within the following fiscal year.

In addition, S.B. 09-260 and S.B. 10-150 transfer certain moneys to the SPSF that would otherwise be credited to the Public School ("Permanent") Fund. Specifically, for fiscal years 2008-09 through 2010-11, 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 summarized below by fiscal year:

FY 2008-09 - actual	\$26,660,794 (effective for portion of FY)
FY 2009-10 - actual	\$43,360,289
FY 2010-11 - estimate	\$58,000,000

Staff recommends appropriating \$113,016,643 from the State Public School Fund for this line item for FY 2011-12. Calculations underlying staff's recommendation are provided in the following table.

Projections of Moneys Available in the State Public School Fund: FY 2011-12	
Description	Amount
Projected year-end fund balance, FY 10-11	\$37,404,767
Federal mineral lease revenues (capped at \$67.6 million statutorily)	67,600,000
Interest/investment income on Permanent Fund (capped statutorily)	11,000,000
District audit recoveries (portion anticipated to be collected in FY 10-11 is reflected in fund balance, above)	<u>0</u>
Total funds projected to be available	116,004,767

Projections of Moneys Available in the State Public School Fund: FY 2011-12	
Description	Amount
Amount required to public school laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	(35,480)
State match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	(2,472,644)
Supplemental on-line education programs [pursuant to Sections 22-2-130 and 22-5-119]	(480,000)
Subtotal: Expenditures for purposes other than the School Finance Act	(2,988,124)
Less: Recommended appropriation from State Public School Fund for the State Share of Districts' Total Program Funding for FY 11-12	(113,016,643)
Projected year-end fund balance	0

- Finally, please note that the Governor has proposed that legislation be introduced to extend the temporary diversion of moneys to the SPSF through FY 2011-12. Recent estimates indicate that this would make an additional \$36.0 million available for appropriation for this line item for FY 2011-12 (including \$20.0 million in rental, royalty, and bonus revenues and \$16.0 million in interest/investment income). **Staff recommends that the General Assembly implement the Governor's request, as part of the 2011 school finance bill, to mitigate the size of the school finance funding reduction in FY 2011-12.**

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 for public school finance. SEF revenues are not subject to the Taxpayer Bill of Rights (TABOR) limitation on fiscal year spending, and any appropriation from the SEF is not subject to the statutory limitation on state General Fund appropriations.

Staff recommends appropriating a total of \$317,158,532 from the SEF for this line item for FY 2011-12. This amount is based on the following:

- Projected SEF revenues and interest earnings of \$375 million in FY 2010-11 (based on Legislative Council Staff's December 2010 revenue forecast), SEF expenditures of \$482 million (reflecting recent legislative actions), and a fiscal year-end SEF balance of \$136 million.
- Projected SEF revenues of \$374 million in FY 2011-12 (based on Legislative Council Staff's December 2010 revenue forecast), SEF expenditures for categorical programs of \$93.7 million (based on staff's recommendations in this packet), SEF expenditures for various programs and functions totaling \$45.1 million (based on staff's recommendations in this packet).

- Maintaining a minimum balance of \$50 million in the SEF through the end of FY 2011-12. The State Treasurer currently has \$50 million of the SEF balance invested in long-term investments. Staff believes that it is prudent to avoid forcing the Treasurer to liquidate these assets prematurely. In addition, the General Assembly is now in the position of relying on *projected* income tax revenues to support current year appropriations from the SEF. Given the nature of income tax revenues, staff believes that it would be prudent to plan for a forecast error rate of five to 15 percent. A balance of \$50 million could also serve as a buffer for income tax revenue forecast errors.

General Fund. Although moneys available in the State Public School Fund and the SEF may be used to provide a portion of the funding required for districts' total program and for categorical programs, the state General Fund has always been and will continue to be the primary source of funding for this purpose. Currently, the General Fund provides over 87 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 3.55 percent for the ten years following the passage of Amendment 23 (FY 2001-02 through FY 2010-11).

Recent History of Appropriations for the State Share of Districts' Total Program Funding						
Fiscal Year	General Fund	Annual % Change	State Public School Fund/ State Education Fund	Annual % Change	Total Funds	Annual % Change
1994-95	\$1,393,562,842		\$34,016,762	-36.87%	\$1,427,579,604	
1995-96	1,469,655,920	5.5%	56,613,541	66.43%	1,526,269,461	6.91%
1996-97	1,594,123,930	8.5%	53,580,360	-5.36%	1,647,704,290	7.96%
1997-98	1,689,946,178	6.0%	35,647,023	-33.47%	1,725,593,201	4.73%
1998-99	1,776,015,806	5.1%	74,830,202	109.92%	1,850,846,008	7.26%
1999-00	1,887,449,285	6.3%	42,685,306	-42.96%	1,930,134,591	4.28%
2000-01	1,974,673,211	4.6%	73,400,663	71.96%	2,048,073,874	6.11%
Passage of Amendment 23						
2001-02	2,073,406,872	5.0%	156,629,363	113.39%	2,230,036,235	8.88%
2002-03	2,137,582,405	3.1%	346,960,158	121.52%	2,484,542,563	11.41%
2003-04	2,247,917,791	5.2%	379,156,261	9.28%	2,627,074,052	5.74%
2004-05	2,342,782,148	4.2%	401,122,658	5.79%	2,743,904,806	4.45%

Recent History of Appropriations for the State Share of Districts' Total Program Funding						
Fiscal Year	General Fund	Annual % Change	State Public School Fund/ State Education Fund	Annual % Change	Total Funds	Annual % Change
2005-06	2,480,460,455	5.9%	390,768,821	-2.58%	2,871,229,276	4.64%
2006-07	2,657,663,684	7.1%	403,505,151	3.26%	3,061,168,835	6.62%
2007-08	2,790,546,868	5.0%	362,163,909	-10.25%	3,152,710,777	2.99%
2008-09	2,930,074,211	5.0%	462,870,995	27.81%	3,392,945,206	7.62%
2009-10	3,076,277,922	5.0%	442,677,995	-1.55%	3,518,955,917	3.71%
2010-11	2,797,831,709	-9.1%	408,557,173	-7.71%	3,206,388,882	-8.88%

Maintenance of Effort Requirement. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to annually increase the General Fund appropriation for the state share of districts' total program by at least five percent annually through FY 2010-11. This maintenance of effort (MOE) requirement, however, does not apply in any fiscal year in which Colorado personal income grows less than 4.5 percent between the two previous calendar years⁶. The MOE did not apply for FY 2002-03 through FY 2004-05 or for FY 2009-10, and based on a 2.1 percent decline in personal income in CY 2009 (as reported in Legislative Council Staff's December 2010 revenue forecast), the MOE does not apply for FY 2010-11.

Non-Supplantation Requirement. In addition to the General Fund MOE requirement, Article IX, Section 17 (5) of the Colorado 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 2011-12 General Fund appropriation must exceed this amount.

Staff recommends including an appropriation of \$3,132,600,570 General Fund in the FY 2011-12 Long Bill for this line item. This amount is equal to the difference between the State Share of Districts' Total Program Funding based on the existing school finance formula, less moneys available from the State Public School Fund and the SEF. This amount represents an increase of \$334.6 million (12.0 percent) compared to the adjusted FY 2010-11 appropriation. This amount is \$326.6 million higher than the request.

Please note that staff's recommended General Fund appropriation is predicated on the Committee approving other staff recommendations in this packet related to the State Education Fund and the State Public School Fund. **If the Committee approves appropriations from these cash funds that**

⁶ The determination of whether the maintenance of effort provision applies to a particular fiscal year is based on the Colorado personal income data that is released in December of that same fiscal year.

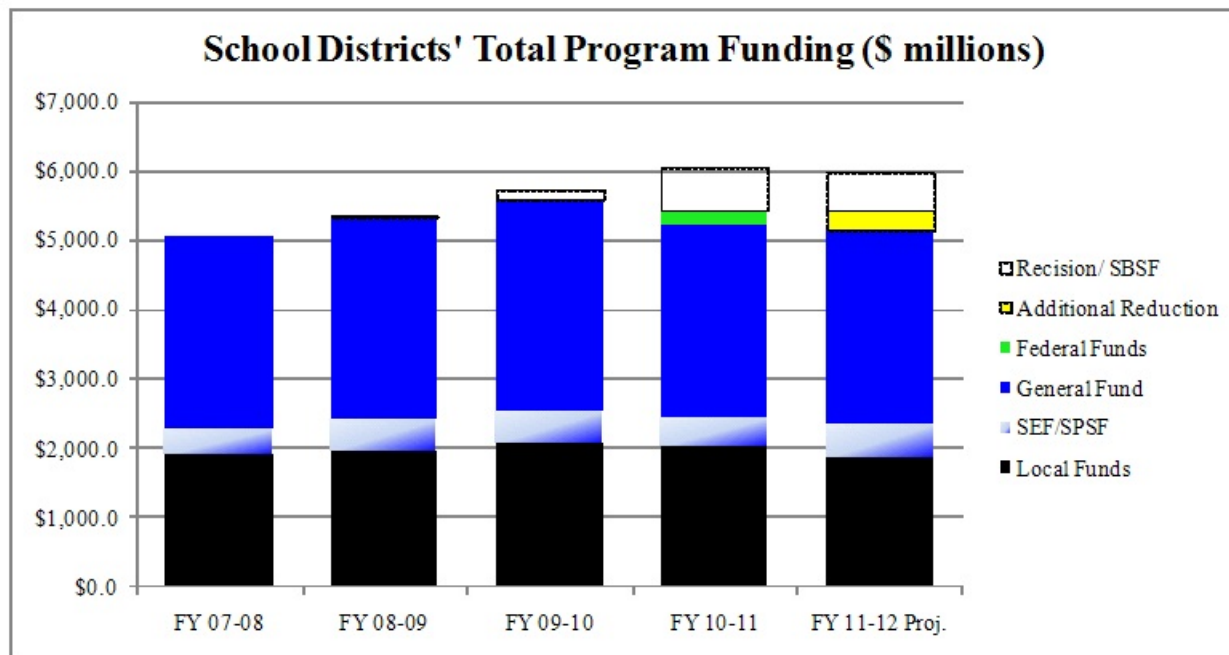
are higher (or lower) than recommended by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly.

Finally, staff's recommendations are based on Legislative Council Staff's December 2010 revenue forecast. If the March 2011 forecast significantly changes projected income tax revenues credited to the State Education Fund, staff will bring information back to the Committee to potentially adjust the fund sources appropriated for this line item.

Staff Recommendation for Budget Balancing Plan. Staff's recommendation for the Long Bill, above, is based on current law. **In light of the General Fund revenue shortfall, staff further recommends that the Committee establish a "target" amount of savings to be achieved through the annual school finance bill as part of the Committee's overall budget balancing plan. For now,** staff recommends that the Committee establish a target based on the General Fund appropriation requested by the Department. Specifically, **staff recommends a target of \$326.7 million,** calculated as follows:

\$2,805.9 million	FY 2011-12 General Fund appropriation requested by Department
<u>3,132.6 million</u>	Less: General Fund appropriation recommended for FY 2011-12 Long Bill based on current law
(326.7 million)	Target for General Fund reductions to be achieved through annual school finance bill
<u>36.0 million</u>	Plus: Additional moneys that would be available if the temporary diversion of moneys to the State Public School Fund is extended through FY 2011-12, as proposed by the Governor
(\$290.7 million)	Net change in funding based on Governor's proposal

To put this potential \$290.7 million reduction in context, the following graphic depicts districts' total program funding for the last three fiscal years, the current fiscal year, and staff's recommendation for FY 2011-12. For FY 2011-12, staff has also illustrated the additional funding reduction proposed by the Governor. [The same graphic is provided in Appendix A, but the Appendix includes data from FY 2000-01 through FY 2011-12.]



The underlying data for the above graphic is provided in the table below (and similar data is included in Appendix A from FY 2000-01 through FY 2011-12).

School Districts' Total Program Funding					
Fund Source	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
<i>Funded Pupil Count</i>	760,917	778,136	789,511	798,677	805,891
Local Funds	\$1,915,779,555	\$1,955,868,681	\$2,068,616,086	\$2,018,856,003	\$1,876,349,509
State Education Fund (SEF)/ State Public School Fund (SPSF) a/	362,163,909	462,870,995	442,677,995	408,557,173	466,175,175
General Fund b/	2,790,546,868	2,930,074,211	3,076,277,922	2,797,831,709	2,805,890,909
Federal Funds c/	<u>0</u>	<u>0</u>	<u>0</u>	<u>216,358,164</u>	<u>0</u>
Subtotal: Available Funding	5,068,490,332	5,348,813,887	5,587,572,003	5,441,603,049	5,148,415,593
<i>Available Funding/ Funded Pupil Count</i>	<i>\$6,661</i>	<i>\$6,874</i>	<i>\$7,077</i>	<i>\$6,813</i>	<i>\$6,388</i>
<i>Annual Percent Change</i>	<i>4.8%</i>	<i>3.2%</i>	<i>3.0%</i>	<i>-3.7%</i>	<i>-6.2%</i>
Additional Reduction Proposed by Governor d/	0	0	0	0	290,709,661
Recision/ State Budget Stabilization Factor (SBSF) e/	<u>0</u>	<u>6,247,730</u>	<u>129,813,999</u>	<u>597,569,265</u>	<u>547,983,762</u>
Subtotal: Funding Not Provided	0	6,247,730	129,813,999	597,569,265	838,693,423
TOTAL	5,068,490,332	5,355,061,617	5,717,386,002	6,039,172,314	5,987,109,016

School Districts' Total Program Funding

- a/ For FY 2011-12, reflects staff's recommendation, plus \$36,000,000 that could be made available through legislation.
- b/ For FY 2011-12, reflects requested General Fund appropriation.
- c/ 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.
- d/ "Additional Reduction Proposed by Governor" is calculated as follows: Difference between requested and recommended General Fund appropriations (\$326,709,661) and the amount of additional revenues anticipated to be made available it S.B. 10-150 is extended through FY 2011-12 (\$36,000,000), as proposed by the Governor.
- e/ Recision amounts exclude "off-the-top" funding for School Finance Unit or Cost-of-Living Study.

As indicated in the shaded row of the above table, if the \$290.7 million General Fund reduction were to be accomplished solely through an increase in the size of the state budget stabilization factor, the amount of average per pupil funding would decrease to \$6,388. This level of per pupil funding is similar to the level that was provided in FY 2006-07, and about a 6.2 percent reduction compared to the funding available per pupil (including one-time federal funds) in the current fiscal year. **Staff has listed below (in priority order) statutory changes that should be considered, as part of the school finance bill, to mitigate the reduction to funding provided through the school finance formula.** Staff has provided an estimate of the amount of potential savings associated with each statutory change. However, depending on the combination of formula changes and the size of the state budget stabilization factor, actual savings would likely differ.

Staff Recommendations

- **School Finance - Temporary Diversion of State Trust Lands Revenues** (*Estimated revenues of \$36.0 million for FY 2011-12*). Extend the temporary diversion of moneys to the State Public School Fund (S.B. 09-260/ S.B. 10-150) for one more year. Recent estimates indicate that this would make an additional \$36.0 million (including \$20.0 million in rental, royalty, and bonus revenues and \$16.0 million in interest/investment income) available for appropriation for this line item for FY 2011-12.
- **Read-to-Achieve Grant Program** (*Estimated General Fund revenues of \$1.8 million in FY 2010-11 and ongoing annual General Fund revenues of \$2.4 million*). Permanently redirect the entire amount of tobacco settlement moneys that is currently allocated to the Read-to-Achieve Cash Fund to the General Fund, beginning in FY 2011-12. Direct the State Treasurer to transfer any moneys remaining in the Read-to-Achieve Cash Fund as of June 30, 2011 to the General Fund. Replace the appropriations from the Read-to-Achieve Cash Fund for S.B. 10-054 (totaling \$120,418) with General Fund appropriations, beginning in FY 2011-12. Replace the appropriation from the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program with a General Fund appropriation of \$2,000,000 for both FY 2011-12 and FY 2012-13 (thereby allowing current grants to continue for full three years). Consider modifying the portion of the appropriation that the Department is allowed to spend for administrative activities (3.0 percent of \$2.0 million would be \$60,000). Further, suspend or eliminate the requirement in Section 22-2-122 (3), C.R.S. that 1.0 percent of amounts appropriated for this and other grant programs be

distributed to BOCES, thereby ensuring that any funding appropriated for this and other programs is available for actual grant awards and program administration.

- **School Finance - ASCENT Program** (*savings of up to \$4.6 million for FY 2011-12*). This program is subject to available appropriations, but two types of statutory changes should be considered in conjunction with reducing the appropriation: (1) Reduce the number of ASCENT participants for FY 2011-12 (the Long Bill would authorize 753 based on staff's recommendation), and prohibit school districts from counting and receiving funding for students who have completed minimum high school graduation requirements and who are participating in a concurrent enrollment program other than ASCENT, beginning in FY 2011-12 (one year earlier than under current law). The number of ASCENT participants reported by some districts represents a relatively large percent of current 12th grade enrollment. The variation among participating districts does not appear to correspond to the number of at-risk students this program is intended to serve.

(2) Reduce the per pupil funding amount allocated for each ASCENT participant (estimated at \$6,142 for FY 2011-12). Current law provides for per pupil funding far in excess of the cost of community college tuition (\$2,888 for 30 credit hours).

- **Hold-harmless Full-day Kindergarten Funding** (*Annual savings of up to \$7.2 million*). Eliminate this funding. Alternatively, limit the funding to simply provide sufficient funding to ensure that districts can provide full-day kindergarten for the same number of students as in FY 2007-08. Under the current formula, about half of the districts that receive funding through this line item now receive supplemental kindergarten funding (the extra 0.08 FTE per pupil funding now provided to all school districts) that will support more FTE than the district previously supported using Colorado Preschool Program slots.

Other Options to Consider

- **School Finance - Minimum Per Pupil Funding** (*Annual savings of \$13 million*). Eliminate or reduce minimum per pupil funding, which requires a district's per pupil funding to equal at least 95 percent of the statewide average per pupil funding (excluding funding for students participating in multi-district on-line programs or the ASCENT Program). This provision essentially sets a floor for district per pupil funding regardless of the impact of the specific formulaic factors.
- **School Finance - Funding for Students in On-line Programs** (*Annual savings of up to \$20 million*). Reduce the per pupil funding amount for full-time on-line students, perhaps as low as base per pupil funding (a reduction from an estimated \$6,172 to \$5,635 for FY 2011-12). The costs of on-line programs differ from those provided through traditional "brick and mortar" schools. There is little objective data to support the current level of per pupil funding for full-time on-line students (whether served within a district or through a multi-district on-line program).

- **School Finance - Enrollment Averaging** (*Annual savings of up to \$25 million*). Reduce the number of years of enrollment which districts are allowed to average for purposes of funding, and/or limit this provision to districts with low enrollments (e.g., below 400). In FY 2008-09, the General Assembly increased the number of years of enrollment that can be averaged from four to five.
- **School Finance - Supplemental Kindergarten Enrollment Funding** (*Annual savings of up to \$33 million*). Suspend the authorization for districts to count kindergarten students as 0.58 FTE rather than 0.50 FTE. This funding was added in FY 2008-09.
- **School Finance - Colorado Preschool Program** (*Annual savings of up to \$62 million*). Temporarily reduce the number of "slots" authorized for the Colorado Preschool Program. The General Assembly has increased the number of slots by 5,800 (40 percent) since FY 2006-07, including adding 2,000 slots in FY 2007-08, 3,500 in FY 2008-09, and 300 in FY 2009-10.
- **Child Nutrition School Lunch Protection Program** (*Annual savings of up to \$850,000*). Suspend funding for this program. [Funding for the Start Smart Nutrition Program would be maintained.] Since 2008 this program has provided 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. Compared to the Start Smart program, this program serves fewer children, is less effective in increasing the number of children who participate in federally subsidized meal programs (participation rates are significantly higher for lunch), and is less effective in reducing administrative burdens on school service programs (i.e., schools would still need to collect reduced price fees from children at other grade levels).

Other Line Items in the Public School Finance Subsection:

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

These two appropriation were included in S.B. 11-157 to reflect the availability of two sources of federal funds. These funds will not be available for FY 2011-12.

State Share Correction for Local Share Overpayments in Prior Fiscal Years.

This line item provided a one-time appropriation for FY 2009-10 from the State Public School Fund (from school district audit recoveries) to provide additional state funding to Steamboat Springs RE-2 School District due to an erroneous over-collection of local revenues in the last two fiscal years. This error resulted in the state share of the district's total program expenses being understated.

Appropriations to the State Education Fund.

The General Assembly provided a one-time appropriation of \$121.0 million from the General Fund to the State Education Fund for FY 2008-09.

Military Dependent Supplemental Pupil Enrollment Aid.

House Bill 07-1232 [Section 22-54-128, C.R.S.] established a process to provide mid-year funding increases to school districts that are impacted by military troop movements. In FY 2007-08, six eligible school districts⁷ received a total of \$1,818,517 General Fund pursuant to this program. No funding has been appropriated for this purpose since FY 2007-08.

Hold-harmless Full-day Kindergarten Funding.

Description. Under current law [Section 22-28-104 (2) (a) (III), C.R.S.], a total of 20,160 half-day preschool slots are authorized for the Colorado Preschool Program (CPP) for FY 2011-12. Pursuant to H.B. 08-1388, CPP slots can no longer be used 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. The Department's request reflects \$6,745,230 cash funds from the State Education Fund for this purpose for FY 2011-12 (based on the proposed change to the school finance formula).

Recommendation. **Staff recommends appropriating \$7,198,953 cash funds from the State Education Fund for FY 2011-12.** This appropriation is consistent with the current school finance formula and the distribution of 753 eligible ASCENT students by school district.

District Per Pupil Reimbursements for Juveniles Held in Jail.

Description. Pursuant to S.B. 10-054 [Section 22-32-141, C.R.S.], the General Assembly is required to appropriate moneys to reimburse school districts for educational services provided to juveniles held in jails. This act amended Section 22-7-908 (1), C.R.S., to authorize the appropriation of moneys from the Read-to-Achieve Cash Fund for such purposes, and the act included an appropriation of \$209,287 for FY 2011-12 for this purpose, including three components:

- 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 per week). The initial appropriation of \$159,526 was based on 22.0 FTE at rate of \$41.20/day X 176 days of service per year.
- 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 period services are provided. The initial appropriation of \$29,032 was based on 4.0 FTE at \$7,258/pupil.

⁷ Eligible school districts, all in El Paso county, included: Harrison, Widefield, Fountain, Colorado Springs, Academy 20, and Falcon.

- Funding for the Department's administrative costs related to collecting data from sheriffs and reimbursing school districts. The act included an appropriation of \$20,729 and 0.2 FTE. This appropriation is reflected in the Administration line item, above.

Request. The Department requests a continuation level of funding (\$188,558) for school district reimbursements for FY 2011-12.

Recommendation. **Staff recommends appropriating \$100,000 cash funds from the Read-to-Achieve Cash Fund for district reimbursements for FY 2011-12.** Based on the implementation of this program to date, it is very difficult to project the number of youth who will be held in jail, and the number of youth who will actually receive educational services. Based on discussions with Department staff, this amount would appear to be sufficient to cover potential reimbursements to districts for FY 2011-12.

To date, the Department has received educational service reports from four sheriffs' offices, including: Adams county (they have had eligible juveniles but have issues getting clearance for school district staff to provide services at jail facility); Jefferson county (they have not had any eligible juveniles); Pueblo county (services have been provided by Pueblo City school district); and Weld county (services have been provided by Greeley 6 school district). For the first seven months of FY 2010-11, the Department has paid reimbursements totaling \$4,746 (including \$2,432 to Greeley 6 and \$2,313 to Pueblo City school district) for services provided to six students. These payments only reflect the daily rate established for facility schools. The Department indicates that one student was released prior to the October pupil count, and two students were not included in any district's October pupil count, and the Department will likely pay out up to \$14,420 for services provided to these students.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(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 2009 the percentage change in the Denver-Boulder consumer price index was actually negative (-0.6 percent), so the General Assembly was required to increase state funding for categorical programs by at least \$920,774 (0.4 percent) for FY 2010-11.

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 \$88.9 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally required amount, resulting in appropriations that are now \$34.7 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$88.9 million among categorical programs.

Increases in State Funding for Categorical Programs				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2010-11 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$71,510,773	\$127,362,125	\$55,851,352	78.1%
English Language Proficiency Program	3,101,598	12,396,353	9,294,755	299.7%
Public school transportation	36,922,227	49,541,821	12,619,594	34.2%
Career and technical education programs	17,792,850	23,296,124	5,503,274	30.9%
Special education - gifted and talented children	5,500,000	9,059,625	3,559,625	64.7%
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%
Total	\$142,164,395	\$231,114,383	\$88,949,988	62.6%

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.

A description of each categorical program line item is provided below, including a description of the funds available -- other than state funds -- for each program. A discussion and recommendations related to the constitutionally required funding increase for this group of programs for FY 2011-12 follows, with the recommended allocations summarized on page 99.

(I) District Programs Required by Statute

Special Education Programs for Children with Disabilities.

Description. Pursuant to the federal *Individuals with Disabilities Education Act (IDEA)* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.], school districts are required 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 children⁸), 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 allocated *state funds* among units as follows:

- "Tier A": Administrative units received \$1,250 for each child with a disability who was reported on the prior year special education count.
- "Tier B": Administrative units received an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: significant limited intellectual capacity, significant identifiable emotional disability, hearing disability, vision disability, deaf-blind, autism, traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation.

⁸ Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

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

Request. The Department's request for FY 2011-12 includes a total of \$128.5 million state funding (a 0.9 percent annual increase). 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 \$158.8 million in federal funds that are anticipated to be available to reimburse administrative units and support 63.5 federally-funded Department FTE.

Recommendation. **Staff's recommendation reflects a total of \$288,628,104 total funds, including \$71,572,347 General Fund and \$58,225,450 cash funds from the State Education Fund (a 1.9 percent annual increase in state funding). Staff also recommends approving the request to reflect \$101,812 reappropriated funds transferred from the Department of Human Services and 1.0 FTE, and \$158,728,495 federal funds and 63.5 FTE for FY 2011-12.**

English Language Proficiency Program.

Description. 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 whose dominant language is not English. 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 whose dominant language is not English. Second, districts receive funding through the English Language Proficiency Act (ELPA) for students whose dominant language is not English. 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 is to be used to provide 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 limited English, but whose predominant language is not English. Annual per eligible student funding for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.
- The remaining 25 percent of the amount appropriated is to be distributed to districts that serve students whose dominant language is difficult to determine as they speak and comprehend limited English and at least one other language. 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 2011-12 includes a total of \$12.7 million state funding (a 2.7 percent annual increase). The Department's request also reflects \$11.3 million in federal funds that are anticipated to be available to reimburse administrative units and support 4.6 federally-funded Department FTE.

Recommendation. **Staff's recommendation reflects a total of \$24,377,497 total funds, including \$3,101,598 General Fund and \$9,984,180 cash funds from the State Education Fund (a 5.6 percent annual increase in state funding). Staff also recommends approving the request to reflect \$11,291,719 federal funds and 4.6 FTE for FY 2011-12.**

(II) Other Categorical Programs

Public School Transportation.

Description. 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 with the exception of one district (San Juan - Silverton), all districts provide transportation services.

Statewide, over 40 percent of students are transported. School districts employ a fleet of over 6,200 buses and small vehicles traveling approximately 50 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. Six districts have received voter approval to levy separate mills to generate additional local revenues⁹, but no district has imposed a separate user fee. 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 2011-12 includes a total of \$50.0 million state funding (a 1.0 percent annual increase) and 2.0 FTE. Please note that the Department's request reflects a \$7,231 reduction in the General Fund appropriation for this line item based on common policy adjustments related to the personal services portion of the appropriation. The Department's request also reflects \$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 this fund would allow the Department to re-distribute moneys that are recovered in the current fiscal year in FY 2011-12.

Recommendation. **Staff's recommendation reflects a total of \$50,828,042 total funds and 2.0 FTE, including \$36,922,227 General Fund and \$13,455,815 cash funds from the State Education Fund** (a 1.7 percent annual increase in state funding). Staff's recommendation does not reflect a reduction in the General Fund appropriation, as the total amount of General Fund appropriated for categorical programs is at the minimum constitutionally allowed level. The Department has made this type of (unconstitutional) request before. Thus, **staff recommends reflecting the FTE for this line item with the cash funds portion of the appropriation so that the personal services and operating expenses will be paid out of the State Education Fund rather than the General Fund.**

⁹ Districts include: Eagle, Gilpin, Grand - West Grand, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

Staff's recommendation also does not reflect either a base reduction or vacancy savings for personal services. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for distribution to school districts. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Public School Transportation						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$144,123	\$2,372	\$0	\$0	\$146,495	2.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	3,358	0	0	3,358	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Requested additional 1.0% reduction	0	0	0	0	0	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	0	(3,358)	0	0	(3,358)	0.0
Adjustment to shift FTE to SEF	<u>(144,123)</u>	<u>144,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	146,495	0	0	146,495	2.0
Operating Expenses:						
FY 2010-11 Long Bill	39,093	0	0	0	39,093	
Adjustment to shift operating expenses to SEF	<u>(39,093)</u>	<u>39,093</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses	0	39,093	0	0	39,093	
Spending Authority from Public School Transportation Fund	0	450,000	0	0	450,000	
Other Distributions:						
FY 2010-11 Long Bill	36,739,011	12,617,222	0	0	49,356,233	
Increase in distributions	<u>183,216</u>	<u>653,005</u>	<u>0</u>	<u>0</u>	<u>836,221</u>	
Subtotal: Other Distributions	36,922,227	13,270,227	0	0	50,192,454	
Staff Recommendation	36,922,227	13,905,815	0	0	50,828,042	2.0

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

Description. 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 related 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's request for FY 2011-12 includes a total of \$23.4 million state funding (a 0.6 percent annual increase).

Recommendation. **Staff's recommendation reflects a total of \$23,584,498 state funds, including \$17,792,850 General Fund and \$5,791,648 cash funds from the State Education Fund** (a 1.2 percent annual increase in state funding).

Special Education Programs for Gifted and Talented Children.

Description. 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". Funding that is provided by the state for gifted programs are to 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. The Department has established a formula for distributing funds that generally allocates funds on a per-student basis. 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's request for FY 2011-12 includes a total of \$9.1 million state funding (a 0.8 percent annual increase) and 0.5 FTE. Please note that the Department's request reflects a \$750 reduction in the General Fund appropriation for this line item based on common policy adjustments related to the personal services portion of the appropriation.

Recommendation. **Staff's recommendation reflects a total of \$9,201,106 state funds and 0.5 FTE, including \$5,500,000 General Fund and \$3,701,106 cash funds from the State Education Fund** (a 1.6 percent annual increase in state funding). Staff's recommendation does not reflect a reduction in the General Fund appropriation, as the total amount of General Fund appropriated for categorical programs is at the minimum constitutionally allowed level. The Department has made this type of (unconstitutional) request before. Thus, **staff recommends reflecting the FTE for this line item with the cash funds portion of the appropriation so that the personal services and operating expenses will be paid out of the State Education Fund rather than the General Fund.**

Staff's recommendation also does not reflect either a base reduction or vacancy savings for personal services. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for distribution to school districts. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Special Education Programs for Gifted and Talented Children						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$25,000	\$0	\$0	\$0	\$25,000	0.5
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	0	0	0	0	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Requested additional 1.0% reduction	0	0	0	0	0	0.0
2.0 1.0% personal services reduction	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	0	0	0	0	0	0.0
Adjustment to shift FTE to SEF	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	25,000	0	0	25,000	0.5
Operating Expenses:						
FY 2010-11 Long Bill	0	0	0	0	0	

Summary of Recommendation for Special Education Programs for Gifted and Talented Children						
	GF	CF	RF	FF	TOTAL	FTE
Other Distributions:						
FY 2010-11 Long Bill	5,475,000	3,559,625	0	0	9,034,625	
Increase in distributions	<u>25,000</u>	<u>116,481</u>	<u>0</u>	<u>0</u>	<u>141,481</u>	
Subtotal: Other Distributions	5,500,000	3,676,106	0	0	9,176,106	
Staff Recommendation	5,500,000	3,701,106	0	0	9,201,106	0.5

Expelled and At-risk Student Services Grant Program.

Description. 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's request for FY 2011-12 includes a total of \$7.6 million state funding (a 0.9 percent annual increase) and 1.0 FTE. Please note that the Department's request reflects an \$8,351 reduction in the General Fund appropriation for this line item based on common policy adjustments related to the personal services portion of the appropriation.

Recommendation. **Staff's recommendation reflects a total of \$7,493,560 state funds and 1.0 FTE, including \$5,788,807 General Fund and \$1,704,753 cash funds from the State Education Fund (no annual increase).** Staff's recommendation does not reflect a reduction in the General Fund appropriation, as the total amount of General Fund appropriated for categorical programs is at the minimum constitutionally allowed level. The Department has made this type of (unconstitutional) request before. Thus, **staff recommends reflecting the FTE for this line item with the cash funds portion of the appropriation so that the personal services and operating expenses will be paid out of the State Education Fund rather than the General Fund.**

Staff's recommendation also does not reflect either a base reduction or vacancy savings for personal services. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for grants. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Expelled and At-risk Student Services Grant Program						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$50,871	\$0	\$0	\$0	\$50,871	1.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	2,013	0	0	0	2,013	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Requested additional 1.0% reduction	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	(2,013)	0	0	0	(2,013)	0.0
Adjustment to shift FTE to SEF	<u>(50,871)</u>	<u>50,871</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	50,871	0	0	50,871	1.0
Operating Expenses:						
FY 2010-11 Long Bill	500	0	0	0	500	

Summary of Recommendation for Expelled and At-risk Student Services Grant Program						
	GF	CF	RF	FF	TOTAL	FTE
Adjustment to shift operating expenses to SEF	(500)	500	0	0	0	
Subtotal: Operating Expenses	0	500	0	0	500	
Grants:						
FY 2010-11 Long Bill	5,737,436	1,704,753	0	0	7,442,189	
Increase in grants	51,371	(51,371)	0	0	0	
Subtotal: Grants	5,788,807	1,653,382	0	0	7,442,189	
Staff Recommendation	5,788,807	1,704,753	0	0	7,493,560	1.0

Small Attendance Center Aid.

Description. 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 2009-10. On average, eligible schools received an additional \$1,103 per pupil.

Small Attendance Center Aid: FY 2009-10					
School District	School	10/09 Enrollment	Full Funding per Formula	Amount Distributed	Distribution per FTE
Dolores	Rico Elementary	9.6	\$19,085	\$17,176	\$1,789
Gunnison	Marble Charter School	37.5	92,432	83,188	2,218
Huerfano	Gardner School	62.3	100,653	90,586	1,454
La Plata - Durango	Fort Lewis Mesa Elementary	150.7	83,826	75,442	501
Larimer - Poudre	Red Feather Elementary	32.5	85,088	76,578	2,356
Logan - Valley	Caliche Elementary	143.7	86,362	77,724	541
Logan - Valley	Caliche Jr./Sr. High	117.0	114,201	102,779	878

Small Attendance Center Aid: FY 2009-10					
School District	School	10/09 Enrollment	Full Funding per Formula	Amount Distributed	Distribution per FTE
Mesa - Mesa Valley	Gateway School	40.2	95,891	86,300	2,147
Moffat	Maybell Elementary	14.2	41,293	37,163	2,617
Montrose - West End	Paradox Valley Charter School	36.6	64,456	58,009	1,585
Park	Guffey Community Charter School	26.7	65,531	58,977	2,209
Park	Lake George Charter School	69.3	112,031	100,826	1,455
Pueblo 70	Beulah School	<u>129.3</u>	<u>105,146</u>	<u>94,630</u>	<u>732</u>
Totals		869.6	1,065,995	959,378	1,103

Request. The Department's request for FY 2011-12 includes a total of \$959,379 state funding, including \$787,645 General Fund and \$171,734 cash funds from the State Education Fund (the same as the FY 2010-11 appropriation).

Recommendation. **Staff recommends approving the request.** In the current fiscal year, this appropriation fell 11.7 percent short of full funding.

Comprehensive Health Education.

Description. 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 2010-11 is the first year of a three-year grant cycle for comprehensive health education programs, and the third year of a three-year grant cycle for local student wellness programs.

Request. The Department's request for FY 2011-12 includes a total of \$1,011,614 state funding (a 0.6 percent annual increase) and 1.0 FTE.

Recommendation. **Staff's recommendation reflects a total of \$1,005,396 state funds and 1.0 FTE, including \$300,000 General Fund and \$705,396 cash funds from the State Education**

Fund (no annual increase). Staff's recommendation does not reflect either a base reduction or vacancy savings for personal services. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for grants. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Comprehensive Health Education						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$94,151	\$0	\$0	\$94,151	1.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	2,170	0	0	2,170	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Requested additional 1.0% reduction	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>(2,170)</u>	<u>0</u>	<u>0</u>	<u>(2,170)</u>	<u>0.0</u>
Subtotal: Personal Services	0	94,151	0	0	94,151	1.0
Operating Expenses:						
FY 2010-11 Long Bill	0	1,450	0	0	1,450	
Grants:						
FY 2010-11 Long Bill	300,000	609,795	0	0	909,795	
Increase in grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Grants	300,000	609,795	0	0	909,795	
Staff Recommendation	300,000	705,396	0	0	1,005,396	1.0

Allocation of Required Funding Increase for FY 2011-12. As noted earlier, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus for FY 2011-12. The Department's request for FY 2011-12 includes a \$2,300,980 increase, based on a projected 1.0 percent inflation rate (and less several reductions related to proposed reductions in personal services funding). **Based on an actual change in the CPI for CY 2010 (1.9 percent), staff recommends adding \$4,391,173 state funds for categorical programs for FY 2011-12.**

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?

For FY 2011-12, 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) while the Department's request was based on a projected rate of 1.0 percent. In addition, staff's recommendation differs from the request in three ways. First, it excludes any funding increase for the two grant programs (in light of the magnitude of the proposed reduction in districts' total program funding next year). Second for purposes of calculating the gap in funding for transportation, staff uses both revenues and expenditures for FY 2008-09, rather than using revenues for FY 2008-09 and expenditures for FY 2007-08. While staff understands that districts are reimbursed based on prior year expenditures, staff feels it's more appropriate to consistently use FY 2008-09 expenditures for all programs when comparing the size of the funding gap. Third, for purposes of calculating the gap in funding for special education services for children with disabilities, staff includes both revenues and expenditures related to preschool services for children with disabilities.

In Table B, below, staff has provided a table summarizing the allocation recommended by staff, the allocation requested by the Department, as well as two other options for discussion purposes.

TABLE A: Categorical Program Revenues and Expenditures: FY 2008-09						
Long Bill Line Item	(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c)/(d)	(f)=(d)-(c)
	State Funds	Federal Funds	Total State and Federal Funds	Total District Expenditures	State/Federal Share of Expenditures	Local Share of Expenditures
District Programs Required by Statute:						
Special Education - Children With Disabilities a/	\$148,416,838	\$142,943,202	\$291,360,040	\$747,739,460	39.0%	\$456,379,420
English Language Proficiency Program	8,612,057	9,343,843	17,955,900	147,135,484	12.2%	129,179,584
Other Categorical Programs:						
Public School Transportation	45,653,856	0	45,653,856	202,339,153	22.6%	156,685,297
Career and Technical Education	21,672,472	5,538,911	27,211,383	81,244,933	33.5%	54,033,550
Special Education - Gifted and Talented Children	8,236,573	0	8,236,573	34,746,228	23.7%	26,509,655
Total						\$822,787,506

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

TABLE B: Required Increase in <i>State</i> Funding for Categorical Programs for FY 2011-12									
Long Bill Line Item	FY 10-11 Approp.	Examples of Options for Allocating Required Increase							
		A: Staff Recomm.	%	B: Dept. Request	%	C	%	D	%
Special education programs for children with disabilities	\$127,362,125	\$2,435,672	1.9%	\$2,268,920	1.8%	\$4,001,683	3.1%	\$2,419,879	1.9%
English language proficiency programs	12,396,353	689,425	5.6%	642,224	5.2%	389,490	3.1%	235,531	1.9%
Public school transportation	49,541,821	836,221	1.7%	941,500	1.9%	0	0.0%	941,295	1.9%
Career and technical education	23,296,124	288,374	1.2%	268,629	1.2%	0	0.0%	442,626	1.9%
Special education programs for gifted and talented children	9,059,625	141,481	1.6%	130,357	1.4%	0	0.0%	172,133	1.9%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	127,625	1.7%	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%	11,918	1.2%	0	0.0%	19,103	1.9%
Totals (may not sum due to rounding)	231,114,383	4,391,173	1.9%	4,391,173	1.9%	4,391,173	1.9%	4,391,173	1.9%

Description of Potential Allocation Options:

A: Staff recommendation (described on page 97).

B: Department's request, prorated to reflect actual inflation rate of 1.9% rather than 1.0% for purposes of comparison.

C: Provide a 3.1 percent increase for services for children with disabilities and English language proficiency programs.

D: Provide the same percent for all programs.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(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., \$28,665 for a family of four in 2010)
- *Reduced price meals:* Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$28,665 and \$40,793 for a family of four)

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 \$1.48 for each free meal served, \$1.18 for each reduced price meal served, and \$0.26 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the National School Lunch and Breakfast Programs are administered by the Department of Education, and they are operated 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 2009-10, per the October 1 pupil count, a total of 258,899 children were eligible for free meals, and another 60,259 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.

Data Concerning National School Lunch Program	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate
Children <i>eligible</i> for <u>free</u> meals	220,619	231,232	258,899	279,275
<i>Annual % Change</i>		4.8%	12.0%	7.9%
Children <i>eligible</i> for <u>reduced</u> price meals	54,941	58,172	60,529	57,168
<i>Annual % Change</i>		5.9%	4.1%	-5.6%
Children eligible for free or reduce price meals	275,560	289,404	319,428	336,443
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>lunch</u> program	61.3%	64.3%	63.3%	64.0%
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>breakfast</u> program	16.4%	21.6%	21.1%	25.6%

Federal Nutrition Programs.

Description. This line item reflects (for informational purposes) all federal funding that is available for nutrition programs. These programs provide lunches, breakfasts, other gap nutritional resources for children, as well as nutrition materials for teachers, students, food service personnel and parents. 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 \$108,610,006 (including \$78,830 General Fund) and 9.0 FTE for FY 2011-12.

Recommendation. **Staff recommends appropriating \$156,616,096 and 9.0 FTE for FY 2011-12,** as detailed in the following table. The recommendation related to personal services is \$2,324 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (the recommended reduction is \$9,741 greater as it applies to General Fund and Federal Funds); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$12,065). In addition, staff's recommendation includes \$48.0 million more federal funds than reflected in the request based on updated information provided by program staff (see the second table, below).

Summary of Recommendation for Federal Nutrition Programs						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$81,614	\$0	\$0	\$661,776	\$743,390	9.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	(743)	0	0	0	(743)	0.0
Subtotal: FY 2010-11 Appropriation	80,871	0	0	661,776	742,647	9.0

Summary of Recommendation for Federal Nutrition Programs						
	GF	CF	RF	FF	TOTAL	FTE
Reinstate FY 2010-11 one-time reduction	743	0	0	0	743	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	1,889	0	0	12,897	14,786	0.0
Vacancy Savings (1.5%)	(1,253)	0	0	(10,120)	(11,373)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(816)	0	0	0	(816)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(1,799)</u>	<u>0</u>	<u>0</u>	<u>(13,433)</u>	<u>(15,232)</u>	<u>0.0</u>
Subtotal: Personal Services	79,635	0	0	651,120	730,755	9.0
Operating Expenses and Pass-Through of Federal Funds:						
FY 2010-11 Long Bill	893	0	0	107,880,682	107,881,575	
Adjustment to reflect federal funds anticipated to be available	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,003,766</u>	<u>48,003,766</u>	
Subtotal: Operating Expenses and Pass-Through Funds	893	0	0	155,884,448	155,885,341	
Staff Recommendation	\$80,528	\$0	\$0	\$156,535,568	\$156,616,096	9.0

Estimated Federal Nutrition Funds Available for FY 2011-12	
National School Lunch Program	\$123,430,000
School Breakfast Program	28,200,000
Special Milk Program	70,000
Summer Food Service Program	2,712,650
Nutrition Education and Training Program	<u>2,122,918</u>
Total	156,535,568

State Match for Federal School Lunch Program.

Description. 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 \$17.4 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 2011-12.

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 \$17.4 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.

Description: 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.

Data Concerning Districts' School Lunch Programs and the Child Nutrition School Lunch Protection Program	FY 08-09 Actual	FY 09-10 Actual
Total number of reduced price lunches served (all grade levels)	6,424,491	6,703,688
Number of above meals for which state reimbursement is available (K through 2 nd grade only)	1,751,188	1,867,050
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	10,007	10,669
Child Nutrition School Lunch Protection Program expenditures	\$697,071	\$739,790
<i>Annual percent change</i>		6.1%

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 2011-12.

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

School Breakfast Program.

Description: 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.

Request: The Department requests \$500,000 General Fund for FY 2011-12.

Recommendation: In light of the significant funding reductions proposed by the Governor for school districts' total program funding for FY 2011-12, **staff recommends not appropriating any funding**

for this program for FY 2011-12. This program is designed to assist school districts to create, expand, or enhance a school breakfast program in low performing schools. Since FY 2002-03, the General Assembly has appropriated a total of \$3,010,000 for this program. Funding was suspended in FY 2003-04 and FY 2004-05, and staff believes it's reasonable to suspend funding again in FY 2011-12. Please note that based on staff's recommendations, districts would continue to receive state moneys through the "State Match for Federal School Lunch Program" line item, which can be used to for the same types of expenditures. In addition, a total of \$1,034,538 in federal moneys was recently made available to districts for school food service equipment through the federal American Recovery and Reinvestment Act (ARRA).

Start Smart Nutrition Program Fund and Start Smart Nutrition Program.

Description: 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.

Data Concerning Districts' School Breakfast Programs and the Start Smart Nutrition Program	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Estimate
Number of <i>school districts</i> that offer a school breakfast program	154	157	162	165
Number of <i>schools</i> that offer a school breakfast program	1,301	1,344	1,400	1,374
Number of reduced price breakfasts served (and reimbursed by State)	1,787,574	2,181,525	2,320,063	2,560,700
Estimated number of students who benefit from Start Smart subsidy	9,960	12,466	13,258	14,633
Start Smart expenditures	\$522,914	\$654,458	\$696,019	\$768,210
<i>Annual percent change</i>		25.2%	6.4%	10.4%

Request: The Department requests continuation of the \$700,000 General Fund appropriation to the Start Smart Nutrition Program Fund, and an appropriation of \$843,495 reappropriated funds out of such fund for FY 2011-12. The request is based on a projected 9.8 percent increase in expenditures, as follows:

\$768,210	Portion of the FY 10-11 appropriation unrelated to the over expenditure
<u>75,285</u>	Projected increase of 9.8 percent
843,495	Total Request

Recommendation: Staff recommends approving the Department's request. However, staff recommends that the latter appropriation reflect \$700,000 reappropriated funds and \$143,495 cash funds. As detailed in the following table, moneys in the Start Smart Nutrition Program Fund will be sufficient to cover the requested appropriation.

Start Smart Nutrition Program Fund					
	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-11 Actual	FY 2010-11 Estim.	FY 2011-12 Estim.
Beginning Fund Balance	\$0	\$177,086	\$236,826	\$253,546	\$198,075
General Fund Appropriation to the Cash Fund	700,000	700,000	700,000	700,000	700,000
Interest Earnings	0	14,198	12,739	12,739	12,739
Program Expenditures	<u>(522,914)</u>	<u>(654,458)</u>	<u>(696,019)</u>	<u>(768,210)</u>	<u>(843,495)</u>
Ending Fund Balance	\$177,086	\$236,826	\$253,546	\$198,075	\$67,319
Spending Authority Provided from Fund (Annual Appropriation from the Cash Fund)*	\$700,000	\$670,000	\$670,000	\$794,229	\$843,495
Appropriation Exceeds/(Falls Short of) Expenditures	177,086	15,542	(26,019)	26,019	0

* The adjusted appropriation for FY 2010-11 includes \$26,019 to address the over expenditure that occurred in FY 2009-10.

S.B. 97-101 Public School Health Services.

Description: 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 services¹⁰ 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,

¹⁰ 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).

equipment, and supplies; and conducting health insurance outreach activities (for Medicaid and CHP+).

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

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds exempt). 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 \$136,966 reappropriated funds and 1.4 FTE for FY 2011-12.

Recommendation: As detailed in the following table, **staff recommends appropriating \$140,388 and 1.4 FTE for FY 2011-12.** This recommendation is \$3,422 higher than the request, due to: (1) based on more recent discussions between the Department of Education and the Department of Health Care Policy and Financing, it is staff's understanding that they have agreed to limit the reduction to this department's budget to \$7,926 (leaving this department with \$140,388 for FY 2011-12); and (2) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$1,348).

Summary of Recommendation for S.B. 97-101 Public School Health Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$0	\$85,044	\$0	\$85,044	0.4
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	0	1,685	0	1,685	0.0
Vacancy Savings (0.0%)	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>0</u>	<u>(1,685)</u>	<u>0</u>	<u>(1,685)</u>	<u>0.0</u>
Subtotal: Personal Services	0	0	85,044	0	85,044	0.4
Operating and Other Expenses:						
FY 2010-11 Long Bill	0	0	63,270	0	63,270	

Summary of Recommendation for S.B. 97-101 Public School Health Services						
	GF	CF	RF	FF	TOTAL	FTE
Reduction proposed by DHCPF (as modified by subsequent discussions between two departments)	<u>0</u>	<u>0</u>	<u>(7,926)</u>	<u>0</u>	<u>(7,926)</u>	
Subtotal: Operating and Other Expenses	0	0	55,344	0	55,344	
Staff Recommendation	\$0	\$0	\$140,388	\$0	\$140,388	0.4

(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 (\$30.7 million in FY 2009-10);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements (\$3.3 million of interest earned on proceeds held by a trustee was credited to the PSCCA Fund in FY 2009-10);
- all local matching moneys (\$0.8 million in FY 2009-10);
- lottery proceeds that would otherwise be transferred to the General Fund (\$88,550 in FY 2009-10); and
- interest and investment income earned on the PSCCA Fund (\$1.3 million in FY 2009-10).

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, recently 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.

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

Request. The Department requests \$880,728 cash funds from the PSCCA Fund and 9.0 FTE for FY 2011-12.

Recommendation: **Staff's recommendation for this line item is pending the legal services rate for FY 2011-12. Staff recommends appropriating \$786,588 and 9.0 FTE for FY 2011-12,** as detailed in the following table. Consistent with Committee policy, the recommendation reflects a 1.5 percent base reduction (\$12,180), and the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$10,600). **Staff also recommends appropriating \$59,543 for the Division's operating expenses and board expenses. Staff also recommends appropriating funds sufficient to purchase 200.0 hours of legal services for FY 2011-12.**

Summary of Recommendation for Division of PSCCA						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$802,587	\$0	\$0	\$802,587	9.0

Summary of Recommendation for Division of PSCCA						
	GF	CF	RF	FF	TOTAL	FTE
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	9,431	0	0	9,431	0.0
Vacancy Savings (1.5%)	0	(12,180)	0	0	(12,180)	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>(13,250)</u>	<u>0</u>	<u>0</u>	<u>(13,250)</u>	<u>0.0</u>
Subtotal: Personal Services	0	786,588	0	0	786,588	9.0
Operating and Board Expenses:						
FY 2010-11 Long Bill	0	59,543	0	0	59,543	
Legal Services Expenses:						
FY 2010-11 Long Bill	0	33,017	0	0	33,017	
Increase/ Decrease based on FY 2011-12 legal services hourly rate and 200.0 hours of legal services)	<u>0</u>	<u>Pending</u>	<u>0</u>	<u>0</u>	<u>Pending</u>	
Subtotal: Legal Services Expenses	0	Pending	0	0	Pending	
Staff Recommendation	0	Pending	0	0	Pending	9.0

Public School Capital Construction Assistance Board - Lease Payments.

Description. This line item provides spending authority to make payments as required by lease-purchase agreements. Pursuant to Section 22-43.7-110, C.R.S., the maximum *total* amount of annual lease payments payable by the State during FY 2011-12, under the terms of all outstanding lease-purchase agreements entered into by the State Treasurer as instructed by the PSCCA Board, is limited to \$80.0 million. The State portion of funding required to make lease payments may not exceed 50 percent of the maximum total annual lease payments (i.e., \$40 million for FY 2011-12). 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. The Department's budget request includes a continuation of the \$20,000,000 cash funds appropriation for this line item for FY 2011-12.

Recommendation. Based on more recent information provided by program staff, **staff recommends appropriating \$29,000,000 cash funds from the PSCCA Fund for the purpose of making lease payments for FY 2011-12.** In the current fiscal year, the Department anticipates making lease payments totaling \$11,879,355 (including \$8,314,152 state funds and \$3,565,203 local matching funds). For FY 2011-12, based on the lease-purchase agreements the State Treasurer has entered into to date, the Department anticipates lease payments totaling \$27,048,688 (including \$20,430,620 state funds and \$6,618,068 local matching funds). In addition, it is possible that the State Treasurer will enter into additional lease-purchase agreements that would require lease payments in FY 2011-12.

Based on discussions with Department staff concerning the potential lease payments associated with additional agreements, staff recommends appropriating a total of \$29,000,000 for FY 2011-12. This level of expenditure is still well below the statutory threshold of \$80.0 million in total lease payments. Further, the Department does not anticipate reaching the \$40.0 million maximum amount of state funding obligated for lease payments until FY 2013-14.

Financial Assistance Priority Assessment.

Description. 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 for the assessment. Parsons is a full-service assessment, engineering, project management, design and construction consultant with experience with large public school assessments.

Request. The Department requests \$396,000 cash funds from the PSCCA Fund for FY 2011-12.

Recommendation. House Bill 08-1335 appropriated \$12.3 million for the assessment. To date, the Department has spent a total of \$12,135,207. **Staff recommends appropriating \$164,793 cash funds for FY 2011-12** to allow the Department to spend the remainder of the original appropriation to make vendor payments related to the assessment in FY 2011-12.

State Aid for Charter School Facilities.

Description. 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.

Request. The Department requests an appropriation of \$5,000,000 from the State Education Fund for FY 2011-12.

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 2011-12.

State Funding for Charter School Capital Construction Costs		
Fiscal Year	Total Appropriation	Funding per Pupil for Schools Eligible for Funding a/
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 (estimate)	5,000,000	82.99

a/ These figures represent the amount that most eligible schools receive; eligible school 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 2011-12, Department staff estimate that this appropriation would provide about \$83 per FTE (with charter schools in district facilities receiving about \$41 per FTE). Absent a statutory change, funding per pupil will continue to decline as the number of students attending eligible charter schools continues to increase.

State Charter School Institute Capital Construction Assistance.

Pursuant to Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5-515.5, C.R.S., 1.0 percent of SCSi charter schools' per pupil funding is annually credited to the Institute Charter School Assistance Fund. Senate Bill 10-111 renamed this fund and expanded the use of moneys in the fund to include expenditures that address "other facility or special education services funding emergencies". Thus, staff recommends renaming this line item and including this appropriation in the (1) Management and Administration, (D) State Charter School Institute section of the Long Bill. For a full discussion and staff's appropriation recommendation, see subsection (1) (D).

(III) Reading and Literacy

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 are 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.

Read-to-Achieve Grant Program.

Description: Established in 2000, this competitive grant program provides 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 are below grade level. Schools may utilize the funds for in-class support and assistance, one-on-one school day pull-out programs, after school tutoring programs, or summer programs. Schools may request grant funds for up to three years. However, schools are required to demonstrate that at least 65 percent of the pupils who completed the one year instructional cycle of the intensive reading program reached their achievement goals or demonstrated that they are on pace to achieve grade level proficiency on the statewide reading assessment. [Section 22-7-901 et seq., C.R.S.]

This program is primarily funded from tobacco litigation settlement moneys. Under current law, five percent of the annual amount of tobacco settlement moneys received by the State, up to a maximum of \$8.0 million, is annually credited to the Read-to-Achieve Cash Fund. The Department is authorized to spend up to three percent of moneys annually appropriated from the Read-to-Achieve Cash Fund for the expenses incurred by the Read-to-Achieve Board in administering the program. These costs include expenditures associated with 1.0 FTE, an external evaluator, tobacco oversight costs, outside consultants (who conduct site visits and provide technical assistance), networking days, travel, temporary services, postage, printing/reproduction, supplies, and materials.

Since 2000, three grant cycles have been completed (FY 2000-01 to 2003-04, FY 2004-05 to FY 2006-07, and FY 2007-08 to 2009-10). To date, \$117.5 million has been spent through this program¹¹.

Read-to-Achieve Grant Program: Funding History		
Fiscal Year	Appropriation	Expenditures (including administrative expenditures)
1999-00	\$7,000,000	\$0
2000-01	19,000,000	18,981,991
2001-02	17,469,492	17,460,534
2002-03	16,183,438	16,183,434
2003-04*	13,675,732	13,527,758

¹¹ Please note that since FY 2002-03, the Department has been statutorily required to allocate 1.0 percent of the amount annually appropriated for this program to certain eligible BOCES; such moneys are to be used to assist member school districts and schools in applying for grants.

Read-to-Achieve Grant Program: Funding History		
2004-05	16,331,727	16,289,727
2005-06	15,922,311	15,914,274
2006-07	4,369,567	4,358,408
2007-08	5,277,293	4,479,589
2008-09	6,524,508	5,918,882
2009-10	4,507,883	4,403,643
2010-11	6,290,713	
Cumulative	132,552,664	117,518,240
* Includes \$3,000,000 in federal "flexible" funds available pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003		

Fiscal year 2010-11 is the first year of the fourth three-year grant cycle. A total of 47 schools from seven school districts received grant awards in FY 2010-11.

Request: The Department requests \$2,000,000 cash funds from the Read-to-Achieve Cash Fund and 1.0 FTE for FY 2011-12. This request is predicated on a statutory change that would annually transfer \$3,202,773 from the Read-to-Achieve Cash Fund to the General Fund, beginning in FY 2011-12. This proposal is estimated to leave \$2,000,000 available for the Read-to-Achieve Grant Program for FY 2011-12; the amount available for this program in future fiscal years would be affected by the amount of tobacco settlement moneys received by the State each year.

Recommendation: Based on current law, **staff recommends appropriating \$6,256,086 from the Read-to-Achieve Cash Fund and 1.0 FTE for FY 2011-12.** This recommendation includes \$4,511,659 in anticipated transfers of tobacco settlement moneys, and \$1,744,427 from the balance available in the Read-to-Achieve Cash Fund.

Summary of Recommendation: Read-to-Achieve Grant Program	
<i>FY 2010-11:</i>	
Read-to-Achieve Cash Fund balance as of June 30, 2010	\$2,511,562
Projected tobacco settlement moneys credited to the Fund in FY 2010-11	4,719,367
Interest earnings	10,286
Moneys returned from grant recipients from the prior year	<u>421,898</u>
Subtotal: Total amount available in Fund for FY 2010-11	7,663,113
Appropriations for juveniles held in jails (S.B. 10-054)	(209,287)
Distribution to BOCES as required by Section 22-2-122 (3), C.R.S. (1.0 percent of \$6,290,713 appropriation)	(62,907)

Summary of Recommendation: Read-to-Achieve Grant Program	
Moneys set aside by Read-to-Achieve Board in August 2010 for administrative expenditures	(120,272)
Moneys distributed to 47 new school sites in August 2010	(4,050,087)
Additional moneys distributed for professional development in December 2010 (including DIBELS training in the Spring of 2011)	(1,355,715)
Total projected expenditures for FY 2010-11	(5,798,268)
Projected Fund balance as of June 30, 2011	1,864,845
<i>FY 2011-12:</i>	
Plus: Projected tobacco settlement moneys credited to the Fund in FY 2011-12	<u>4,511,659</u>
Subtotal: Total funding available in Fund for FY 2011-12	6,376,504
Less: Recommended appropriations for juveniles held in jails (S.B. 10-054)	(120,418)
Funds projected to be available for Read-to-Achieve Grant Program appropriation for FY 2011-12	6,256,086
Less: Distribution to BOCES as required by Section 22-2-122 (3), C.R.S. (1.0 percent of \$6,256,086 appropriation)	(62,561)
Less: Amount authorized for administrative expenses	(187,683)
Equals: Amount estimated to be available for grants and professional development	6,005,843

☛ With respect to the statutory change proposed by the Department, staff recommends the following:

- Rather than maintaining existing law related to the allocation of tobacco settlement proceeds to the Read-to-Achieve Cash Fund and adding another annual statutory transfer from the Read-to-Achieve Cash Fund to the General Fund, **staff recommends permanently redirecting the entire amount of tobacco settlement moneys that is currently allocated to the Read-to-Achieve Cash Fund to the General Fund, beginning in FY 2011-12.**
- **Direct the State Treasurer to transfer any moneys remaining in the Read-to-Achieve Cash Fund as of June 30, 2011 to the General Fund.**
- **Replace the appropriations from the Read-to-Achieve Cash Fund for S.B. 10-054 (totaling \$120,418) with General Fund appropriations, beginning in FY 2011-12.**
- **Replace the appropriation from the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program with a General Fund appropriation of \$2,000,000 for both FY 2011-12 and FY 2012-13.** This would allow continued funding for the 47 schools that were awarded grants in the current fiscal year to receive three years of funding, but with funding reduced for the last two years of the grant cycle (as proposed by the Department). At this level of funding, the General Assembly may want to consider

modifying the portion of the appropriation that the Department is allowed to spend for administrative activities (3.0 percent of \$2.0 million would be \$60,000).

- The General Assembly could then consider for FY 2013-14 whether to provide General Fund support for another grant cycle.
- **Suspend or eliminate the requirement in Section 22-2-122 (3), C.R.S. that 1.0 percent of amounts appropriated for this and other grant programs be distributed to BOCES.** This would ensure that any funding appropriated for this and other programs is available for actual grant awards and program administration.

Staff's recommendation is estimated to have the following fiscal impact:

- For FY 2010-11, an estimated \$1,864,845 would be transferred from the Read-to-Achieve Cash Fund to the General Fund on June 30, 2011.
- For FY 2011-12, General Fund revenues would increase by an estimated \$4,511,659 annually. This revenue increase would be offset by \$2,120,418 in General Fund expenditures for the Read-to-Achieve Grant Program and S.B. 10-054. Thus, this proposal is estimated to result in \$2,391,241 General Fund being available for other purposes beginning in FY 2011-12.

Family Literacy Education Fund and Family Literacy Education Grant Program.

Background Information. House Bill 02-1303 [see Section 22-2-124, C.R.S.] established the Family Literacy Education Grant Program through which school districts, community colleges, libraries, and other organizations may receive funding to provide family literacy education, adult literacy education, and English language literacy education services. The program was to be funded with gifts, grants, or donations credited to the Family Literacy Education Fund. The act included provisions stating the intent of the General Assembly that no General Fund be appropriated to support the Program, and repealing the Program if sufficient moneys were not credited to the Family Literacy Education Fund prior to December 1 each year. Subsequently, this provision was amended to allow General Fund appropriations to the cash fund, and the General Assembly appropriated \$200,000 General Fund in FY 2008-09 for this purpose.

Request: The Department's request reflects a continuation of an appropriation of \$30,000 from the Family Literacy Education Fund for FY 2011-12.

Recommendation: **Staff recommends eliminating this line item for FY 2011-12.** Only \$967 remained available in this cash fund as of July 2010, and no gifts, grants, or donations have been received in the current fiscal year for this program.

(IV) Professional Development and Instructional Support

Closing the Achievement Gap.

Description: 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 districts¹². The Department indicates that funds have been 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 have included professional learning communities for data review and decision-making for all students. In FY 2010-11, the Department allocated funds to 11 additional districts¹³. The Department has indicated that data is being collected through an evaluation to assess program outcomes and successful strategies.

Request: The Department requests continuation funding of \$1.8 million cash funds from the State Education Fund for FY 2011-12.

Recommendation: In light of the significant funding reductions proposed by the Governor for school districts' total program funding for FY 2011-12, as well as a lack of sufficient data and information

¹² The pilot program districts include: Eagle, Garfield - Roaring Fork, Weld - Greeley, Yuma, Summit, and Boulder - St. Vrain.

¹³ Districts that received funding allocations in FY 2010-11 include: Adams-Arapahoe 28J, Weld - Ault-Highland, Boulder - Boulder Valley, Arapahoe - Cherry Creek, El Paso-Colorado Springs, Douglas, Grand - East Grand, Prowers - Holly, Arapahoe - Littleton, Larimer - Poudre, and Larimer - Thompson.

to support ongoing funding for this program, **staff does not recommend appropriating any funding for this pilot program for FY 2011-12.** State Education Fund moneys that are not appropriated for this purpose can instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding.

Since FY 2008-09, the General Assembly has appropriated a total of \$5,301,000 from the State Education Fund to address achievement gaps associated with race and income. In addition, S.B. 09-256 transferred \$1,750,000 from the Read-to-Achieve Cash Fund to the Closing the Achievement Gap Cash Fund, and continuously appropriated these moneys to the Department. The Department reported expenditures totaling \$5,049,881 for fiscal years 2008-09 and 2009-10, including \$3,501,000 related to the State Education Fund appropriations and \$1,548,881 from the continuously appropriated funds.

For the Department's hearing last Fall, the Committee asked for a status update on this program, including moneys expended since the program's inception and program accomplishments to date. The Department provided a list of accomplishments to date related to both this program and the "content specialists" line item (described below), as well as achievement data for the six pilot districts from 2007 through 2010. The Department listed allocations to individual districts totaling \$2,051,192, including \$583,304 allocated to the six pilot districts in FY 2009-10 and \$1,467,888 allocated to 11 additional districts in FY 2010-11.

At the Committee's request, staff followed up with the Department, requesting a more complete response to the question, including a spreadsheet listing the moneys appropriated by fiscal year, expenditures to date by fiscal year and category of expenditure, and anticipated expenditures for the remainder of FY 2010-11. Staff also requested data indicating whether the pilot districts have demonstrated statistically significant positive outcomes.

The Department provided a response indicating that for FY 2008-09, \$1,701,000 was distributed to school districts (with no additional detail), and for FY 2009-10, \$20,000 went toward personal services expenditures for an initial evaluation and \$1,780,000 was distributed to districts (with no additional detail). No information was provided for FY 2010-11, and no information was provided related to the \$1.75 million that was made available for this program in 2009.

Staff also asked for details concerning the grant cycle for this pilot program (i.e., how many years are pilot districts anticipated to receive funding?), and asked how districts would be impacted if the General Assembly were to reduce or suspend funding for this program. The Department did not clarify the grant cycle. The Department's response to the latter question is excerpted below:

"...the CTAG program has allowed districts to look at the root causes of their achievement gaps. By doing this, they identified systemic issues that require significant change. These changes are being made and as a result, it is allowing the districts to improve their systems to benefit all students. Without the support of these funds, other districts will be unable to benefit from these valuable lessons learned.

The districts are now in the heart of their implementation to exploration strategies. They are just now beginning to see successes and are anxious to continue implementation. Aborting the CTAG initiative at this point would cause 3 years of work to be deemed incomplete, since the outcomes will not be truly realized."

At this point, staff does not have enough data or information about program expenditures to date or program outcomes to recommend continued funding in FY 2011-12. The Department indicated last December that it was in the process of collecting data through an evaluation to assess program outcomes and successful strategies. Staff believes that this data can and should be shared with districts to assist them in addressing their own achievement gaps. In addition, staff is recommending (below) continued funding of a staff position that was added in FY 2008-09 so that the Department would have an individual dedicated to providing leadership, guidance, and support for schools and school districts related to achievement gaps. Finally, in April 2010, \$39.7 million in federal funds was made available to the Department for school improvement activities. These moneys have been allocated to schools that the Department has identified to be in need of intensive intervention based on school-level Colorado Student Assessment Program (CSAP) growth and achievement data. These moneys will be spent over a three year period to assist these schools and school districts in five areas including: organizational management and leadership, academic performance, learning environment, financial management and operations and comprehensive planning.

Content Specialists.

Description: 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 \$434,379 cash funds from the State Education Fund and 5.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$434,102 and 5.0 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$277 lower than the request, due to: (a) the application of a 1.5 percent vacancy savings (\$6,442); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$6,165).

Summary of Recommendation for Content Specialists						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$418,613	\$0	\$0	\$418,613	5.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	10,858	0	0	10,858	0.0
Vacancy Savings (1.5%)	0	(6,442)	0	0	(6,442)	0.0

Summary of Recommendation for Content Specialists						
	GF	CF	RF	FF	TOTAL	FTE
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>(7,706)</u>	<u>0</u>	<u>0</u>	<u>(7,706)</u>	<u>0.0</u>
Subtotal: Personal Services	0	415,323	0	0	415,323	5.0
Operating Expenses:						
FY 2010-11 Long Bill	0	18,779	0	0	18,779	
Staff Recommendation	\$0	\$434,102	\$0	\$0	\$434,102	5.0

The content specialist team provides essential support for the implementation of S.B. 08-212, including supporting the development of new Colorado academic standards, and providing support and resources for teachers, schools, and districts in implementing the new standards.

Office of Dropout Prevention and Student Re-engagement.

Description: 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.

Request: The Department's request reflects continuation of \$150,172 federal funds and 2.0 FTE for FY 2011-12.

Recommendation: **Staff recommends reflecting \$3,000,000 federal funds and 2.3 FTE for FY 2011-12.** Since the Department submitted its budget request last November, it has been awarded a five-year competitive grant award of \$14.1 million through the U.S. Department of Education's High School Graduation Initiative Program. The Department will use these funds to partner with 33 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.

Staff's recommendation for FY 2011-12 is based on the budget that was submitted to the U.S. Department of Education:

FY 2011-12	\$3,000,000 and 2.3 FTE
FY 2012-13	\$3,000,000 and 2.3 FTE
FY 2013-14	\$3,000,000 and 2.3 FTE
FY 2014-15	\$2,700,000 and 2.3 FTE
FY 2015-16	\$2,400,000 and 2.3 FTE

In FY 2011-12, most of the funding (\$2,575,000) will be used to provide technical assistance and workshops for school districts and to purchase services on behalf of school districts for: (a) strategic planning, evaluation, and development of district-wide early warning systems in feeder middle schools and high schools with higher than average dropout rates; and (b) implementation of research-based strategies to re-engage students and prevent them from dropping out. A portion of this funding will be used at the state level to focus on an online professional development for district teachers and leaders to develop or strengthen collaboration and community partnerships that support dropout prevention, and to evaluate the project. The remainder of the funding will support 2.3 FTE state staff (\$195,580) and associated operating (\$25,956) and indirect costs (\$203,464).

School Leadership Academy Program.

Description: 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.

Request: The Department's request, as amended February 15, 2011, reflects \$0 for this line item for FY 2011-12.

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

National Credential Fee Assistance.

Pursuant to H.B. 02-1349 [Section 22-60.5-112.5, C.R.S.], the Department is required to assist individuals seeking a national credential by paying a portion of the fees charged for such credential. The amount of fee assistance is to be equal to the amount of the national credential fee received by the applying teacher through a federal assistance program. Procedurally, individuals apply for federal fee assistance first. If the federal application is approved, the National Board for Teaching Standards submits a request to the Department for a matching amount of state funds. This provision authorized the use of State Education Fund moneys, and in FY 2002-03 and from FY 2005-06 through FY 2008-09, the General Assembly annually appropriated cash funds from the State Education Fund for this purpose (ranging from \$60,000 to \$125,000). The program is subject to available appropriations. The Department does not request funding for FY 2011-12.

Boards of Cooperative Services.

Public school districts and postsecondary institutions are authorized to establish boards of cooperative services (BOCES) for the purpose of offering shared instructional and administrative programs such as data processing, curriculum development, special education, and staff development to member school districts. Services performed under the direction of the BOCES are financed by member contributions. Pursuant to Section 22-5-115, C.R.S., this line item provided a \$10,000 "basic grant" to each BOCES; such moneys were to be used to fund professional educator development in standards-based education. The Department does not request funding for FY 2011-12.

Civic Education.

Pursuant to S.B. 05-200 [Section 22-1-104 (6), C.R.S.], the Department is required to assist school districts in developing and promoting civic education programs in an effort to strengthen the teaching of civic education in all public schools. This provision authorized the use of State Education Fund moneys and from FY 2005-06 through FY 2008-09, the General Assembly annually appropriated \$200,000 cash funds from the State Education Fund for this purpose. The Department used this funding to support a professional development initiative on teaching and learning civic content and skills in Colorado classrooms, as well as provide professional exchange programming and support for teachers who participated in previous years. The Department does not request funding for FY 2011-12.

Financial Literacy.

Pursuant to H.B. 04-1360 [Section 22-2-127, C.R.S.], the State Board of Education is required to create, maintain, and make available to school districts a resource bank of materials pertaining to financial literacy. The Department is required to provide technical assistance related to curriculum design upon the request of a school district or a charter school. While this act authorized the Department to accept gifts, grants, and donations for such purpose, it also authorized the use of State Education Fund moneys and from FY 2004-05 through FY 2009-10, the General Assembly annually appropriated about \$40,000 cash funds from the State Education Fund for this purpose. The Department does not request funding for FY 2011-12.

Colorado History Day.

Pursuant to H.B. 04-1202 [Section 22-1-104 (5), C.R.S.], the Department is required to "assist the school districts of the state in developing and promoting programs for elementary and secondary students that engage the students in the process of discovery and interpretation of historical topics". While this act authorized the Department to accept gifts, grants, and donations for such purpose, it also authorized the use of State Education Fund moneys and from FY 2004-05 through FY 2009-10, the General Assembly annually appropriated \$10,000 cash funds from the State Education Fund for this purpose.

The Department used these funds to support a memorandum of understanding with the Department of History, University of Colorado at Denver and Health Sciences Center, for "Colorado History Day". Through this program, students in grades six through twelve engage in a year-long educational program leading to regional competitions in February and March; regional competition winners

travel to the state-level competition in May at the University of Colorado, and winners at the state level advance to the national contest at the University of Maryland in June. The funds provided through this line item were used to support regional programs, teacher workshops and curriculum support, coordination of the annual state-level competition, and coordination of Colorado's delegation at the national competition. The Department does not request funding for FY 2011-12.

Innovative Schools Act of 2008.

Senate Bill 08-130 created a mechanism for schools, groups of schools, and districts to adopt plans that try new ways of delivering instruction and/or allocating resources. The act created a new classification of school districts, "Districts of Innovation," that have one or more schools implementing these plans. Districts of innovation are provided a greater degree of autonomy and can waive some statutory requirements. Funding to implement this act was provided for FY 2008-09 only.

(V) Summer and After-school Programs

Summer School Grant Program.

Originally established S.B. 01-129 [Section 22-7-801 et seq., C.R.S.], this program provides grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year. The Department is authorized to annually withhold up to three percent of the moneys appropriated for this program to offset the direct costs incurred in administering the program and to "evaluate the progress of the summer school programs operated by school districts and Institute charter schools that receive grants" through the program. This program is subject to available appropriations, and the Department has not requested funding for FY 2011-12.

Dropout Prevention Activity Grant Program.

Description. House Bill 05-1024 created the Dropout Prevention Activity Grant Program. This program is funded through voluntary income tax check-off contributions, which are credited to the Dropout Prevention Activity Grant Fund. This Fund is subject to annual appropriation, and the Department is authorized to expend up to two percent of the moneys annually appropriated from the Fund to offset the direct and indirect costs incurred in implementing the Program. Pursuant to Section 22-27.5-101 et seq., C.R.S., the Department is to distribute these funds to before- and after-school programs that provide arts-based or vocational activities for students in grades six through nine who are at risk of dropping out of school. The Department developed a grant application process for qualified schools and community-based organizations. Priority will be given to schools that experience high dropout rates.

Request: The Department does not request funding for this program in FY 2011-12.

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

Healthy Choices Dropout Prevention Pilot Program.

Description: Senate Bill 09-123 created the Healthy Choices Dropout Prevention Pilot Program to provide grant funds aimed at increasing the number of children who graduate. Certain schools that enroll students in 6th, 7th, and 8th grades would be eligible for grant funds to enhance the academic achievement and physical and mental health of adolescent students. The act created the Healthy Choices Dropout Prevention Pilot Program Fund, to consist of any gifts, grants, and donations received by the Department and any other moneys the Department may direct to the Fund. The act included an appropriation of \$8,228 General Fund and 0.1 FTE for FY 2010-11, including \$7,477 for contract services to establish the application process and program rules, and \$751 for the purchase of legal services. The FY 2010-11 Long Bill included an appropriation of \$14,953 cash funds from the Healthy Choices Dropout Prevention Pilot Program Fund and 2.0 FTE.

Request: The Department's request reflects continuation of the \$14,953 cash funds and 0.2 FTE appropriation for FY 2011-12.

Recommendation: The Department did not expend any moneys for this program in FY 2009-10, and no gifts, grants, or donations have been received for this program to date. **Staff recommends eliminating this line item in FY 2011-12.**

(VI) Facility Schools

Background Information. 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 programs¹⁴. 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 funding¹⁵.
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department using state average per pupil revenues (thereby including revenues previously retained by school districts for capital outlay and risk

¹⁴ 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.

¹⁵ 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.

management), and allowed 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 set 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.

Description. 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.

Request. The Department requests \$257,387 reappropriated funds transferred from the Facility School Funding line item and 3.0 FTE for this line item for FY 2011-12.

Recommendation: **Staff recommends appropriating \$256,344 and 3.0 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$1,043 lower than the request, due to: (a) the application of a 1.5 percent vacancy savings (\$2,828); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$1,785).

Summary of Recommendation for Facility Schools Unit and Facility Schools Board						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$0	\$0	\$185,259	\$0	\$185,259	3.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	0	0	185,259	0	185,259	3.0
Reinstate FY 2010-11 one-time reduction						
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	0	0	3,294	0	3,294	0.0
Vacancy Savings (1.5%)	0	0	(2,828)	0	(2,828)	0.0

Summary of Recommendation for Facility Schools Unit and Facility Schools Board						
	GF	CF	RF	FF	TOTAL	FTE
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>0</u>	<u>0</u>	<u>(2,231)</u>	<u>0</u>	<u>(2,231)</u>	<u>0.0</u>
Subtotal: Personal Services	0	0	183,494	0	183,494	3.0
Operating Expenses:						
FY 2010-11 Long Bill	0	0	72,850	0	72,850	
Staff Recommendation	\$0	\$0	\$256,344	\$0	\$256,344	3.0

As long as the amount payable to facility schools does not fall below \$12,817,200 in FY 2011-12, 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.

Description. 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 of the \$16,779,077 cash funds appropriation from the State Education Fund for FY 2011-12.

Recommendation. There are currently 51 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 \$8,957.30 per child per year (\$6,734.81 X 1.33) for FY 2011-12 (or \$38.12 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 2011-12, and the portions that will be transferred to other state agencies.

Facility School Funding: FY 2011-12	
Description	Updated Estimates
Projected Average Facility Schools FTE	1,636.0
Multiplied by: State Average Per Pupil Revenues for FY 2011-12 X 1.33	<u>\$8,957.30</u>
Total Estimated Facility School Payments	\$14,654,143
Plus: Additional funding (approximately 1.5 percent) to account for placement and attendance fluctuations	\$220,857
Recommendation for Facility School Funding line item	\$14,875,000
<u>Estimated portion of above amount transferred to state agencies:</u>	
<i>Department of Education:</i> Colorado School for the Deaf and the Blind	1,300,959
<i>Department of Human Services (DHS):</i> Mental Health Institutes (Pueblo only)	114,169
Mountain Star (at Ft. Logan)*	<u>106,317</u>
Total - DHS, Mental Health Institutes	220,486

*Please note that the Governor has proposed to close this facility in FY 2011-12. If this closure is approved, the students who would have been served through Mountain Star would instead be served through a facility school, and the Mental Health Institutes would only require \$114,169 of reappropriated funds.

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 \$14,875,000 for FY 2011-12. 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 2011-12 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 for educational programs from this line item:

- **\$1,300,959 to the Colorado School for the Deaf and the Blind, School Operations**
- **\$220,486 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes**

Hold-harmless Facility School Funding.

This line item provided a one-time appropriation for FY 2008-09 from the State Education Fund to provide one year of hold harmless funding for districts impacted by the new funding mechanism (districts will no longer be able to retain a portion of per pupil funding associated with students attending facility schools).

(VII) Other Assistance**Appropriated Sponsored Programs.**

Description: 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 of \$285,362,439 and 73.3 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating a total of \$280,780,000 and 74.0 FTE,** including \$1,300,000 cash funds, \$4,480,000 reappropriated funds, and \$275,000,000 federal funds. Staff recommends appropriating rounded dollar amounts to better reflect the nature and basis for these appropriations. Staff’s recommended funding amounts are based on the following table, which reflects the most recent estimates for FY 2011-12.

Appropriated Sponsor Programs: FY 2011-12 Estimates		
Distribution	Amount	FTE
<i>Cash Funds:</i>		
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0
Healthy Schools Private Grant	<u>465,000</u>	<u>0.8</u>
Subtotal: Cash Funds	1,275,000	0.8
<i>Reappropriated Funds:</i>		
Federal Child Care Block Grant funds transferred from the Department of Human Services	<u>4,480,000</u>	<u>6.0</u>
Subtotal: Reappropriated Funds	4,480,000	6.0
<i>Federal Funds:</i>		
Title I Programs	197,169,517	30.4
Title II Programs	36,783,298	10.5

Appropriated Sponsor Programs: FY 2011-12 Estimates		
Distribution	Amount	FTE
After School Learning Centers	11,750,684	5.0
Charter School Grants	10,589,000	4.0
Adult Education - WIA	6,909,221	8.0
Mathematics and Science Partnerships	2,164,079	1.0
Longitudinal Data Education Access	1,668,635	0.0
Drug-Free Schools and Communities	995,326	1.0
Educate Homeless Children	995,305	1.3
Even Start	665,215	0.1
Byrd Scholarship Program	631,500	0.0
Coordinated School Health/ Aids Prevention	503,649	4.1
Other	<u>1,162,906</u>	<u>1.7</u>
Subtotal: Federal Funds	271,988,335	67.1
Total	277,743,335	73.9

School Counselor Corps Grant Program.

Description: 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 criteria¹⁶. 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 have received grants through the first grant cycle; this cycle ends in FY 2010-11. In addition, some of these schools have received additional performance awards.

Request: The Department requests \$3,996,850 cash funds from the State Education Fund and 0.8 FTE for FY 2011-12. The request reflects a reduction of \$1.0 million and 0.2 FTE, pursuant to a

¹⁶ 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.

February 15, 2011 budget amendment. The Department proposes instead using this \$1.0 million from the State Education Fund to support the State Share of Districts' Total Program Funding, and decreasing General Fund support for the State Share by \$1.0 million.

Recommendation: In light of the significant funding reductions proposed by the Governor for school districts' total program funding for FY 2011-12, and given that a new grant cycle would begin in FY 2011-12, **staff does not recommend appropriating any funding for this program for FY 2011-12.** State Education Fund moneys that are not appropriated for this purpose can instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding.

This grant program is designed to provide short-term funding to certain schools to increase the number and quality of school-based counselors. Schools may not use these moneys to replace other funding sources, and schools are expected to continue funding the added counselors following the conclusion of the three-year grant. The initial three-year grant cycle concludes in FY 2010-11, and no awards have been made for FY 2011-12.

Further, as described earlier in this packet, the Department was recently awarded a five-year \$14.1 million federal grant focused on dropout prevention. Most of this grant funding will be used to help school districts with higher than average dropout rates in identifying students who are at-risk of dropping out and implementing research-based strategies to re-engage students and prevent them from dropping out. Some of the funding will be used at the state level to focus on an online professional development for district teachers and leaders to develop or strengthen collaboration and community partnerships that support dropout prevention. Thus, the Department will be able to retain its staff and capacity to support districts in reducing the dropout rate and increasing graduation rates, and the most needy districts will continue to receive support in developing local strategies to achieve these goals.

Contingency Reserve Fund.

Description: 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 \$500,000 cash funds for FY 2011-12.

Recommendation: **Staff recommends appropriating \$1,000,000 cash funds (from the Contingency Reserve Fund) for FY 2011-12.** Based on the Committee's recent actions¹⁷, staff estimates that the Contingency Reserve Fund will have a balance of \$1,000,000 at the beginning of FY 2011-12.

Regional Service Cooperatives.

House Bill 08-038 required that the State Board of Education, in consultation with the Governor's Office, the Department of Higher Education, and the Colorado Department of Education (CDE), to divide the state into 12 regional service areas. Educational agencies within these service areas may create service cooperatives to include participants from school districts, the community, Boards of Cooperative Educational Services (BOCES), institutions of higher education, and/or other educational service agencies. Once formed, each participating service area is required to establish a regional service council to act as the governing body. Once a comprehensive plan has been approved by the State Board, a service area may apply for a one-time grant of \$10,000 to reimburse it for the cost of developing the plan. If the plan is approved, the service area shall receive an annual appropriation of \$50,000, subject to availability, beginning in FY 2009-10. Additionally, each service area is entitled to receive \$0.50 for each student enrolled in a school district within its area.

¹⁷ Recent actions include: (a) appropriating \$2,946,551 General Fund to the Contingency Reserve Fund to assist certain districts with cash flow needs; and (b) transferring \$2,853,383 from the Contingency Reserve Fund (from district repayments) back to the General Fund on June 30, 2011.

Moneys were appropriated from the State Education Fund for this purpose for both FY 2008-09 and FY 2009-10; funding was eliminated in FY 2010-11.

First Responder School Mapping System.

House Bill 08-1267 established a school mapping system as part of the School Safety Resource Center's pilot program and appropriated \$150,000 cash funds from the State Education Fund for FY 2008-09. In the event of an emergency, the system would provide first responders with access to electronic maps and information about school buildings. The Center was to designate up to three schools in each pilot site for mapping. Funding for this program was one-time in nature.

Supplemental On-line Education Services.

Description: 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 program 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 2011-12.

Recommendation: **Staff recommends approving the Department's request.** Federal mineral lease revenues that are not appropriated for this purpose can 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.

Supplemental On-line Education Grant Program.

Description: Pursuant to H.B. 07-1066 [Section 22-2-130, C.R.S.], this line item provides funding for a grant program designed to assist small and rural school districts, BOCES, charter schools, and facility schools in overcoming financial or technical barriers to providing supplemental on-line education courses. Grants of up to \$5,000 can be used:

- to provide additional reimbursement for the cost of purchasing supplemental on-line courses;
- to provide technical equipment or hire technical specialists to audit and reconfigure computer networks;
- to provide staff development and training; or
- to provide financial assistance to hire personnel to facilitate on-line access

The Board is to give priority to those entities that have been unable to provide supplemental on-line courses in the past, and to consider both the degree to which students require supplemental on-line courses to meet higher education admission standards as well as other revenue sources available to

each entity. The Department is authorized to spend up to two percent of the moneys annually appropriated for this program to offset the direct and indirect costs of administering the program. This program is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund.

Request: The Department requests continuation funding of \$50,000 cash funds from the State Public School Fund for FY 2011-12.

Recommendation: In light of the significant funding reductions proposed by the Governor for school districts' total program funding for FY 2011-12, **staff does not recommend appropriating any funding for this program for FY 2011-12.** Federal mineral lease revenues that are not appropriated for this purpose can instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding.

From FY 2007-08 through FY 2010-12, a total of \$200,000 has been appropriated for this grant program. Pursuant to the statutory guidelines for this program, these funds should have been targeted to those entities that were most in need of financial assistance to overcome financial or technical barriers to providing supplemental on-line education courses.

School Awards Program Fund and School Awards Program.

Description: Pursuant to Section 22-11-601, et seq., C.R.S., and subject to available appropriations, the State Board is required to annually make financial awards to certain public schools based on the schools' levels of attainment on the performance indicator concerning student achievement levels on the statewide assessments, including:

- John Irwin Schools of Excellence Awards - for schools in the top eight percent of all schools;
- Governor's Distinguished Improvement Awards - for schools that demonstrate the highest rates of student longitudinal growth; and
- Centers of Excellence Awards) - for schools that enroll a student population of which at least 75 percent are at-risk pupils and that demonstrate the highest rates of student longitudinal growth.

The source of funding for this program is the School Awards Program Fund, which consists of any gifts, grants, and donations received, any appropriations made by the General Assembly, and any moneys statutorily transferred to the Fund. Senate Bill 09-256 (School Finance Act) provided a one-time transfer of \$250,000 from the Read-to-Achieve Cash Fund to the School Awards Program Fund in FY 2009-10.

Request: The Department's request reflects continuation of a \$250,000 cash funds appropriation from the School Awards Program Fund for FY 2011-12.

Recommendation: **Staff recommends eliminating this line item for FY 2011-12.** The Department spent the full \$250,000 that was made available for this program in FY 2009-10. No gifts, grants, or donations have been received for this purpose.

Interstate Compact on Educational Opportunity for Military Children.

Description: 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 35 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 as well as Chair of the Commission.

The Compact is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The Compact provides for uniform treatment of military children transferring between school districts and states. Specifically, the Compact addresses the following issues facing children of active duty service members, of members who die on active duty, and of veterans:

- *Enrollment* - educational records, immunizations, and kindergarten and 1st grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar courseware has been completed; flexibility in accepting state exist 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

The Commission has met three times and is working to implement and inform school districts of the requirements of the Compact.

Request: The Department requests continuation funding of \$30,185 cash funds from the State Education Fund for FY 2011-12.

Recommendation: **Staff recommends appropriating \$22,832 cash funds from the State Education Fund for FY 2011-12.** Commission staff indicate that the current assessment is \$1.00 per child of active duty military personnel who are assigned (but who may not necessarily reside) to 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 \$20,046, and for FY 2011-12 has been established at \$22,832.

Please note that in the JBC Staff memo that was distributed in January 2011 concerning "Potential Actions to Balance the Budget", staff incorrectly indicated that the General Assembly could choose to eliminate this appropriation without making a statutory change. If the Committee is interested in eliminating this appropriation, staff will need to conduct further research with the Office of Legislative Legal Services to better understand the process and timing of a potential repeal of an interstate compact.

(3) LIBRARY PROGRAMS

Background Information. Public libraries are managed and operated locally based on revenues raised from local sources¹⁸. 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.

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

¹⁸ 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 (97 serve populations less than 50,000, including 49 that serve fewer than 5,000 people). More than two-thirds of libraries reported in 2009 that they are the only provider of free access to the Internet in their communities.

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.

Description: This line item provides state funding and staff for the general administration of library programs and the provision of library services. The following table details the staffing composition for this line item.

Staffing Summary	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
State Librarian/ Supervision for Institutional Library Development and State Publications Library/ Talking Book Library Director	2.3	2.3	2.3
Institutional Libraries - Adult Prison Services	2.0	2.0	2.0
State Publications Library	3.0	3.0	3.0
Information Technology System Administration	1.0	1.0	1.0
Colorado Talking Book Library Staff	4.5	4.5	6.0
TOTAL	12.8	12.8	14.3

Request: The Department requests \$963,078 (including \$714,476 General Fund) and 12.8 FTE for FY 2011-12. The source of cash funds is grants and donations¹⁹.

Recommendation: **Staff recommends appropriating \$978,884 and 14.3 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$15,806 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of \$3,261); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$12,545). In addition, staff's recommendation reflects an additional 1.5 FTE to more accurately reflect the number of Talking Book Library staff who are supported by donations and Mary Jones Trust interest earnings.

¹⁹ 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 October 14, 2010, the balance in the Trust was over \$1.0 million. 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.

Summary of Recommendation for Library Programs Administration						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$700,991	\$31,068	\$0	\$0	\$732,059	12.8
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(6,412)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,412)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	694,579	31,068	0	0	725,647	12.8
Reinstate FY 2010-11 one-time reduction	6,412	0	0	0	6,412	
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	16,260	777	0	0	17,037	0.0
Vacancy Savings (1.5%; not applied to staff funded with donations and trust fund moneys)	(10,759)	0	0	0	(10,759)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(7,010)	0	0	0	(7,010)	0.0
Adjustment to reflect actual Talking Book Library staff supported by donations and Trust Fund moneys	0	0	0	0	0	1.5
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(16,260)</u>	<u>(777)</u>	<u>0</u>	<u>0</u>	<u>(17,037)</u>	<u>0.0</u>
Subtotal: Personal Services	683,222	31,068	0	0	714,290	14.3
Operating Expenses:						
FY 2010-11 Long Bill	46,439	218,155	0	0	264,594	
Staff Recommendation	\$729,661	\$249,223	\$0	\$0	\$978,884	14.3

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.

Description: 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.

Request: The Department requests \$3,008,012 federal funds and 23.8 FTE for FY 2011-12.

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

Broadband Technology Opportunities Program.

Description. The Colorado State Library recently received a \$2,275,526 federal Broadband Technology Opportunities Program (BTOP) grant from the Department of Commerce to implement public computer centers in 76 under served communities. The Department has also received a matching grant of \$790,000 from the Bill and Melinda Gates Foundation. These grant moneys will be spent over three state fiscal years and will support 4.5 FTE through September 2013. For FY 2010-11, the Department anticipates spending a total of \$1,557,711, including \$1,277,864 federal funds and \$279,847 cash funds. The Committee previously approved the addition of that 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 State Library has partnered with Native American tribes and the State's neediest libraries to enhance computer access at 76 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. Grant funds will be used to replace out-of-date computers, and to add new computers, projectors, screens, headphones, and updated wiring to expand capacity. Grant funds will also pay for marketing 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. These staff will be hired as at-will, temporary staff for the duration of the grant period.

Request. The Department requests an appropriation totaling \$1,219,460 and 4.5 FTE for FY 2011-12, including \$776,186 federal funds and \$443,274 cash funds.

Recommendation. **Staff recommends approving the request** to accurately reflect a new federal grant and allow the Department to spend a matching grant.

Colorado Library Consortium.

Description. 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 2003²⁰. 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);

²⁰ 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.

- providing and supporting learning opportunities for ongoing professional development to improve library services; and
- identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$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 funding (\$1.0 million General Fund) for FY 2011-12.

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

Description: 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 funding of \$379,796 (including \$359,796 General Fund) for FY 2011-12.

Recommendation: **Staff recommends approving the Department's 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 free material due 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. This building also currently houses backup computer equipment for the Department of Education.

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 and volunteers. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and 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 funding of \$70,660 General Fund for FY 2011-12.

Recommendation: **Staff recommends approving the Department's request.** The library serves a number of elderly patrons, and most of the Library's 150 volunteers are over the age of 60.

Reading Services for the Blind.

Background: 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 2010-11 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$2,439,591);
- 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 (\$250,000);
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$910,190); and
- to cover authorized expenses associated with the Colorado Commission for Individuals Who Are Blind or Visually Impaired (\$112,067).

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 \$200,000 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.

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

Request: The Department has requested \$250,000 reappropriated funds for FY 2011-12 for the support of radio reading services.

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

(4) SCHOOL FOR THE DEAF AND THE BLIND

This section includes line items related to the Colorado 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 213 students (ages 3 to 21) in the 2009-10 school year, a decrease of 4.9 percent. The CSDB's total enrollment was 560 students, including 347 children under age three. Compared to FY 2008-09, the CSDB's total enrollment decreased by 76 students (11.9 percent). The most significant decrease occurred with respect to deaf/hearing impaired children under age three, decreasing by 95 (13.4

percent). Total enrollment included 437 deaf/hearing impaired children and 123 blind children. Of the total number of students receiving on-campus services, 83 resided at the CSDB (returning home only on weekends) and the remaining 130 students only attended classes during the day.

Of the total number of students enrolled, 375 were infants, preschool students, attending classes part-time in local public schools, or in the transition program, and were thus not eligible for per pupil funding. As a result, the CSDB only received per pupil revenue for 185 students. The CSDB indicates that the per pupil operating revenue covered about 11 percent of the average costs per student (including both residential and non-residential students).

Colorado School for the Deaf and the Blind: FY 2009-10 Enrollment						
Description	Children Under 3		On-campus Students		Total Enrollment	
	Number	Annual % Change	Number	Annual % Change	Number	Annual % Change
Deaf / Hearing Impaired	285	-13.4%	152	-5.6%	437	-10.8%
Blind / Visually Impaired	62	226.3%	61	7.0%	123	61.8%
Total Enrollment	347	-0.3%	213	-4.9%	560	-1.1%
Number of Residential Students	0	0.0%	83	-17.8%	83	-17.8%
Number of FTE for Whom Facility School Funding is Received	0	0.0%	185	1.1%	185	1.1%
Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts	0.0%		86.9%		33.0%	

(A) School Operations

Personal Services.

Description: This line item provides funding for most School employees and for certain professional and temporary services. The following table details the staffing composition for this line item.

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Superintendent/ Principals/ Directors	6.7	6.8	6.8	6.8
Accounting/ Purchasing/ Budget/ IT/ Public Relations/ Human Resources	11.4	12.9	12.9	12.9
Teachers/ Teacher Aides	42.4	40.9	40.9	40.9

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Special Education Technicians	31.6	29.6	29.6	29.6
Health Care/ Nurses/ Audiologist/ Counselors/ Other Specialists	15.1	15.8	15.8	15.8
Administrative Support Staff	8.0	9.6	9.6	9.6
Food Services/ Laundry	8.1	7.9	7.9	7.9
Facility Maintenance and Operations	15.4	17.8	17.8	17.8
TOTAL	138.7	141.3	141.3	141.3

Request: The Department requests \$8,858,848 and 141.3 FTE for this line item for FY 2011-12.

Recommendation: **Staff recommends appropriating \$9,008,608 and 141.3 FTE for FY 2011-12**, as detailed in the following table. The recommendation is \$149,760 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of only \$5,061 as the recommended reduction is \$141,306 is based on all fund sources); (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$144,699).

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. For FY 2011-12, the Department has not requested any funding for salary increases, consistent with the D-11 salary schedule for the FY 2010-11 school year.

Summary of Recommendation for CSDB Personal Services						
	GF	CF	RF	FF	TOTAL	FTE
FY 2010-11 Long Bill	\$7,834,141	\$0	\$1,397,690	\$0	\$9,231,831	141.3
H.B. 10-1369 (School Finance)	85,334	0	(85,334)	0	0	0.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(91,918)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(91,918)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	7,827,557	0	1,312,356	0	9,139,913	141.3
Reinstate FY 2010-11 one-time reduction	91,918	0	0	0	91,918	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	188,584	0	0	0	188,584	0.0
Vacancy Savings (1.5%)	(141,306)	0	0	0	(141,306)	0.0

Summary of Recommendation for CSDB Personal Services						
	GF	CF	RF	FF	TOTAL	FTE
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(73,184)	0	0	0	(73,184)	0.0
Compensation adjustment per Section 22-80-106.5, C.R.S.	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	(197,317)	0	0	0	(197,317)	0.0
Fund Source Adjustment	(23,603)	0	23,603	0	0	0.0
Staff Recommendation	\$7,672,649	\$0	\$1,335,959	\$0	\$9,008,608	141.3

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.

Projected FY 2011-12 Facility Schools Funding for CSDB	
Projected statewide average per pupil funding (based on current law)	\$6,734.81
Facility school funding for year-round educational programs (1.33 x avg. PPR)	\$8,957.30
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$38.12
Estimated student-days billed by CSDB (average daily attendance x 174 instructional days)	34,128
Projected Transfer to CSDB (Daily rate x Student-days)	\$1,300,959

CSDB Personal Services -- Funding Splits	
Total Recommended Funding	\$9,008,608
Less: Estimated transfer from the Facility Schools Funding line item	(1,300,959)
Less: Federal Nutrition Funds transferred from the Appropriated Sponsor Programs line item	(35,000)
General Fund portion of appropriation	7,672,649

Early Intervention Services.

Description: 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 identifying 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.

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Early Education Director	1.0	0.0	0.0	0.0
Early Intervention Specialists	0.7	0.8	0.8	0.8
Early Literacy Development Initiative	1.5	1.5	1.5	1.5
Regional Hearing Resource Coordinators	4.8	5.1	5.1	5.1
Teachers / Teacher Aides / Tutors	0.3	1.1	1.1	1.1
Accounting/ Support Staff	<u>1.7</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
TOTAL	10.0	10.0	10.0	10.0

Request: The Department requests \$1,134,581 General Fund and 10.0 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$1,149,775 and 10.0 FTE for FY 2011-12,** as detailed in the following table. The recommendation is \$15,194 higher than the request, due to: (a) the application of a 1.5 percent vacancy savings in lieu of the requested 2.0 percent General Fund reduction (a difference of \$3,638); and (b) the continuation of a 2.5 percent reduction in the employer PERA contribution rate, rather than the proposed 4.5 percent (a difference of \$11,556).

Summary of Recommendation for CSDB Early Intervention Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2010-11 Long Bill	\$776,128	\$0	\$0	\$0	\$776,128	10.0
FY 2010-11 Supplemental (one-time 1.0% personal services reduction)	<u>(10,630)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,630)</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	765,498	0	0	0	765,498	10.0
Reinstate FY 2010-11 one-time reduction	10,630	0	0	0	10,630	0.0
Reinstate FY 2010-11 reduction in employer's PERA contribution (2.5%)	17,093	0	0	0	17,093	0.0
Vacancy Savings (1.5%)	(11,898)	0	0	0	(11,898)	0.0
2.0% personal services reduction	0	0	0	0	0	0.0
Requested additional 1.0% reduction	(7,768)	0	0	0	(7,768)	0.0
Compensation adjustment per Section 22-80-106.5, C.R.S.	0	0	0	0	0	0.0
Reduction in employer's FY 2011-12 PERA contribution (2.5%)	<u>(15,758)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,758)</u>	<u>0.0</u>
Subtotal: Personal Services	757,797	0	0	0	757,797	10.0
Contract Services:						
FY 2010-11 Long Bill	304,809	0	0	0	304,809	
Operating Expenses:						
FY 2010-11 Long Bill	87,169	0	0	0	87,169	
Staff Recommendation	\$1,149,775	\$0	\$0	\$0	\$1,149,775	10.0

Shift Differential.

Description: 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 \$89,571 General Fund for FY 2011-12.

Recommendation: **Consistent with Committee policy, staff recommends appropriating \$43,837 for FY 2011-12.** This amount represents 44.6 percent of expenditures for this line item in FY 2009-10 (\$98,200).

Operating Expenses.

Description: 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 outlay²¹, custodial services, equipment rental, storage, dues and subscriptions, and printing.

Request: The Department requests continuation funding of \$417,277 General Fund for FY 2011-12.

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

Vehicle Lease Payments.

Description: 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 vehicles²² that are all utilized at the CSDB.

Request: The Department requests \$34,155 General Fund. The CSDB is not requesting funding to replace any existing vehicles.

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

Utilities.

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

Request: The Department requests continuation funding of \$554,810 for FY 2011-12.

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

²¹ 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.

²² Currently, these vehicles include: seven vans, two buses, two trucks, and three passenger vehicles.

Colorado School for the Deaf and the Blind Utilities Expenses					
Service	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12	
				Request	Recomm.
Natural gas	\$241,298	\$240,456	\$177,352	\$191,940	\$191,940
Electricity	123,920	121,824	133,497	142,631	142,631
Water and sewer	81,885	63,852	80,260	89,891	89,897
Other - energy efficiency projects	10,000	88,400	155,700	130,348	130,348
Total	457,103	514,532	546,809	554,810	554,816

Allocation of State and Federal Categorical Program Funding.

Description: 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 \$150,000 reappropriated funds spending authority and 0.4 FTE.

Recommendation: Based on recent expenditures, **staff recommends appropriating \$170,000 (reappropriated funds) and 0.4 FTE for FY 2011-12.** The recommendation is intended to allow the CSDB to receive and spend all categorical program funding for which it is eligible.

Medicaid Reimbursements for Public School Health Services.

Description: 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 \$85,000 reappropriated funds and 1.5 FTE for FY 2011-12.

Recommendation: **Staff recommends appropriating \$150,000 (reappropriated funds) and 1.5 FTE for FY 2011-12.** The recommendation is intended to allow the CSDB to receive and spend all Medicaid funding it earns. The CSDB earned \$105,269 in FY 2009-10, and anticipates earning about \$150,000 annually due to recent changes in the method used to calculate claims.

(B) Special Purpose

Fees and Conferences.

Description: This line item provides spending authority for the Department to receive 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 continuation spending authority of \$120,000 cash funds for FY 2011-12.

Recommendation: **Staff recommends appropriating \$120,000 cash funds for FY 2011-12.** 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.

Description: 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 \$1,021,101 and 5.4 FTE for FY 2011-12. This request is based on the FY 2010-11 appropriation, adjusted by common policy assumptions.

Recommendation: **Staff recommends appropriating a total of \$1,025,000 and 5.4 FTE, including \$755,000 cash funds and \$270,000 reappropriated funds.** Staff recommends appropriating rounded dollar amounts to better reflect the nature and basis for this appropriation.

Tuition from Out-of-state Students.

Description: 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 continuation funding of \$200,000 cash funds for FY 2011-12.

Recommendation: **Staff recommends appropriating \$200,000 (cash funds) for FY 2011-12.** The CSDB indicates that they continue to receive inquiries from Wyoming concerning students who may attend CSDB. 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.

Summer Olympics Housing.

Description: This line item provides spending authority for the Department to receive fees charged to participating athletes for custodial, maintenance, and security costs associated with housing deaf/blind athletes in summer months.

Request: The Department requests continuation funding of \$10,000 cash funds.

Recommendation: **Staff does not recommend including this line item for FY 2011-12.** The CSDB indicates that they have not had much interest in the use of their facility to house athletes in the past few years. They agree that it makes sense to eliminate this line item; if an outside organization wants to use their dorms during the Summer, they can use the spending authority provided through the Fees and Conferences line item.

Grants.

Description: 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's request reflects \$1,396,493 reappropriated funds and 9.0 FTE for FY 2011-12.

Recommendation: Based on recent expenditure information, **staff recommends appropriating \$1,200,000 (reappropriated funds) and 9.0 FTE for FY 2011-12.** Staff recommends appropriating a rounded dollar amount to better reflect the nature and basis for this appropriation.

CASH FUND TRANSFERS

- ☛ The Governor's Office has submitted a proposal to statutorily transfer \$20,635 from the Reading Assistance Grant Cash Fund to the General Fund. Department staff have also identified other funds from which the General Assembly could consider transferring moneys. **Staff recommends that the Committee introduce legislation to transfer moneys from the following funds to the General Fund.**

Recommended Cash Fund Transfers				
Fund Name	Fund Number	C.R.S. Cite	Original Source of Funding	Estimated Transfer
Financial Literacy Cash Fund	18B	22-2-127 (6)	State Education Fund*	\$46,510
Full-day Kindergarten Facility Capital Construction Fund	22C	22-43.7-201	State Education Fund (interest earnings)	37,419
Reading Assistance Grant Cash Fund	19M	22-88-104 (repealed)	Tobacco settlement moneys credited to the Read-to-Achieve Cash Fund and further transferred to the Reading Assistance Grant Cash Fund	20,635
Science and Technology Education Fund	442	22-81-206	State Education Fund	3,761
Teacher Development Fund	13X	22-7-708	General Fund	1,065
National Academic Contest Fund	11M	22-2-121 (repealed)	State Public School Fund	44
Total				109,433

* Staff has requested that the Department verify that this fund balance does not include any gifts, grants, or donations. Staff recommends excluding any such amounts from the transfer.

LONG BILL FOOTNOTES

Staff recommends that the following footnotes be continued or continued as amended:

- 6 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 the Department of Education be authorized to utilize up to ~~\$1,847,036~~ \$4,647,614 of this appropriation to fund qualified students designated as Accelerating Students Through Concurrent Enrollment (ASCENT) Program participants as authorized pursuant to Section 22-35-108, C.R.S. This amount is calculated based on an estimated ~~277~~ 753 participants funded at a rate of ~~\$6,668~~ \$6,142.13 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Similar to students participating in multi-district online programs and the Colorado Preschool Program, funding for ASCENT students is included in the State Share of Districts' Total Program Funding line item. However, the number of ASCENT Program participants is subject to available appropriations, and this footnote specifies the General Assembly's intent related to the number of ASCENT students and the portion of the line item that the Department is authorized to spend on the ASCENT Program. As indicated earlier in this packet, staff's recommendation is based on revised estimates of the number of participants and the per FTE rate provided by Department staff.

- 7 Department of Education, Library Programs, Reading Services for the Blind** -- This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that \$200,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$50,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

This footnote has been included for several years to express the General Assembly's intent concerning this appropriation. The Department annually spends \$200,000 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 currently 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 email. Newline services now includes 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.

Staff recommends adding the following footnote:

- N DEPARTMENT OF EDUCATION, ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING** -- OF THE AMOUNT APPROPRIATED FOR THIS LINE ITEM, A PORTION, NOT TO EXCEED \$250,000 FOR FISCAL YEAR 2011-12, 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.

Pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S., the Legislative Council staff is required to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the current study will impact funding requirements for FY 2012-13 and FY 2013-14.

Prior to FY 2003-04, this biennial study was funded from the General Fund. Pursuant to a provision included in S.B. 03-248 [Section 22-54-104 (5) (c) (III) (B), C.R.S.], the costs of this study are now funded "off-the-top" of districts' total program funding. Thus, the Department of Education is to transfer a portion of the total amount appropriated for the State Share of Districts' Total Program Funding for FY 2011-12 to the Legislative Council to fund the statutorily required cost of living analysis. The amount transferred by the Department is not to exceed an amount specified in a Long Bill footnote.

Staff recommends eliminating the following footnotes:

- 5 Department of Education, Management and Administration; and Library Programs --** In addition to the transfer authority provided in Section 24-75-108, C.R.S., up to 2.5 percent of the total General Fund appropriations for Management and Administration and Library Programs may be transferred between the line items in these two sections of the FY 2010-11 Long Bill.

This footnote was added in FY 2008-09 following a significant reorganization of the Department's Long Bill appropriations. Most significantly, funding for certain staff that was previously included in consolidated line item in the Management and Administration section were instead moved to separate line items (e.g., library program staff and information technology staff). These changes were designed to make the Long Bill a more informative document, to ensure that actual expenditure and FTE data are provided at a sufficient level of detail, and to increase accountability. This footnote was intended to be temporary and allow the Department time to adjust to the new budget structure and to submit requests to shift funding between line items, if necessary and appropriate. In FY 2009-10, the Department used this authority to transfer \$12,831 among three line items (Salary Survey, Workers' Compensation, and Capitol Complex).

- 5a Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Administration, Oversight, and Management --** It is the intent of the General Assembly that up to \$192,246 of this spending authority be used to address the deficit fund balance in the State Charter School Institute Fund that occurred in FY 2009-10, and that the State Controller release warrants for outstanding payments for expenditures incurred in FY 2009-10.

This footnote was added through the FY 2010-11 supplemental bill to address a FY 2009-10 over expenditure by the Institute.

REQUESTS FOR INFORMATION

Staff recommends that the following information requests be continued or continued as amended, 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 ~~2009-10~~ 2010-11 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 ~~2008-09~~ 2009-10 and actual district expenditures for each program in fiscal year ~~2008-09~~ 2009-10. 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 ~~2008-09~~ 2009-10 and actual district expenditures in fiscal year ~~2008-09~~ 2009-10.

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, ~~2010~~ 2011, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2009-10~~ 2010-11: (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.

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.

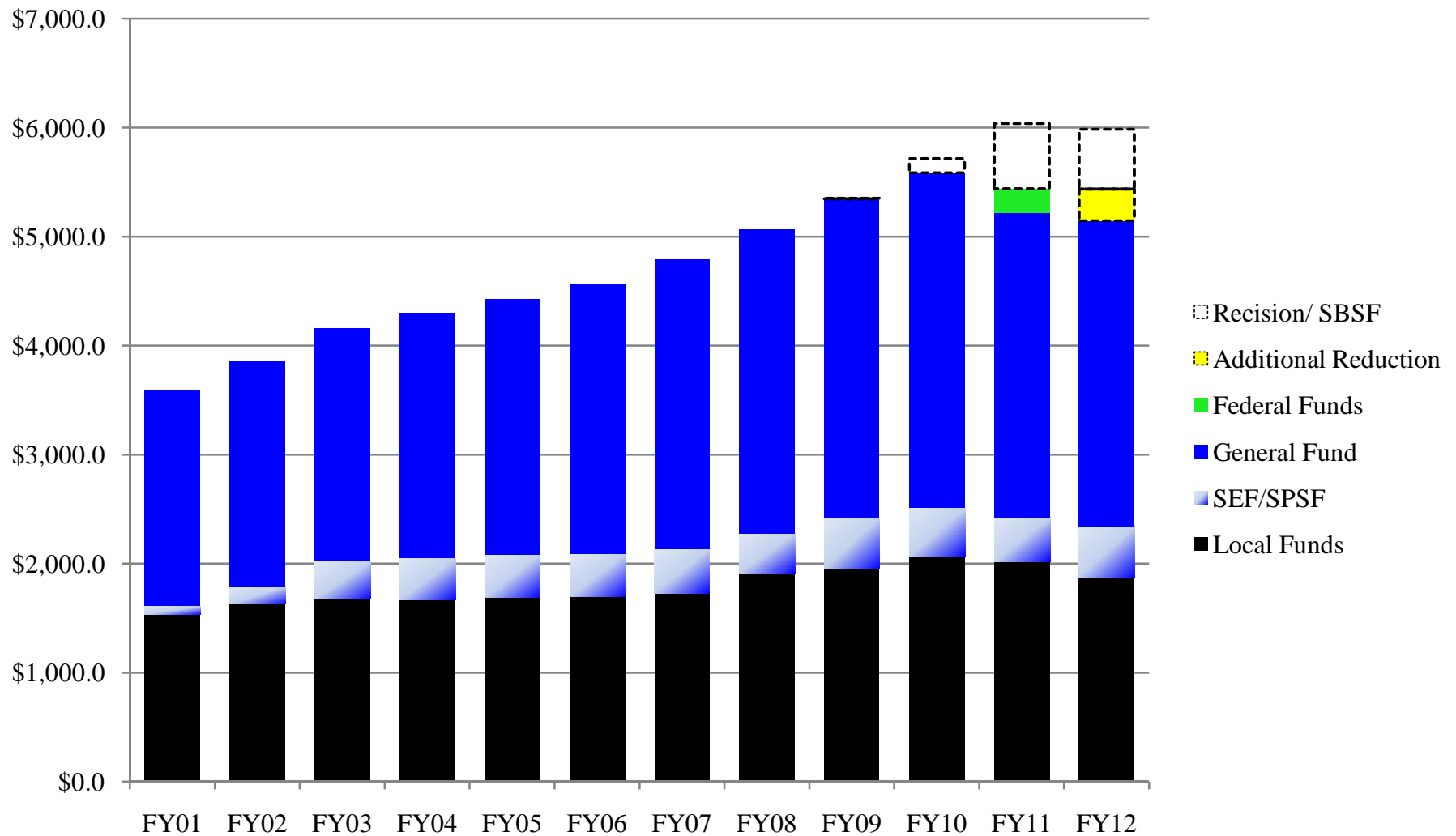
Staff recommends reinstating the following request for information:

- 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, 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 2009-10 AND 2010-11.

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.

This request was approved by the Committee last Spring, but was erroneously not included in the 2010 letter that was sent to the Governor. The above language requests data for both FY 2009-10 and FY 2010-11.

School Districts' Total Program Funding (\$ millions)



School Districts' Total Program Funding (Based on Appropriations)												
Fund Source	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12 Proj.
<i>Funded Pupil Count</i>	<i>693,659</i>	<i>707,218</i>	<i>717,749</i>	<i>723,230</i>	<i>729,417</i>	<i>741,403</i>	<i>753,338</i>	<i>760,917</i>	<i>778,136</i>	<i>789,511</i>	<i>798,677</i>	<i>805,891</i>
Local Funds	\$1,536,700,976	\$1,629,607,478	\$1,674,245,902	\$1,671,197,347	\$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	\$1,876,349,509
State Education Fund (SEF)/ State Public School Fund (SPSF) a/	73,400,663	156,629,363	346,961,158	379,156,261	401,122,658	390,768,821	403,505,151	362,163,909	462,870,995	442,677,995	408,557,173	466,175,175
General Fund b/	1,974,673,211	2,073,406,872	2,137,582,405	2,247,917,791	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	2,805,890,909
Federal Funds c/	0	0	0	0	0	0	0	0	0	0	216,358,164	0
SUBTOTAL: AVAILABLE FUNDING	3,584,774,850	3,859,643,713	4,158,789,465	4,298,271,399	4,430,339,724	4,572,554,442	4,790,417,406	5,068,490,332	5,348,813,887	5,587,572,003	5,441,603,049	5,148,415,593
<i>Available Funding/ Funded Pupil Count</i>	<i>\$5,168</i>	<i>\$5,458</i>	<i>\$5,794</i>	<i>\$5,943</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>\$6,388</i>
Additional Reduction Proposed by Governor d/	0	0	0	0	0	0	0	0	0	0	0	290,709,661
Recision/ State Budget Stabilization Factor (SBSF) e/	0	0	0	0	0	0	0	0	6,247,730	129,813,999	597,569,265	547,983,762
SUBTOTAL: FUNDING NOT PROVIDED	0	0	0	0	0	0	0	0	6,247,730	129,813,999	597,569,265	838,693,423
TOTAL	3,584,774,850	3,859,643,713	4,158,789,465	4,298,271,399	4,430,339,724	4,572,554,442	4,790,417,406	5,068,490,332	5,355,061,617	5,717,386,002	6,039,172,314	5,987,109,016

a/ For FY 2011-12, reflects staff's recommendation, plus \$36,000,000 that could be made available through legislation.

b/ For FY 2011-12, reflects requested General Fund appropriation.

c/ 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.

d/ "Additional Reduction Proposed by Governor" is calculated as follows: Difference between requested and recommended General Fund appropriations (\$326,709,661) and the amount of additional revenues anticipated to be made available it S.B. 10-150 is extended through FY 2011-12 (\$36,000,000), as proposed by the Governor.

e/ Recision amounts exclude "off-the-top" funding for School Finance Unit or Cost-of-Living Study.