JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2020-21

DEPARTMENT OF EDUCATION
(School Finance Only)

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
CRAIG HARPER, JBC STAFF
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JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR · DENVER · COLORADO · 80203
TELEPHONE: (303) 866-2061 · TDD: (303) 866-3472
https://leg.colorado.gov/agencies/joint-budget-committee

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DEPARTMENT OF EDUCATION

DEPARTMENT OVERVIEW

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

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

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

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

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

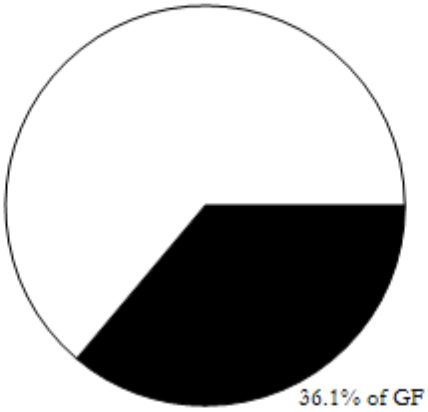
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 *
General Fund	$4,071,447,763	$4,116,143,086	$4,405,170,565	$4,446,370,759
Cash Funds	737,188,510	1,146,052,221	1,118,704,379	1,257,876,600
Reappropriated Funds	34,930,424	39,385,509	42,577,029	48,133,584
Federal Funds	648,233,511	617,194,961	619,445,796	619,919,233
TOTAL FUNDS	**$5,491,800,208**	**$5,918,775,777**	**$6,185,897,769**	**$6,372,300,176**
Full Time Equiv. Staff	599.2	602.5	616.4	625.8

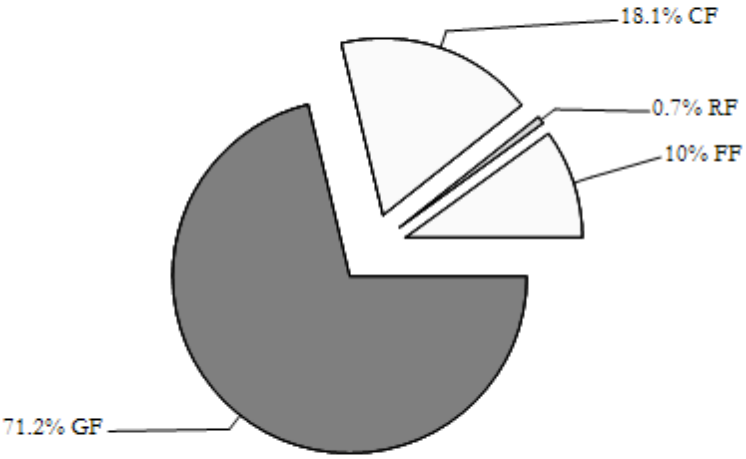
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

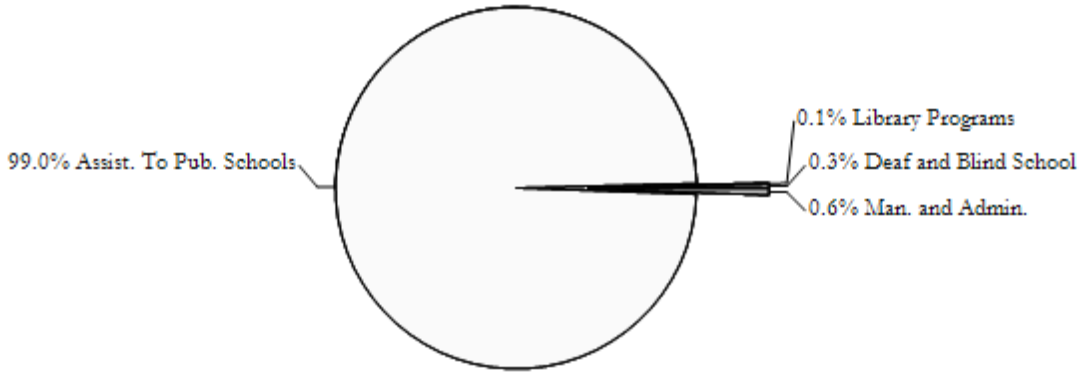


Department Funding Sources

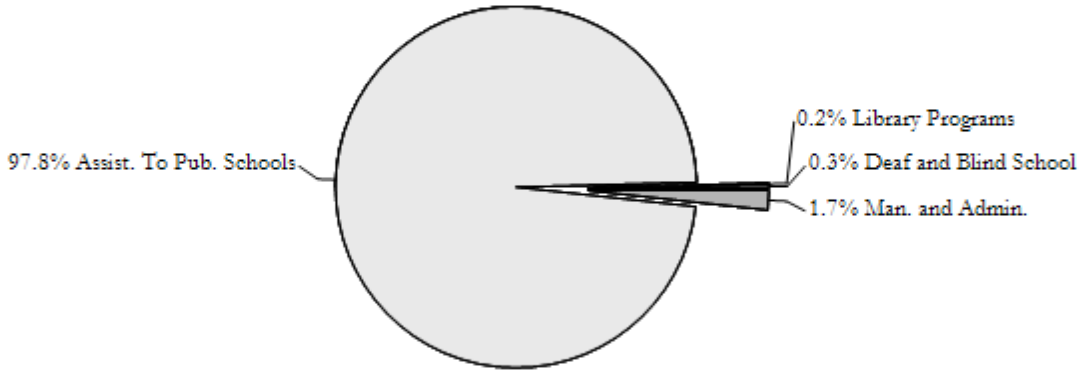


All charts are based on the FY 2019-20 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2019-20 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The Governor's FY 2020-21 request for the Department of Education consists of 69.8 percent General Fund, 19.7 percent cash funds, 9.7 percent federal funds, and 0.8 percent reappropriated funds. Although local government revenues provide a significant source of funding for K-12 education in Colorado ($3.0 billion anticipated for school finance alone in FY 2019-20), local funds are not reflected in the State's annual appropriations to the Department of Education. The following section reviews the role of school finance in driving the Department's annual budget.

PUBLIC SCHOOL FINANCE

School finance is the primary driver of the Department's budget. The State's share of distributions under the statutory school finance formula ($4.6 billion total funds and $4.2 billion General Fund in FY 2019-20) represents 74.7 percent of the Department's total budget and 94.4 percent of the Department's General Fund appropriations in FY 2019-20. A pair of constitutional requirements drive requirements for school finance funding distributed through a statutory school finance formula. In recent years, the desire to reduce the budget stabilization factor (first applied to school finance funding in FY 2010-11) has also been a significant driver.

THOROUGH AND UNIFORM REQUIREMENT

Section 2 of Article IX of the Colorado Constitution requires the General Assembly to provide for the "establishment and maintenance of a thorough and uniform system of free public schools throughout the state". To meet this requirement, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities.

The formula provides the same statewide base per-pupil funding amount for every school district ($6,952 per pupil for FY 2019-20). The formula then increases this statewide base per-pupil funding amount for each district based on *factors* that affect districts' costs of providing educational services. Thus, per-pupil funding allocations vary for each district. For FY 2019-20, per-pupil funding allocations are anticipated to range from $7,995 to $18,714, with a statewide average of $8,480 per pupil. Each district's per-pupil funding allocation is multiplied by its funded-pupil count to determine its total program funding. For FY 2019-20, pursuant to the formula, a total of $7.6 billion in state and local funds will be allocated among school districts.

CONSTITUTIONAL INFLATIONARY REQUIREMENT (AMENDMENT 23)

Section 17 of Article IX of the Colorado Constitution (passed by the voters in 2000 as Amendment 23) requires the General Assembly to provide annual inflationary increases in the statewide base per-pupil funding amount, which provides the foundation of the statutory school finance formula. For FY 2001-02 through FY 2010-11, this provision required base per pupil funding to increase annually by at least inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the statewide base must increase annually by at least the rate of inflation. For example, for FY 2019-20, the General Assembly was required to increase the statewide base per-pupil funding amount by at least $183 (from $6,769 to $6,952, or 2.7 percent), based on the actual 2.7 percent increase in the Denver-Aurora-Lakewood consumer price index in calendar year 2018. Given an estimated funded-pupil count of more than 894,000, the General Assembly was thus required to provide a minimum of $6.2 billion in

state and local funds for FY 2019-20 simply to cover base per pupil amounts, equal to 82.0 percent of the $7.6 billion in total program funding.

FACTORS CONSIDERED IN PUBLIC SCHOOL FINANCE FORMULA

With 82.0 percent of total program funding dedicated to the statewide base, the remaining 18.0 percent of state and local funds being allocated among school districts in FY 2019-20 is driven by the "factors" in the statutory school finance formula that account for individual district characteristics. The formula includes three primary factors:

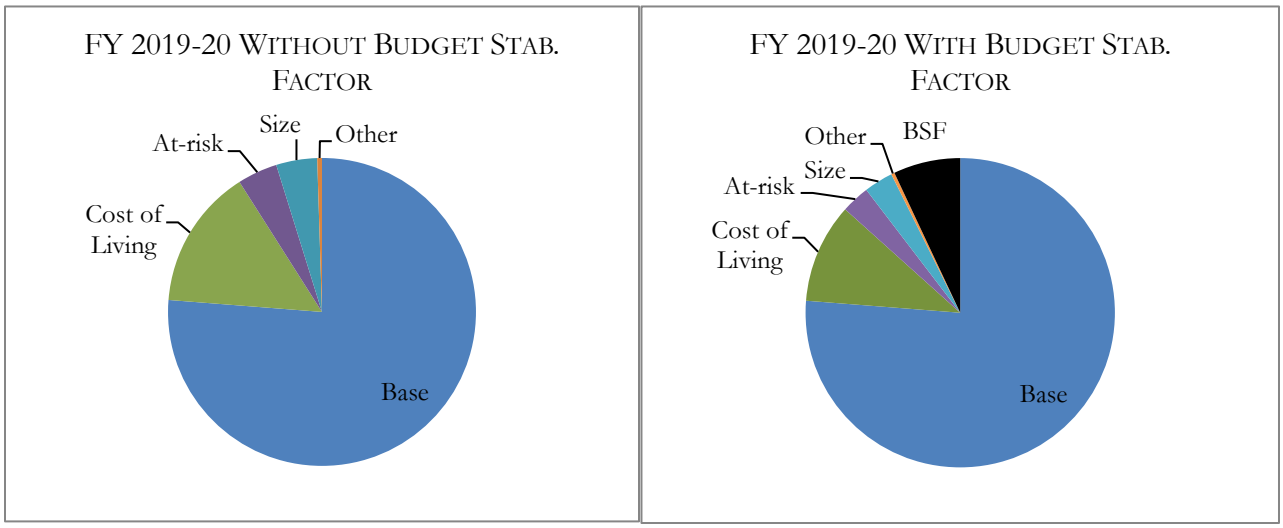
- Cost of Living Factor - Recognizes that the cost of living in a community affects the salaries required to attract and retain qualified personnel, providing additional funding to districts with higher cost of living.
- Size Factor - Compensates districts lacking enrollment-based economies of scale,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

In addition, the school finance formula requires a minimum level of per-pupil funding ($8,050 per pupil for FY 2019-20), regardless of the impact of the above factors. Based on current estimates for FY 2019-20, 10 districts are receiving funding based on this minimum level of per-pupil funding. The School Finance Act also provides a fixed amount of funding per pupil (established at $7,776 for FY 2019-20) for two types of students:

- Students receiving full-time, on-line instruction through a *multi-district* program. (The formula funds students in *single-district* on-line programs at the same level as the district's "brick and mortar" students.)
- Students in their fifth year of high school who are participating in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program.

BUDGET STABILIZATION FACTOR

Finally, since FY 2010-11 the formula has included a budget stabilization factor (BSF, previously known as the negative factor) designed to reduce districts' total program funding to a specified total amount based on the availability of revenues. For FY 2019-20, this factor is estimated to be -7.0 percent, requiring a $572.4 million reduction in total program funding. Thus, the Department will calculate total program funding for each district based on the formula described above, and then reduce each district's total program funding by 7.0 percent. Because the General Assembly cannot decrease base per-pupil funding, the budget stabilization factor has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.



The BSF peaked at more than $1.0 billion (representing 16.03 percent of formula-based total program funding) in FY 2012-13. Since that time, the General Assembly has "bought down" the value of the BSF to the current level of $572.4 million (7.0 percent of total program funding). Current law, as enacted in S.B. 19-246 (School Finance) would not allow the BSF to grow as a dollar amount in FY 2020-21, thereby setting the "floor" for school finance appropriations for FY 2020-21 pending further action by the General Assembly during the 2020 Session.

FULL-DAY KINDERGARTEN FUNDING (H.B. 19-1262)

As a result of the enactment of H.B. 19-1262 (State Funding for Full-day Kindergarten), beginning in FY 2019-20 the school finance formula will fund all students attending full-day kindergarten programs as full-time students rather than as 0.58 student FTE under prior law. The bill's Final Legislative Council Staff Fiscal Note estimated that the change would increase the statewide funded pupil count by 22,367 student FTE in FY 2019-20 (representing an estimated 47,160 full-day kindergarten students), increasing the cost of total program funding by a total of $190.2 million total funds, including $182.9 million in state funds and $7.3 million in local funds.

DETERMINING THE STATE AND LOCAL SHARES OF FUNDING

Local property taxes and specific ownership taxes (paid when registering a motor vehicle) provide the first source of revenue for each district's total program funding, and the appropriation of state funding then fills the gap between local tax revenues and the district's total program amount. Each district collects and expends the local tax revenues, so those revenues are not reflected in the state budget.

- The current FY 2019-20 appropriation anticipates a total of that $3.0 billion in local tax revenues will be available to support public schools pursuant to the statutory school finance formula (please note that this does *not* include any voter-approved override funds as those are not considered in the school finance calculations).
- Thus, the General Assembly appropriated $4.6 billion in state funding for FY 2019-20 to provide a total of $7.6 billion for school district operations.

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

- In 1982, voters approved a property tax reform measure that included a provision (generally called the "Gallagher amendment") which initially reduced the residential assessment rate from 30.0 percent to 21.0 percent, and capped the residential share of property taxes.
- In 1992, voters approved the Taxpayer's Bill of Rights (TABOR). Prior to TABOR, local governments could generally collect and spend the same amount of property tax revenue each year by periodically increasing or decreasing mill levies. With respect to school district property taxes, TABOR: (1) imposes a property tax revenue limit based on inflation and changes in student enrollment; (2) prohibits districts from increasing a mill levy without voter approval; and (3) requires voter approval for any increase in the assessment rate for a class of property.

Because of the Gallagher amendment, the residential assessment rate has declined from 30.00 percent to 7.15 percent. Most recently, S.B. 19-255 (Gallagher Amendment Residential Assessment Rate) reduced the residential assessment rate from 7.20 percent to 7.15 percent beginning in FY 2019-20 to keep the residential share of property tax revenues at about 45.7 percent. Similarly, TABOR has reduced school district mill levies from a uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to increase. Specifically, from CY 1988 to FY 2006-07, the state share of funding rose from 43.4 percent to 63.9 percent, while the local share fell from 56.6 percent to 36.1 percent.

Senate Bill 07-199 (School Finance) changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding. Due to the passage of S.B. 07-199 and increases in assessed valuation, the state share of funding (as a percentage of the total program) decreased in FY 2007-08 to 62.2 percent. Subsequently, due to declines in assessed valuation, the state share increased to 66.6 percent of total program funding in FY 2014-15. The state share is projected to provide 60.9 percent of total program funding in FY 2019-20.

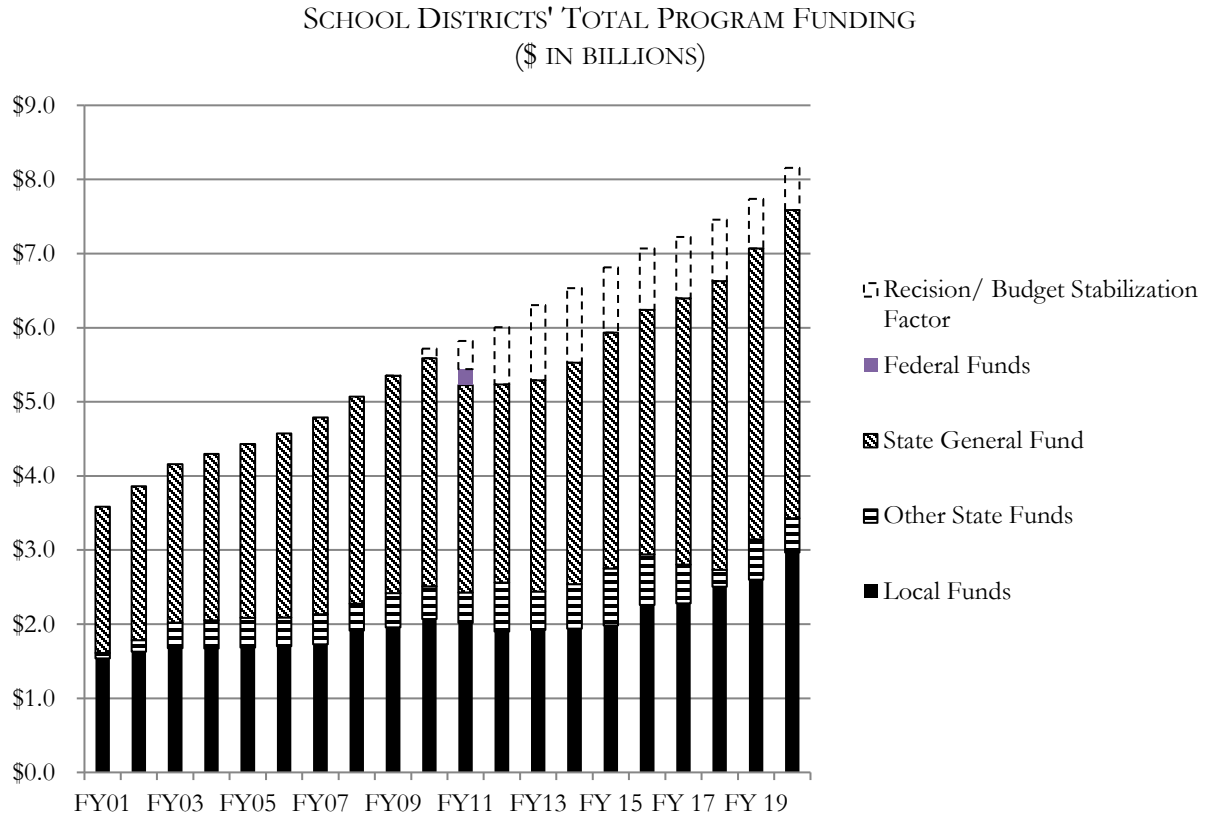
In summary, several factors affect the amount of state funding appropriated for public school finance, including:

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

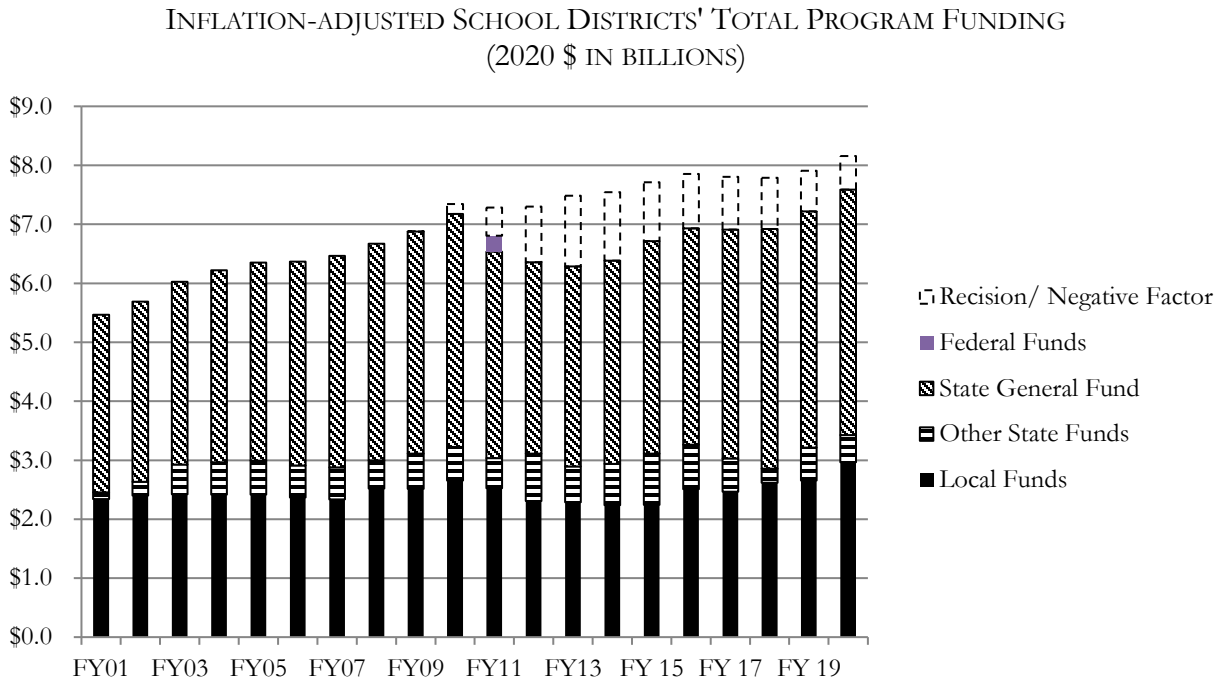
Finally, as noted above, dynamics surrounding the BSF have been significant budget drivers in recent years. With the BSF providing flexibility to fund total program at an amount less than required by the

rest of the school finance formula, the General Assembly's prioritization of reducing the BSF (and therefore increasing total program funding) is a major factor in annual appropriations for school finance.

The following graph illustrates school districts' total program funding, by fund source, from FY 2000-01 through FY 2019-20. The stacked bar segments outlined with a dotted line illustrate the mid-year recisions required in FY 2008-09 and FY 2009-10 due to insufficient state appropriations, as well as the impact of the budget stabilization factor in subsequent fiscal years. As shown in the chart, total program before the application of the budget stabilization factor increases each year (based on the inflationary requirement in Amendment 23), while the application of the budget stabilization factor has provided flexibility to reflect available revenues.



As an alternative view, the following graphic shows the same chart adjusted for inflation (shown in 2020 dollars as adjusted by the Denver-Aurora-Lakewood consumer price index).



The following table shows key data related to school finance funding for the last five fiscal years, as well as the current (2019 Session) appropriations for FY 2019-20.

SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING: KEY DATA						
DESCRIPTION	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 APPROP.	FY 2019-20 APPROP.[1]
Funded Pupil Count	**844,546**	**853,251**	**858,872**	**865,017**	**870,085**	**894,569**
Annual Percent Change	*1.7%*	*1.0%*	*0.7%*	*0.7%*	*0.6%*	*2.8%*
Change in Denver-Aurora Consumer Price Index for Previous Calendar Year	*2.8%*	*2.8%*	*1.2%*	*2.8%*	*3.4%*	*2.7%*
Statewide Base Per Pupil Funding	**$6,121**	**$6,292**	**$6,368**	**$6,546**	**$6,769**	**$6,952**
Annual Percent Change	*2.8%*	*2.8%*	*1.2%*	*2.8%*	*3.4%*	*2.7%*
Statewide Average Per Pupil Funding	**$7,026**	**$7,313**	**$7,420**	**$7,662**	**$8,123**	**$8,480**
Annual Percent Change	*5.6%*	*4.1%*	*1.5%*	*3.3%*	*6.0%*	*4.4%*
Total Program Funding[2]	**$5,933,444,389**	**$6,239,564,775**	**$6,372,827,460**	**$6,627,917,199**	**$7,067,336,095**	**$7,585,708,709**
Annual Percent Change	*7.4%*	*5.2%*	*2.1%*	*4.0%*	*6.6%*	*7.3%*
Local Share of Total Program Funding	$1,982,831,906	$2,259,785,802	$2,257,704,955	$2,506,844,504	$2,598,750,917	$2,965,952,818
Annual Percent Change	*2.3%*	*14.0%*	*-0.1%*	*11.0%*	*3.7%*	*14.1%*
State Share of Total Program Funding	$3,950,612,483	$3,979,778,973	$4,115,122,505	$4,121,072,695	$4,468,585,178	$4,619,755,891
Annual Percent Change	*10.1%*	*0.7%*	*3.4%*	*0.1%*	*8.4%*	*3.4%*
State Share as Percent of Districts' Total Program Funding	*66.6%*	*63.8%*	*64.6%*	*62.2%*	*63.2%*	*60.9%*

[1] The FY 2019-20 appropriation includes an increase of 22,367.1 funded pupils and $185.4 million state funds (in addition to $7.3 million in local funds) associated with the implementation of full-day kindergarten under H.B. 19-1262.

[2] These figures reflect total program funding after application of the budget stabilization factor.

SUMMARY: FY 2019-20 APPROPRIATION & FY 2020-21 REQUEST

DEPARTMENT OF EDUCATION	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION:						
SB 19-207 Long Bill	5,851,129,906	4,190,124,616	999,232,465	42,327,029	619,445,796	605.4
HB 19-1262 Full-day kindergarten	173,972,108	173,972,108	0	0	0	0.0
SB 19-246 School finance	38,775,902	37,675,902	1,100,000	0	0	1.3
HB 19-1055 Public school capital construction assistance	80,656,559	0	80,656,559	0	0	0.0
Other legislation	41,363,294	3,397,939	37,715,355	250,000	0	9.7
TOTAL	**$6,185,897,769**	**$4,405,170,565**	**$1,118,704,379**	**$42,577,029**	**$619,445,796**	**616.4**
FY 2020-21 REQUESTED APPROPRIATION:						
FY 2019-20 Appropriation	$6,185,897,769	4,405,170,565	$1,118,704,379	$42,577,029	$619,445,796	616.4
R1/BA2 Total program increase	122,601,636	7,393,370	115,208,266	0	0	0.0
R2 Categorical programs increase	5,746,857	0	5,746,857	0	0	0.0
R3 CSDB teacher salary increase	79,329	79,329	0	0	0	0.0
R4 CSDB utilities	59,542	59,542	0	0	0	0.0
R5 Concurrent enrollment for educators	539,190	539,190	0	0	0	0.0
R6 CPP Expansion	27,627,017	27,627,017	0	0	0	0.0
R7 Departmental infrastructure	664,425	318,561	0	345,864	0	6.2
R8 CSI mill levy override equalization	10,000,000	5,000,000	0	5,000,000	0	0.0
R9 Empowering parents with school information	499,745	499,745	0	0	0	1.8
R10 Educator evaluations	500,000	500,000	0	0	0	0.9
R11 Grants for early childhood facilities	10,000,000	0	10,000,000	0	0	0.0
R12/BA3 Expand eligibility for school improvement	5,000,000	5,000,000	0	0	0	0.0
BA4 Transfer GF to SEF	0	0	0	0	0	0.0
BA5 Concurrent enrollment grant program increase	1,000,000	1,000,000	0	0	0	0.0
BA6 Student re-engagement grant program increase	2,000,000	2,000,000	0	0	0	0.0
BA7 Career development success program increase	2,000,000	2,000,000	0	0	0	0.0
Non-prioritized items	12,378	8,462	1,505	2,411	0	0.0
Centrally appropriated items	2,401,705	1,100,962	498,389	426,997	375,357	0.0
Annualize prior year budget actions	(3,427,948)	(3,002,948)	(425,000)	0	0	0.0
Annualize prior year legislation	(901,469)	(8,923,036)	8,142,204	(218,717)	98,080	0.5
TOTAL	**$6,372,300,176**	**$4,446,370,759**	**$1,257,876,600**	**$48,133,584**	**$619,919,233**	**625.8**
INCREASE/(DECREASE)	$186,402,407	$41,200,194	$139,172,221	$5,556,555	$473,437	9.4
Percentage Change	3.0%	0.9%	12.4%	13.1%	0.1%	1.5%

Note: Statute (Section 22-2-106 (1)(d), C.R.S.) tasks requires the State Board of Education to "approve the annual budget request for the department prior to submission." Thus, the State Board annually discusses decision items for inclusion in the budget request. Following that review, the Governor's Office may also add items to the Department's Budget. In the following descriptions, staff has clarified which requests were specifically proposed by the Governor's Office, as those requests were not reviewed or approved by the State Board. For the FY 2020-21 request, the State Board approved

requests R1 (Total Program Increase), R2 (Categorical Programs Increase) and R7 (Departmental Infrastructure). Thus, the Governor's Office proposed the other decision items and budget amendments shown below, though generally with the technical support of the staff at the Department of Education.

R1/BA2 TOTAL PROGRAM INCREASE: The Department's request includes a net increase of $122.6 million total funds for the state share of districts' total program funding (including $7.4 million General Fund and $115.2 million cash funds). Based on the Office of State Planning and Budgeting (OSPB) September 2019 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by $219.83 (2.6 percent); and (2) decrease the dollar value of the budget stabilization factor by $52.0 million (from $572.4 million in FY 2019-20 to $520.4 million in FY 2020-21, or 9.1 percent). The request does not specify a budget stabilization factor for FY 2021-22 or subsequent years. The Committee should note that this request requires separate legislation to set the total program amount and the budget stabilization factor for FY 202-21 (generally accomplished through the annual school finance bill).

R2 CATEGORICAL PROGRAMS INCREASE: Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2020-21. The request, based on the OSPB-projected inflation rate for CY 2019 (1.7 percent), seeks an increase of $5.7 million cash funds from the State Education Fund to support the required increase. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. See Appendix C for a discussion of the Department's response to a request for information associated with categorical funding. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R2 REQUESTED INCREASES IN *STATE* FUNDING FOR CATEGORICAL PROGRAMS

LONG BILL LINE ITEM	FY 2019-20 APPROPRIATION	FY 2020-21 REQUEST	CHANGE IN STATE FUNDING	PERCENT CHANGE
Special Education - Children with Disabilities	$202,700,611	$205,597,976	$2,897,365	1.4%
English Language Proficiency Program	22,994,436	24,433,999	1,439,563	6.3%
Public School Transportation	60,480,645	61,356,451	875,806	1.4%
Career and Technical Education Programs	27,238,323	27,670,102	431,779	1.6%
Special Education - Gifted and Talented Children	12,697,199	12,798,482	101,283	0.8%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,314,250	1,315,311	1,061	0.1%
Comprehensive Health Education	1,131,396	1,131,396	0	0.0%
Total	**$338,050,420**	**$343,797,277**	**$5,746,857**	**1.7%**

R3 CSDB TEACHER SALARY INCREASE: The request includes an increase of $79,329 General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB's salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2019-20 (the CSDB salaries lag District 11 by one year), the request would provide: (1) a 0.7 percent base salary increase; and (2) step increases based on experience. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R4 CSDB UTILITIES: The request includes an increase of $59,452 General Fund to accommodate projected increases in utility costs at CSDB in FY 2020-21, an increase of 9.5 percent above the FY 2019-20 appropriation. In response to a shortfall in FY 2018-19 (which the school absorbed through savings and deferred operating expenses), the General Assembly increased the appropriation by $25,000 for FY 2019-20. However, the school's projections still anticipate a shortfall of $59,452 in FY 2020-21. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R5 CONCURRENT ENROLLMENT FOR EDUCATORS: The Governor's Office is requesting an increase of $539,190 General Fund to create a concurrent enrollment pilot program for future educators in response to the teacher shortage. Based on a model in the Cherry Creek School District (according to the Department, FY 2019-20 is the first year in which the program is running), the Department has indicated that participating students would: (1) enroll in the program in 10th grade; (2) earn a paraprofessional credential while in high school; and (3) be able to complete a teaching credential in three semesters following high school. At an estimated cost of approximately $5,995 in state funds per student over three years, the proposed program would support pilot programs in six school districts, with fifteen participating students in each district. The Committee should note that this request requires separate legislation. The Governor's Office is not requesting this as a JBC bill. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R6 CPP EXPANSION: The Governor's Office is requesting an increase of $27.6 million General Fund to add 6,515 half-day slots to the Colorado Preschool Program (CPP), which is funded through the State Share of Districts' Total Program Funding line item. The Governor's Office estimates that the increase would allow the program to serve an additional 5,977 3- and 4-year old children through a combination of full- and half-day positions. The request represents a 22.2 percent increase above the existing authorization for 29,360 CPP slots, and the Governor's Office estimates that the request would allow the CPP to serve approximately 50.0 percent of the students that would be eligible for the CPP (based on the risk factors identified in statute). The Committee should note that the number of CPP slots is specified in statute and this request requires separate legislation. The Governor's Office is not requesting this as a JBC bill.

R7 DEPARTMENTAL INFRASTRUCTURE: The Department's/State Board's request includes an increase of $664,425 total funds, including $318,561 General Fund and $345,864 reappropriated funds, and 6.2 FTE in FY 2020-21 (annualizing to $660,192 total funds and 6.5 FTE in FY 2021-2022 and beyond) to support additional Departmental administration staff. In response to increasing statutory requirements and increasing workload, the request includes the following components: (1) $235,114 General Fund and 1.8 FTE to support two additional information technology (IT) professional positions; (2) $188,496 reappropriated funds and 2.0 FTE to support additional purchasing staff in response to growing workload in terms of requests for proposals, etc.; (3) $114,820 reappropriated funds and 1.0 FTE for an additional human resources specialist; (4) $83,447 General Fund and 0.9 FTE to improve the coordination and efficiency of the Department's grant making process; and (5) $42,458 reappropriated funds and 0.5 FTE for payroll administration. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R8 CSI MILL LEVY OVERRIDE EQUALIZATION: The State Charter School Institute is requesting an increase of $10.0 million total funds, including $5.0 million General Fund appropriated to the Mill

Levy Equalization Fund created in H.B. 18-1375 and $5.0 million reappropriated funds to appropriate those funds out of the cash fund, for mill levy override equalization payments to Colorado Charter School Institute (CSI) schools in FY 2020-21. The request adds to an appropriation of $14.0 million total funds (including $7.0 million General Fund and $7.0 million reappropriated funds) provided in FY 2019-20. As a result, the proposed appropriation would distribute a total of $12.0 million to CSI schools in FY 2020-21 for mill levy override equalization. For context, CSI staff estimates that complete equalization of override revenues for CSI schools (equaling override revenues available per pupil in the schools' accounting districts) would require $33.9 million General Fund in FY 2020-21. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R9 EMPOWERING PARENTS WITH SCHOOL INFORMATION: The Governor's Office is requesting an increase of $499,745 General Fund and 1.8 FTE in FY 2020-21 (annualizing to $232,869 General Fund and 2.0 FTE in FY 2021-22) to improve data quality, accessibility, and transparency in SchoolView, the State's school and school district data dashboard. The request for FY 2020-21 includes $223,745 for two new permanent IT professional positions and $276,000 for one-time costs for contract personnel. Federal law requires all states to have school, district, and state report cards that provide access to information about school performance. According to the Department, the current system (created in 2010 using 2008 Oracle technology) no longer connects to some of the Department's data and is increasingly obsolete, costly, and difficult to maintain. Finally, the Department reports that the U.S. Department of Education's Office of Civil Rights has found SchoolView to be out of compliance with federal accessibility requirements associated with the Americans with Disabilities Act. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R10 EDUCATOR EVALUATIONS: The Governor's Office is requesting an increase of $500,000 General Fund and 0.9 FTE in FY 2020-21 (annualizing to $500,000 and 1.0 FTE in FY 2021-22 and beyond) to improve evaluations and supports for educators. The request includes three components: (1) $282,788 and 0.9 FTE to provide free training for school district evaluators to improve evaluations; (2) $66,000 to offer a repository of differentiated evaluation rubrics targeting school districts' different evaluation needs; and (3) $151,212 to provide grants to school districts looking to experiment with innovative approaches to evaluation such as video evaluations and peer evaluations. The Committee should note that this request requires separate legislation. The Governor's Office is not requesting this as a JBC bill. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R11 GRANTS FOR EARLY CHILDHOOD FACILITIES: The Governor's Office is requesting an increase of $10.0 million cash funds from the Public School Capital Construction Assistance Fund for grants for the improvement and development of early childhood care and education facilities. The Department has indicated an intent to repurpose $10.0 million currently required for appropriation to the B.E.S.T. program's cash grants line item in FY 2020-21 to support the grants. The request proposes statutory change to authorize the use of B.E.S.T. funds for grants for both school-based and community-based (including non-profit and for profit) early childhood and preschool facilities. The Committee should note that this request requires separate legislation. The Governor's Office is not requesting this as a JBC bill. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

R12/BA3 EXPAND ELIGIBILITY FOR SCHOOL IMPROVEMENT: With R12 and BA3 (submitted on November 13, 2019), the Governor's Office is requesting an increase of $5.0 million General Fund ($1.0 million through R12 and $4.0 million through BA3) to provide additional grants through the School Transformation Grant Program. The Governor's Office has proposed the $1.0 million in R12 as an ongoing increase in funding and the $4.0 million in BA3 as a one-time appropriation to be spent over a three-year period (through FY 2022-23). Under current law, only schools classified as Turnaround or Priority Improvement status (the lowest two categories) are eligible for transformation grant funds. The request proposes statutory change and additional funding to expand eligibility to include: (1) schools in the Improvement category that are close to falling into Priority Improvement status; and (2) schools that are on "watch" status because they were recently classified as Turnaround or Priority Improvement status. The Committee should note that expanding eligibility for the grant funds request requires statutory change through separate legislation. The Governor's Office is not requesting this as a JBC bill. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

BA4 TRANSFER GF TO SEF: With BA4, the Governor's Office is proposing a one-time (statutory) transfer of $12.0 million General Fund to the State Education Fund. The request proposes to increase the ending balance/reserve in the State Education Fund by $12.0 million (from a target balance of $140 million proposed in request R1 on November 1, 2019, to a target of $152 million with BA4) for use in subsequent years. The Committee should note that this request requires separate legislation. The Governor's Office is not requesting this as a JBC bill. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

BA5 CONCURRENT ENROLLMENT GRANT PROGRAM INCREASE: With BA5, the Governor's Office is requesting a one-time increase of $1.0 million General Fund for the Concurrent Enrollment Expansion and Innovation Grant Program created in S.B. 19-176 (Expanding Concurrent Enrollment Opportunities). The program offers grants to assist schools and districts in offering concurrent enrollment opportunities and either initiating or strengthening partnerships with institutions of higher education. Senate Bill 19-176 appropriated $1.5 million cash funds from the State Education Fund to support the grant program in FY 2019-20. The Department reports that the current year appropriation falls $1.0 million short of fully funding the grant applications received for FY 2019-20. The Department also expects growth in the number of applications for FY 2020-21 and estimates that the additional resources would support grants for 20 more partnerships (at an estimated $50,000 per partnership). [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

BA6 STUDENT RE-ENGAGEMENT GRANT PROGRAM INCREASE: The November 13, 2019, budget amendments include a request for a one-time increase of $2.0 million General Fund for the Student Re-engagement Grant Program (to be spent over three years). Originally created in H.B. 09-1243 (Increase High School Graduation Rates) and funded through the Office of Dropout Prevention and Student Re-engagement, the program provides competitive multi-year (up to three-year) grants to high needs school districts and schools to implement evidence based practices to help sustain student engagement at the secondary level and to re-engage students that have dropped out. The grant program currently receives an annual appropriation of $2.0 million cash funds from the Marijuana Tax Cash Fund, to which the request would add $2.0 million General Fund on a one-time basis for FY 2020-21. The current appropriation is funding 11 out of 37 school districts that applied, and the Department estimates that the increase would allow the program to serve an additional eight to ten

applicants with three-year grants starting in FY 2020-21. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

BA7 CAREER DEVELOPMENT SUCCESS PROGRAM INCREASE: The Governor's Office is requesting a one-time increase of $2.0 million General Fund expand the Career Development Success Program to pay incentives for the participating school districts and charter schools that encourage high school students to complete a qualified workforce program (increasing from $5.0 million in FY 2019-20 to $7.0 million in FY 2020-21. The requested $2.0 million (one-time) increase would build on an ongoing increase of $3.0 million that the General Assembly approved for FY 2019-20. [This request was addressed in during the JBC Staff Briefing for programs other than school finance on November 21, 2019.]

NON-PRIORITIZED ITEMS: The request includes increases totaling $12,378 total funds (including $8,462 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2020-21.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Budget request package	$9,849	$5,933	$1,505	$2,411	$0	0.0
DPA Annual fleet vehicle request	2,529	2,529	0	0	0	0.0
TOTAL	**$12,378**	**$8,462**	**$1,505**	**$2,411**	**$0**	**0.0**

CENTRALLY APPROPRIATED ITEMS: The request includes an increase of $2.4 million total funds (including $1.1 million General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey	$1,076,326	$345,293	$175,092	$134,441	$421,500	0.0
Health, life, and dental	648,956	376,953	95,604	153,159	23,240	0.0
Legal services	325,305	188,040	128,918	8,347	0	0.0
Payments to OIT	249,301	107,001	37,120	105,180	0	0.0
AED	107,750	43,666	30,715	30,353	3,016	0.0
SAED	107,750	43,666	30,715	30,353	3,016	0.0
CORE operations	81,078	21,098	90,095	(30,115)	0	0.0
Paid family leave	67,392	57,379	0	10,013	0	0.0
Capitol Complex leased space	37,213	11,164	4,458	7,238	14,353	0.0
Short-term disability	3,776	1,535	1,058	1,040	143	0.0
Workers' compensation	(117,928)	(52,675)	(15,389)	(7,969)	(41,895)	0.0
Administrative law judge services	(92,183)	0	(76,272)	(15,911)	0	0.0
PERA Direct Distribution	(67,796)	(16,923)	(3,725)	868	(48,016)	0.0
Payment to risk management / property funds	(21,234)	(21,234)	0	0	0	0.0
Shift differential	(4,001)	(4,001)	0	0	0	0.0
TOTAL	**$2,401,705**	**$1,100,962**	**$498,389**	**$426,997**	**$375,357**	**0.0**

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments to reflect the FY 2020-21 impact of budget actions and decision items included in prior year Long Bill appropriations. The table below summarizes each annualization for FY 2020-21.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 19-20 R4 Funding for school turnaround	$117,194	$117,194	$0	$0	$0	0.0
FY 19-20 R3 Schools of choice	19,505	19,505	0	0	0	0.0
FY 19-20 R9 ELC educator talent priorities	(3,000,000)	(3,000,000)	0	0	0	0.0
FY 19-20 R5 CPP tax checkoff	(425,000)	0	(425,000)	0	0	0.0
FY 2019-20 Salary survey	(89,647)	(89,647)	0	0	0	0.0
Educator perception	(50,000)	(50,000)	0	0	0	0.0
TOTAL	**($3,427,948)**	**($3,002,948)**	**($425,000)**	**$0**	**$0**	**0.0**

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2020-21 impact of legislation passed in prior years, including the adjustments shown in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 19-1262 Full-day kindergarten	$9,841,065	$9,841,065	$0	$0	$0	0.0
HB 19-1055 Public School Capital Construction Financial Assistance	5,656,559	0	5,656,559	0	0	0.0
HB 19-1017 K5 Social and Emotional Health	2,456,886	0	2,456,886	0	0	0.6
HB 19-1132 School Incentives to Use Colorado Food and Produce	506,313	506,313	0	0	0	0.1
HB 19-1002 Leadership professional development for school principals	478,686	478,686	0	0	0	0.1
SB 18-200 PERA	250,459	80,346	40,750	31,283	98,080	0.0
HB 19-1277 Computer science grant program	250,000	250,000	0	0	0	0.0
SB 19-199 READ Act implementation	73,506	62,393	11,113	0	0	0.3
HB 19-1171 Expand Child Nutrition School Lunch Protection	14,376	14,376	0	0	0	0.0
SB 19-204 Public school local accountability systems	1,170	1,170	0	0	0	0.1
HB 19-1236 Workforce diploma pilot program	21	21	0	0	0	0.0
HB 18-1306 Improving educational stability for foster youth	0	0	0	0	0	0.0
SB 19-246 School finance	(20,000,000)	(20,000,000)	0	0	0	0.0
HB 19-1332 Disabled telephone users fund CTBL	(250,000)	0	0	(250,000)	0	0.0
HB 19-1120 Youth mental health education and suicide prevention	(69,842)	(69,842)	0	0	0	(0.3)
HB 18-1019 K12 accreditation weighted factors	(52,500)	(52,500)	0	0	0	0.0
SB 19-176 Expanding concurrent enrollment	(35,884)	(12,780)	(23,104)	0	0	(0.4)
HB 19-1110 Media literacy	(19,816)	(19,816)	0	0	0	0.0
SB 19-216 High school innovative learning pilot	(2,468)	(2,468)	0	0	0	0.0
TOTAL	**($901,469)**	**($8,923,036)**	**$8,142,204**	**($218,717)**	**$98,080**	**0.5**

ISSUE: SCHOOL FINANCE ACT FUNDING PROJECTIONS

Current law requires the General Assembly to provide at least enough funding for school finance in FY 2020-21 to maintain the budget stabilization factor at no more than the dollar amount from FY 2019-20 ($572.4 million based on the current FY 2019-20 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the budget stabilization factor at $572.4 million in FY 2020-21 would require an additional $78.6 million in state funding above the current FY 2019-20 appropriation. As a result of the projected availability of additional cash funds for FY 2020-21, that amount includes a decrease of $7.4 million General Fund that would be offset by an increase of $86.0 million from cash fund sources.

SUMMARY

- Current law, as enacted in S.B. 19-246, requires the General Assembly to provide sufficient total program funding in FY 2020-21 to prevent the budget stabilization factor from growing above the FY 2019-20 dollar amount ($572.4 million).

- Based on the Legislative Council Staff September 2019 Revenue Forecast (LCS Forecast), meeting the current law funding requirement for FY 2020-21 would require an increase of $78.6 million total funds for the state share of total program funding. Making that appropriation would allow for a decrease of $7.4 million General Fund in FY 2020-21 relative to the current FY 2019-20 appropriation, with cash funds supporting the necessary increase. Without changes to current law, staff expects this scenario to determine the FY 2020-21 Long Bill appropriation for school finance, which the General Assembly may adjust through the annual school finance bill. The Committee should note, however, that these estimates will change with the December 2019 revenue forecast.

- A confluence of factors has reduced the projected impact of school finance on the state budget for FY 2020-21 relative to the increases in state funding required in previous years. The current projections anticipate: (1) relatively robust growth in local funds; (2) low inflation; and (3) slow enrollment growth. The December 2019 revenue forecasts will adjust all of those variables and will undoubtedly change cost projections for any given school finance scenario.

- The Governor's budget request for FY 2020-21 includes two proposals directly related to total program funding. First, based revenue estimates from the Office of State Planning and Budgeting, request R1 and budget amendment 2 propose an increase of $122.6 million state funds (including $7.4 million General Fund and $115.2 million cash funds) to reduce the budget stabilization factor by $52.0 million (to $532.4 million). Second, request R6 (CPP Expansion) proposes an increase of $27.6 million General Fund to add 6,515 half-day "slots" to the Colorado Preschool Program (CPP). All told, including the estimated cost to annualize H.B. 19-1262 (State Funding for Full-day Kindergarten, the request propose an increase of $160.1 million above the current FY 2019-20 appropriation for the state share of districts' total program funding. The proposal does not specify a targeted budget stabilization factor in subsequent years.

RECOMMENDATION

Based on the current statutory school finance formula, staff's school finance funding projections, and the Governor's proposed budget for FY 2020-21, staff recommends that the Joint Budget Committee discuss public school funding with legislative leadership, the Education Committees, and the Governor's Office. Specifically:

- How does the General Assembly intend to meet the key constitutional requirements concerning education (Amendment 23 and the thorough and uniform requirement)? What is an adequate total program amount? Does the General Assembly intend to increase or decrease the value of the budget stabilization factor in FY 2020-21 and beyond?
- Should the Committee "set aside" funds for the Governor's two budget proposals directly related to school finance? The requests include the following increases: (1) $52.0 million total funds to reduce the budget stabilization factor by that amount (requests R1 and BA2); and (2) $27.6 million General Fund to expand the Colorado Preschool Program (request R6).
- Should the General Assembly maintain a higher balance (reserve) in the State Education Fund (SEF)? In recent years, the General Assembly has targeted a minimum balance of $100.0 million in the SEF. Based on current projections, the fund will end FY 2019-20 with a balance of approximately $209.4 million. Should the General Assembly increase the targeted balance to provide an additional reserve for school finance?
- Should the General Assembly pursue changes to the statutory school finance formula, changes to Amendment 23, and/or changes to increase the revenues available to support school finance to ensure the State's ability to continue to provide for the maintenance of a thorough and uniform system of public schools? For example, should the General Assembly adjust the factors in the formula to address potential inequities? Should the General Assembly adjust the formula to reflect available revenues or continue to track appropriations relative to the budget stabilization factor?

With respect to the FY 2020-21 appropriation, unless the General Assembly elects to change current law prior to the figure setting process, staff anticipates making the following specific recommendations *for the FY 2020-21 Long Bill*:

1. Set the Long Bill appropriation for school finance to maintain the budget stabilization factor as a constant dollar amount ($572.4 million based on the current FY 2019-20 appropriation). Please note that because the Long Bill reflects current law, <u>increasing the budget stabilization factor as a dollar amount *in the Long Bill appropriation* would require separate legislation (such as the mid-year school finance adjustments bill for FY 2019-20) to change the current statutory requirement.</u>

2. Provide additional total program funding through the school finance bill, as revenues allow, in a manner that is sustainable in subsequent years.

3. Plan to maintain a minimum balance in the SEF of at least $150 million at the end of FY 2020-21 and at least $100 million in subsequent years, consistent with recent targeted ending balances for the SEF. As discussed above, the Governor's Office is proposing an increase to the ending balance (targeting $152.0 million) that may extend beyond FY 2020-21.

DISCUSSION

BACKGROUND – PROJECTION ASSUMPTIONS

Annual projections of education funding have generally included funding for two program areas: (1) public school finance and (2) categorical programs. Following the passage of Amendment 23[2], the annual projections of funding for these two areas were straightforward. To reflect current law, staff based the projections on the existing statutory public school finance formula[3], plus compliance with Amendment 23 requiring annual increases in the "base per pupil funding" component of the statutory formula and in state funding for categorical programs. Staff then calculated the necessary General Fund appropriations based on:

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

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

- First, the projections incorporate the budget stabilization factor. Thus, the "current law" amount is no longer generated solely through the statutory school finance formula.
- Second, in light of the uncertainty introduced by the budget stabilization factor, the General Assembly generally establishes a "current law" requirement for the *following fiscal* year during each legislative session. For example, S.B. 19-246 requires the General Assembly to prevent growth in the budget stabilization factor (as a dollar amount) from FY 2019-20 to FY 2020-21. Thus, under current law (which determines the Long Bill appropriation) the budget stabilization factor may not exceed $572.4 million in FY 2020-21.
- Finally, the concept of SEF "solvency" changed because of declines in the SEF fund balance. Specifically, the projections now assume a minimum SEF balance ($100 million in recent years) to account for income tax revenue forecast error.

2019 PROJECTION ASSUMPTIONS

As discussed above, S.B. 19-246 set a statutory baseline *for the FY 2020-21 Long Bill appropriation* requiring the budget stabilization factor to remain at or below $572.4 million, which determines staff's current law scenario for FY 2020-21. Please note that while the current law scenario assumes a flat budget stabilization factor throughout the forecast period, the statute is silent with respect to FY 2021-22 and subsequent years.

Consistent with recent projections, staff's 2019 funding analysis assumes the following:

- The General Assembly will not change existing appropriations for FY 2019-20 mid-year (though staff anticipates that mid-year adjustments will be necessary based on actual pupil counts and local revenues).

[2] See Article IX, Section 17 of the State Constitution.
[3] See Article 54 of Title 22, C.R.S.

- Based on S.B. 19-246, the current law projection maintains the budget stabilization factor at $572.4 million throughout the forecast period.
- The General Assembly will increase state funding for categorical programs by the rate of inflation annually, as required by Amendment 23. Consistent with recent legislative actions, staff assumes the General Assembly will use SEF money to comply with this provision.
- The General Assembly will continue to appropriate SEF moneys to support a variety of programs and functions other than school finance and categorical programs (totaling $152.8 million in FY 2019-20).
- The General Assembly will target minimum year-end fund balances of $150 million in the SEF in FY 2020-21 and $100 million in subsequent years to account for potential revenue forecast error. Current projections indicate that the SEF will finish FY 2019-20 with a balance of $209.4 million. Staff's projections assume that the General Assembly will spend that down to a target of $100 million over two years (by the end of FY 2021-22). The Committee's decision regarding the targeted ending balance will affect the General Fund appropriations required for each year.

Finally, staff will update these projections again based on the Legislative Council Staff and Office of State Planning and Budgeting December 2019 revenue forecasts (including adjustments for inflation, SEF revenues, pupil enrollment, and property tax revenues), as well as actual pupil count information for the current school year that will be available in January 2019.

UNCERTAINTY AND ASSUMPTIONS

The Committee should note that the current projections, based on the relevant Legislative Council Staff revenue forecasts, include a confluence of factors that would mitigate pressure on the state budget under each scenario (listed in the order that they appear in Table 1 on the following page):

- *Enrollment:* The projections include modest growth in enrollment over the next four years (an average of 0.1 percent per year through FY 2022-23 and a slight decline in total enrollment in FY 2023-24). Significant changes in enrollment projections would inherently drive changes in the cost of school finance.
- *Local Revenues:* The current FY 2019-20 appropriation assumes that local revenues will increase by $367.2 million (14.1 percent) above FY 2018-19 collections. Current Legislative Council Staff projections also anticipate relatively robust growth going forward. Any change in those projections (up or down) would directly impact the state aid necessary to support any given level of total program funding.
- *Inflation:* Finally, the September 2019 LCS forecast anticipates relatively low inflation rates: 1.8 percent for CY 2019 (which sets the minimum statewide base per pupil amount for FY 2020-21) and 1.9 percent in subsequent years. According to LCS calculations, holding all other variables constant, each 1.0 percent increase in the inflation rate (e.g., from 1.8 to 2.8 percent) would require an increase of approximately $80.0 million in state funding.

2019 PROJECTIONS (FY 2019-20 THROUGH FY 2023-24)

The following projections are for discussion purposes as the General Assembly plans for the overall budget and the annual School Finance Bill based on one question:

HOW MUCH SHOULD THE STATE SPEND ON TOTAL PROGRAM IN FY 2020-21?

The General Assembly faces a menu of options regarding expenditures for total program, ranging from reducing appropriations below FY 2019-20 levels (within constitutional constraints and requiring

statutory change) to eliminating the budget stabilization factor and "fully funding" the formula (if revenues would allow it).

Similar to recent years, the 2019 projections include five incremental scenarios to illustrate potential answers to the question of how much to spend on total program. Ordered from least expensive to most expensive, the scenarios include:

- *Baseline:* Maintain total program funding (the total of state and local shares) at FY 2019-20 levels throughout the forecast period. Anticipated increases in local revenues allow the state share, including the projected General Fund appropriation, to decline each year. Please note that this scenario may raise constitutional concerns in the out-years as the amount of funding available for the factors (above statewide base per pupil funding) declines.
- *Caseload:* Maintain constant statewide average per pupil funding at FY 2019-20 levels ($8,480 per pupil) for the duration of the forecast period. This scenario accounts for changes in enrollment to maintain the targeted per pupil amount.
- *Inflation:* Increase statewide average per pupil funding by the rate of inflation (as projected in the September 2019 Legislative Council Staff Revenue Forecast) each year. By increasing the statewide average by the rate of inflation, this scenario accounts for both inflation and enrollment growth but does still allow growth in the budget stabilization factor.
- *Current Law:* Maintain the budget stabilization factor at a constant dollar amount ($572,396,894) for the duration of the forecast period. Based on current revenue forecasts, any spending above the amounts in this scenario would reduce the budget stabilization factor.
- *Policy Option:* "Fully fund" the statutory school finance formula and eliminate the budget stabilization factor beginning in FY 2020-21.

TOTAL STATE SHARE REQUIRED

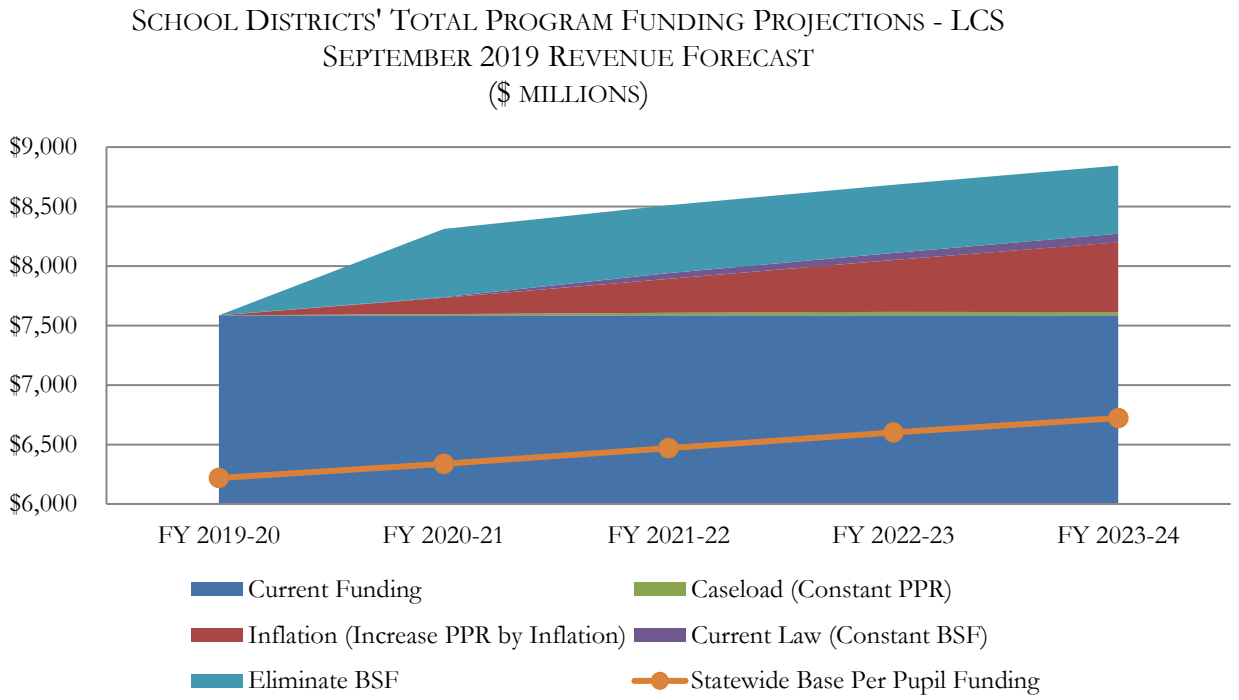
Table 1 below shows the *total state funding* necessary to support each scenario based on the Legislative Council Staff September 2019 Revenue Forecast. Based on the current Legislative Council Staff revenue forecast, maintaining a constant budget stabilization factor (of $572.4 million) through FY 2023-24 requires an average increase in total state funds of $35.8 million per year. As discussed below, General Fund appropriations would need to increase by an average of only $13.1 million per year over that period.

TABLE 1: Total State Share of Total Program Funding

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Projected Pupil Count	*894,569*	*895,702*	*897,117*	*898,152*	*897,760*
Local Share of Funding	$2,965,952,818	$3,040,144,155	$3,189,111,219	$3,345,377,669	$3,509,301,174
Annual Percent Change	*14.1%*	*2.5%*	*4.9%*	*4.9%*	*4.9%*
State Share of Funding - Legislative Council Staff September 2019 Forecast					
Forecast Inflation Rate	*2.7%*	*1.8%*	*1.9%*	*1.9%*	*1.9%*
Baseline - Maintain Total Program	$4,619,755,891	$4,545,564,554	$4,396,597,490	$4,240,331,040	$4,076,407,535
Annual Change in State Share	*n/a*	(74,191,337)	(148,967,064)	(156,266,450)	(163,923,505)
Statewide Average Per Pupil	8,480	8,469	8,456	8,446	8,450
Budget Stabilization Factor	(572,396,894)	(725,228,640)	(925,968,532)	(1,097,699,560)	(1,258,818,441)
Caseload - Maintain Average PPR	$4,619,755,891	$4,555,166,155	$4,418,202,733	$4,270,713,906	$4,103,465,639
Annual Increase in State Share	*n/a*	(64,589,736)	(136,963,422)	(147,488,827)	(167,248,267)
Statewide Average Per Pupil	8,480	8,480	8,480	8,480	8,480
Budget Stabilization Factor	(572,396,894)	(715,627,039)	(904,363,289)	(1,067,316,694)	(1,231,760,337)
Inflation - Increase Average PPR by Inflation	$4,619,755,891	$4,691,881,741	$4,702,275,050	$4,705,223,339	$4,690,680,034

TABLE 1: Total State Share of Total Program Funding					
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual Increase in State Share	*n/a*	72,125,850	10,393,309	2,948,289	-14,543,305
Statewide Average Per Pupil	8,480	8,632	8,796	8,964	9,134
Budget Stabilization Factor	(572,396,894)	(578,911,453)	(620,290,972)	(632,807,261)	(644,545,942)
Current Law - Maintain BSF as a Dollar Amount	$4,619,755,891	$4,698,396,300	$4,750,169,128	$4,765,633,706	$4,762,829,082
Annual Increase in State Share	*n/a*	78,640,409	51,772,828	15,464,578	-2,804,624
Statewide Average Per Pupil	8,480	8,640	8,850	9,031	9,214
Budget Stabilization Factor	(572,396,894)	(572,396,894)	(572,396,894)	(572,396,894)	(572,396,894)
Eliminate BSF in FY 2019-20	$4,619,755,891	$5,270,793,194	$5,322,566,022	$5,338,030,600	$5,335,225,976
Annual Increase in State Share	*n/a*	651,037,303	51,772,828	15,464,578	-2,804,624
Statewide Average Per Pupil	8,480	9,279	9,488	9,668	9,852
Budget Stabilization Factor	(572,396,894)	0	0	0	0

As a different view, the following graphic shows staff's projections of total program funding (including both state and local shares) based on these incremental scenarios. Each layer of the chart represents the additional (incremental) funding required under each scenario. The graph also includes a line to identify the costs of simply providing base per pupil funding, keeping pace with projected enrollment increases and the constitutionally required inflationary increases in base per pupil funding (this line represents the minimum level of funding implied by the Colorado Supreme Court's decision in the *Dwyer v. Colorado* case). The area above that line reflects the amount of funding available for the "factors" in the school finance formula under each scenario. As shown in the chart, under the baseline scenario (maintaining total program funding at FY 2019-20 levels), the funding available for the factors declines significantly by FY 2023-24. The narrow segments for the caseload (enrollment) and inflation scenarios illustrate the impact of the modest change anticipated in the current Legislative Council Staff revenue forecast.



GENERAL FUND IMPACT

Compared to recent years, the 2019 projections require relatively modest increases in General Fund under each scenario. Based on the assumptions discussed above (targeting a balance of $150.0 million in the SEF at the end of FY 2020-21, etc.), the General Assembly could maintain a flat budget stabilization factor and actually *reduce* the General Fund appropriation by $7.4 million *below the current FY 2019-20 appropriation*. The following table shows the changes in General Fund allowed/required through FY 2023-24 under each of the illustrative scenarios.

TABLE 2: PROJECTION OF GENERAL FUND NEED FOR PUBLIC SCHOOL FINANCE (SEPTEMBER 2019 LCS FORECAST)

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Base Appropriation	$4,157,376,783	$4,722,408,540	$4,778,641,457	$4,816,189,186
Baseline - Maintain Total Program	(160,196,884)	(144,507,164)	(134,183,391)	(194,996,109)
Caseload - Maintain Average PPR	(150,595,282)	(132,503,546)	(125,405,780)	(198,320,870)
Inflation - Increase Average PPR by Inflation	(13,879,696)	14,853,187	25,031,338	(45,615,907)
Current Law - Maintain Negative Factor as a Dollar Amount	(7,365,137)	56,232,704	37,547,627	(33,877,228)
Eliminate Negative Factor in FY 2017-18	565,031,757	56,232,917	37,547,729	(33,877,233)
Adjusted GF Appropriation to "Fully Fund" Formula (Eliminating Negative Factor)	$4,722,408,540	$4,778,641,457	$4,816,189,186	$4,782,311,953
Total Annual GF Change	$565,031,757	$56,232,917	$37,547,729	-$33,877,233
Total Annual Percent Change	13.6%	1.2%	0.8%	-0.7%

Table 3 (below) includes detail on all of the applicable fund sources for the current law (constant budget stabilization factor) scenario, putting the state share and General Fund projections in broader context. The table includes total program funding and the statewide average per pupil funding level for each year, as well as the associated state and local funding components.

TABLE 3: FUND SOURCE DETAIL CORRESPONDING TO GENERAL FUND PROJECTIONS - LCS FORECAST (CONSTANT BUDGET STABILIZATION FACTOR SCENARIO)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Projected Pupil Count	*894,569*	*895,702*	*897,117*	*898,152*	*897,760*
Maintain Budget Stabilization Factor as a Constant Dollar Amount					
General Fund	$4,157,376,783	$4,150,011,646	$4,206,244,350	$4,243,791,977	$4,209,914,749
State Education Fund	393,550,471	453,216,696	455,559,729	433,476,681	464,549,285
State Public School Fund	48,740,175	71,216,378	62,611,723	61,060,527	61,060,527
State Public School Fund from Marijuana Excise Tax	20,088,462	23,951,580	25,753,325	27,304,521	27,304,521
Subtotal: State Share of Funding	$4,619,755,891	$4,698,396,300	$4,750,169,127	$4,765,633,706	$4,762,829,082
Annual Percent Change	*3.4%*	*1.7%*	*1.1%*	*0.3%*	*-0.1%*
Local Share of Funding	$2,965,952,818	$3,040,144,155	$3,189,111,219	$3,345,377,669	$3,509,301,174
Annual Percent Change	*14.1%*	*2.5%*	*4.9%*	*4.9%*	*4.9%*
Total Program Funding	$7,585,708,709	$7,738,540,455	$7,939,280,346	$8,111,011,375	$8,272,130,256
Annual Percent Change	*7.3%*	*2.0%*	*2.6%*	*2.2%*	*2.0%*
Average Funding Per Pupil	$8,480	$8,640	$8,850	$9,031	$9,214
Annual Percent Change	*4.4%*	*1.9%*	*2.4%*	*2.0%*	*2.0%*

STAFF CONCLUSIONS

Staff offers two key conclusions based on the projections outlined above:

- As previously noted, *all* of the estimates included in these projections will change based on the December 2019 revenue forecasts, which will include updated estimates of local revenues, enrollment, and inflation. Thus, the scenarios outlined above are illustrative estimates but will undoubtedly change.
- As also discussed above, current projections of robust growth in local revenues, modest enrollment growth, and relatively modest inflationary increases combine to reduce the increases in state funding for each scenario well below typical increases in recent years. As a result, if those variables remain consistent, the State may have more flexibility to either reduce the budget stabilization factor or provide funding for other priorities. However, the reliance on those assumptions also raises questions about the long-term sustainability of funding should any of those factors change.

GOVERNOR'S FY 2020-21 BUDGET REQUEST

Relative to the current FY 2019-20 appropriation, the Governor's budget request proposes an increase of $160.1 million in state funding for school finance in FY 2020-21, including increases of $44.9 million General Fund and $115.2 million cash funds. Combined with an estimated increase of $75.4 million in local revenues, the Governor's proposal provides an increase of $235.4 million for total program. In addition to an increase of $9.8 million General Fund to "annualize" H.B. 19-1262, the request includes two major components:

- *Budget Stabilization Factor:* As amended by the November 13, 2019, budget package, the request proposes a $52.0 million reduction in the budget stabilization factor (from $572.4 million in FY 2019-20 to $530.4 million in FY 2020-21). This component of the request includes an increase of $122.6 million in state funding to accomplish that goal (including $7.4 million General Fund and $115.2 million cash funds). Request BA2 proposes to transfer $12.0 million from the General Fund to the State Education Fund to support the reduction in the budget stabilization factor. The proposed transfer would increase the potential *appropriation* from the State Education Fund but would still require an additional $12.0 million impact on the General Fund. The JBC Staff assumptions do *not* include the proposed transfer.
- *CPP Expansion:* Request R6 (CPP Expansion) proposes an increase of $27.6 million General Fund to add 6,515 half-day "slots" to the Colorado Preschool Program (CPP). With 29,360 slots authorized under current law, the request represents a 22.1 percent increase above the current authorization. The Governor's Office and the Department estimate that the increase would allow the CPP to serve half of the children eligible for CPP participation based on the program's statutory eligibility criteria.

The Committee should note that *both* of these proposals require statutory change. Adjustments to the budget stabilization factor generally take place through the annual school finance bill. Similarly, the General Assembly specifically authorizes the number of CPP slots in statute. Thus, any change to the authorization requires legislation outside of the Long Bill. **As a result, neither change is appropriate for inclusion in the Long Bill. However, staff is recommending that the Committee discuss the potential need to set aside funds for these requests with both legislative leadership and the Education Committees.**

The following table shows the components of the Governor's request relative to the current FY 2019-20 appropriation, including the annualization of H.B. 19-1262 (State Funding for Full-day

Kindergarten) as well as the components discussed above. As shown in the table, the assumptions in the Governor's request result in a $52.0 million reduction in the budget stabilization factor (to $520.4 million). As discussed above, many of the relevant variables (pupil count, local revenues, inflation rate, cash fund revenues, etc.) will change with the December 2019 revenue forecasts. Thus, the state funding necessary to achieve the targeted reduction in the budget stabilization factor will undoubtedly change based on the new forecast information.

TABLE 4: FY 2019-20 GOVERNOR'S REQUEST

		FY 2020-21 Request			
	FY 2019-20 Appropriation	Annualize HB 19-1262 (FDK)	R1/BA2 (Total Program Increase)	R6 (CPP Expansion)	Total FY 2020-21 Request
Funded Pupil Count[1]	894,569	0	1,133	3,258	898,959
Total Program Funding Before Budget Stabilization Factor	$8,158,105,603	$0	$144,656,991	$27,627,017	$8,330,389,611
Local Share	$2,965,952,818	$0	$75,362,496	$0	$3,041,315,314
State Share					
General Fund	$4,157,376,783	$9,841,065	$7,393,370	$27,627,017	$4,202,238,235
State Education Fund	393,550,471	0	83,036,903	0	476,587,374
State Public School Fund	68,828,637	0	32,171,363	0	101,000,000
Subtotal - State Share	$4,619,755,891	$9,841,065	$122,601,636	$27,627,017	$4,779,825,609
Total Program Funding After Budget Stabilization Factor	$7,585,708,709	$9,841,065	$197,964,132	$27,627,017	$7,821,140,923
Budget Stabilization Factor	($572,396,894)	$0	$52,000,000	$0	($520,396,894)
State Education Fund Ending Balance[2]	$209,362,617	$0	($57,235,456)	$0	$152,127,161

[1] Request R6 (CPP Expansion) proposes an increase of 6,515 half-day CPP slots, equating to 3,257.5 full-day funded pupils.
[2] Please note that the request includes two transfers, totaling $24.0 million, from the General Fund to the State Education Fund in FY 2020-21. The $152.1 million SEF ending balance shown here includes both transfers (increasing the anticipated balance by $24.0 million).

ISSUE: UNIFORM MILL LEVY STAKEHOLDER FEEDBACK AND LEGISLATIVE RECOMMENDATIONS

For the past three years (starting with the FY 2017-18 budget process), the Committee has discussed taxpayer inequity in the local share of school finance and the resulting impacts on the state share of total program funding, the distribution of state funds for school finance, and the overall state budget. During the 2019 Session, the Committee discussed potential legislation seeking to address inequities in the school finance property tax system. The Committee tasked staff with gathering input on the legislative proposals and returning with recommendations based on that feedback. Based on the feedback received during the interim, staff is returning to the committee with more detailed recommendations for legislation for the 2020 Session.

SUMMARY

- Local revenues, primarily from property taxes, provide the first source of funding for school finance in Colorado, with the state filling the gap between each school district's local revenues and "total program" funding under the statutory school finance formula. In a typical state equalization system, the role of the state is to equalize local capacity based on the local property tax *base*.

- As the Committee has discussed for the past three years, disparate local tax *rates* (mill levies) undermine taxpayer equity in Colorado's school finance system and increase pressure on the state budget as the state is forced to backfill shortfalls in local revenues driven by differences in tax rates.

- Following discussions of potential legislation to restore a "uniform" mill levy during the 2019 Session, the Committee asked staff to return with legislative recommendations based on stakeholder feedback collected during the 2019 interim. JBC Staff, staff from the Colorado Association of School Boards, and the School Finance Project collected stakeholder feedback from May through October 2019. Staff is returning to the Committee with recommendations based on that feedback.

RECOMMENDATION

Staff recommends that the General Assembly enact legislation to return the state to a uniform (statewide) mill levy for school finance property taxes such that each school district's total program mill levy would be the lesser of the statewide mill levy or the mill levy necessary to fully fund the district's total program with local revenues. As discussed in previous years, the General Assembly could pursue either a statewide vote to amend the Constitution or a statutory change that would require local votes in districts requiring mill levy increases. Building on the Committee's discussions during the 2019 Session and stakeholder feedback from the 2019 interim, staff recommends that the Committee sponsor legislation that would change *statute* to:

- Set an expected "uniform" mill levy at the lesser of 27.0 mills or the mill levy required to fully fund the district's total program with local revenues. Thus, any district that fully funds at less than 27.0 mills would levy the lower tax rate.

- Authorize school districts to raise local total program mill levies with local voter approval (current law would not allow districts to do so). Any district that was below the assumed mill levy would need to seek voter approval to raise the local mill levy or face a potential shortfall in funding.
- Authorize fully funded districts (those that are able to fully fund locally at a lower mill levy) to seek voter approval to "float" their mill levies in order to remain fully funded below 27.0 mills.
- Establish a phase-in for increases in the mill levy that would assume increases of one mill per year.
- Assume that districts are levying the lesser of the uniform mill levy or the mill levy necessary to fully fund the district's total program and distribute state aid (the state share of total program) to each district based on the assumed mill levy. Districts and communities electing to remain below the standard mill levy would face reduced funding.
- Require most districts to go to their voters by 2022, with changes in state funding beginning in the 2023-24 school year. For rural districts facing increases of more than 10 mills, consider allowing those districts to wait until 2024 (with changes in state funding taking effect in the 2025-26 school year). Staff notes that some districts have indicated that all districts should be able to wait until 2024.
- Allow districts that go to their voters "early" (before the timeline required in the bill) to retain any additional revenues as temporary overrides. Thus, the State share would not account for the additional mills until the trigger year.
- Establish a "safety net" to ensure that no district would fall below a given percentage of total program funding even if voters reject the mill levy increase. <u>Staff is not providing a specific safety net reduction at this time.</u>
- Include language ensuring that additional revenues generated under the bill would supplement (and not supplant) state revenues for school finance until the budget stabilization factor is eliminated. Staff notes that this is a high priority for education stakeholders. Staff recommends that the Committee ensure that any such provision is constructed in such a way that the Committee and the General Assembly may demonstrate compliance with its requirements.
- Staff understands that some districts will probably require technical assistance, and potentially financial assistance, to pass mill levy increases required by this proposal. Staff does not know what such technical assistance should entail but recommends including language that would solicit input on this issue.

Please note that based on both the General Assembly's expressed intent to reduce/eliminate the budget stabilization factor and the consistent feedback from stakeholders that reducing or eliminating the budget stabilization factor is a high priority, staff recommends setting the mill levy at a level that will raise additional revenue. For example, based on current projections a "uniform" mill at 27.0 mills would have raised an additional $437.5 million in FY 2019-20. Pursuing different policy goals would dictate a different mill levy.

Alternative Option: Staff recommends that the Committee sponsor the legislation outlined above. However, staff also recognizes the challenges of passing such legislation and local school districts' concerns about their ability to pass the necessary mill levy increases locally. If the State is unable to compel school districts to raise total program mill levies then staff recommends that the Committee consider legislation that would allow high mill levy districts to reduce their mill levies to improve taxpayer equity. This option would institute a greater level of local control and improve the taxpayer equity of the system. However, it could also significantly increase the burden on the State budget. The

State would also probably need to phase in the mill levy reductions to allow the State to absorb the additional school finance obligations.

Override Matching: Finally, staff recommends that the Committee continue to discuss a related legislative proposal to provide state funds to match mill levy overrides in low property wealth districts. As the Committee has discussed for the past three years, in the context of the budget stabilization factor mill levy overrides have played an increasingly important role funding school district operations. However, that tool is largely unavailable to low property wealth districts. Unfortunately, staff received little concrete feedback on this proposal. Given stakeholders' desire to reduce the budget stabilization factor with any funds raised through a "uniform" mill levy, staff is aware of concerns about diverting state funds "freed up" by the total program mill levy to match local mill levy overrides (rather than reduce the budget stabilization factor). The General Assembly would need to balance those concerns with any desire to create the new matching program.

DISCUSSION

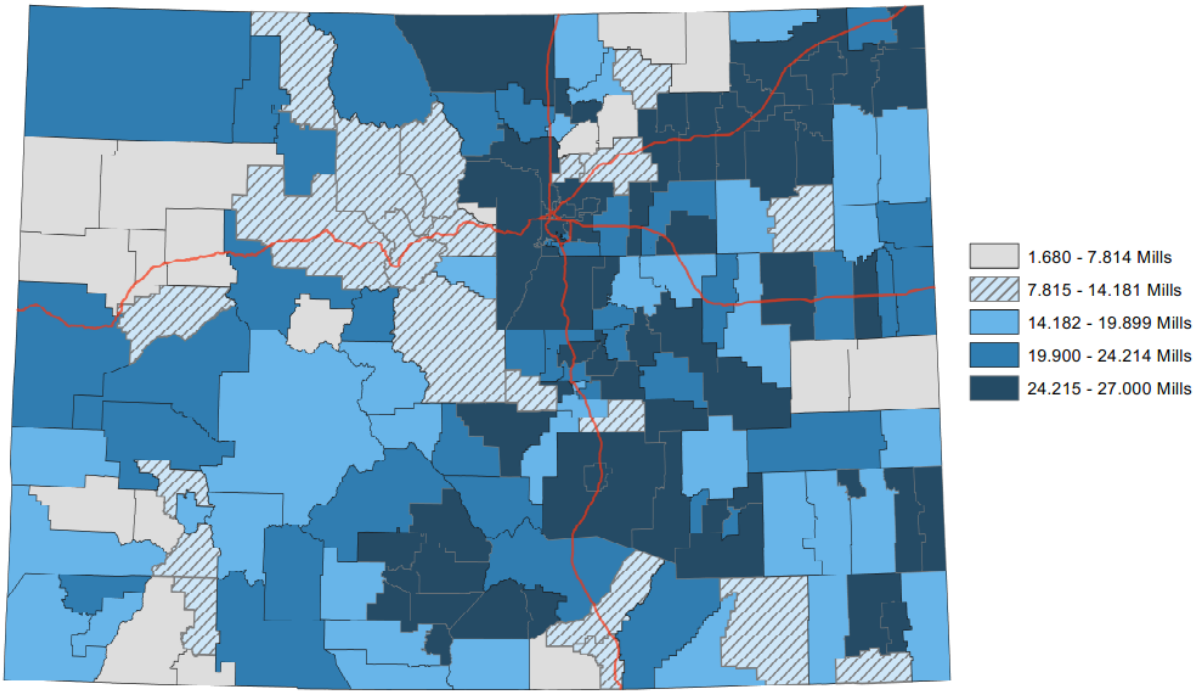
For the past three years (starting with the FY 2017-18 budget process), the Committee has discussed the impact of disparate local property tax rates (total program mill levies) on taxpayer equity, the adequacy and equity of school finance funding, and the overall state budget. Previous briefing documents have discussed the dynamics driving the divergence in tax rates in detail (see Appendix E for an issue brief from the FY 2019-20 briefing document). Key points of background include:

- *Thorough and Uniform:* The State Constitution requires the General Assembly to "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state". The School Finance Act and the statutory school finance formula are the State's mechanism for doing so.
- *School Finance Formula:* The school finance formula calculates a total program amount on a per pupil basis for each of Colorado's 178 school districts based on the factors included in the formula. Although both state and local funds support school finance, the formula does not account for the source of per pupil revenue – that is, a district's total program amount is based on the characteristics of the district and its students and not on the local capacity to support school finance.
- *Local Share:* Local revenues, driven by total program property taxes collected and retained by each school district, provide the first revenue source for school finance. Property taxes represent 92.8 percent of anticipated local revenues supporting school finance in FY 2019-20.
- *Equalization:* The role of the State is to "equalize" those local revenues and ensure that each student/district is adequately and equitably funded according to the school finance formula, regardless of the availability of local revenues.[4]
- *Equalizing the Tax Base:* Given disparities in property wealth (current estimates of assessed value per pupil for FY 2019-20 range from $20,826 in El Paso – Edison to $5.4 *million* in Weld – Pawnee), local capacity to support school finance with property taxes inherently varies. Without state aid, El Paso – Edison would have to levy 519.5 mills to fully fund its total program in FY 2019-20, *161 times the 3.3 mills required to fully fund Weld – Pawnee.* In a system with consistent local tax rates, the State would inherently "equalize" funding based on the local tax base (with more state aid flowing to property poor districts and less state aid flowing to property wealthy districts).

[4] For additional discussion, see the Legislative Council Staff Publication "School Finance in Colorado", available at: http://leg.colorado.gov/sites/default/files/2019_handbook_-_final_0.pdf

- *Equalizing Tax Rates:* Since the passage of the Taxpayer's Bill of Rights (TABOR) in 1992, statutory and constitutional requirements have forced reductions in the total program mill levy in many school districts.[5] The enactment of S.B. 07-199 (School Finance) established a ceiling of 27.0 mills for the total program mill levy and effectively froze the mill levies for most school districts; as result, most district mill levies have been unchanged since FY 2007-08. However, district mill levies diverged significantly prior to 2007 and, in some cases, district rates have continued to decrease. Those changes have created a "patchwork" of mill levies in Colorado (see map of FY 2018-19 mill levies below). Current total program mill levies range from a low of 1.68 mills to the statutory ceiling of 27.0 mills (in 39 districts). As a result, in addition to equalizing funding based on the local tax base, the current system also requires the State to backfill any shortfall in funding caused by the differences in tax *rates*.

FY 2018-19 TOTAL PROGRAM MILL LEVIES



Map prepared by Legislative Council Staff.

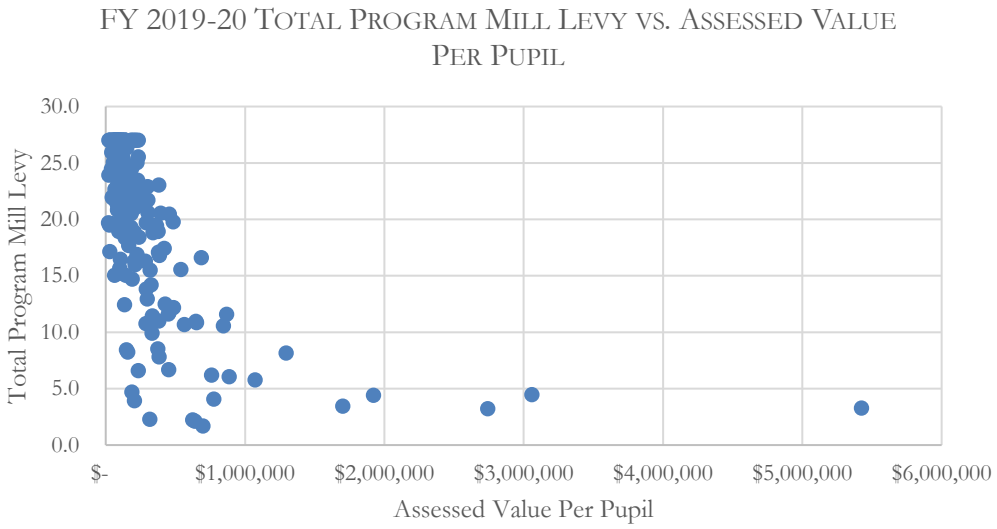
The impact on local mill levies has played out differently throughout the state, resulting in the current patchwork of tax rates. Given the correct data (assessed value per pupil for each year since 1992), one can explain how any given district reached its current situation. While one can explain the situation for a given district, it is harder to explain an intentional and coherent policy to support the current system.

- Because of the mechanics of TABOR with respect to this mill levy, any district that saw rapid increases in assessed value per pupil (faster than inflationary growth) between 1992 and 2007 experienced significant reductions in mill levies.

[5] One "mill" equals one-tenth of one percent (0.001). For a property with an actual value of $100,000 and an assessed value of $7,150 (based on the 7.15 percent assessment rate for residential property), each mill of tax would raise $7.15.

- Even if assessed value subsequently decreases (e.g., as a result of decreases in oil and gas prices or production), the mill levy stays down and exacerbates the impact on the state budget the reduced mill levy applies to a lower tax base.
- Constraining the mill levy and resulting local revenues has not constrained district expenditures. As a result, the mill levy reductions have simply shifted costs to taxpayers statewide.

The result is that districts that saw the most growth in property values over that period (on a per pupil basis) saw the largest decrease in mill levies. As shown in the following chart, high property wealth per pupil is still correlated with a reduced mill levy.



Thus, the current mill levies tend to be regressive, as districts with high levels of assessed value per pupil tend to have the lowest mill levies and the districts with the lowest assessed values per pupil generally have the highest rates. While the trend toward high property values and low mill levies is clear, staff also notes that districts with similar assessed values per pupil can have very different mill levies, based on whether the increase in assessed value occurred prior to the enactment of the mill levy freeze in FY 2007-08. Staff questions whether that represents an intentional and coherent tax policy.

It is important to note that local school districts do *not* control the total program mill levy. Rather, the mill levy changes have been the result of factors beyond the districts' control (changes in assessed value and the implications of TABOR). Thus, while the divergence in mill levies raises significant equity concerns between taxpayers and school districts, school districts have generally not taken any actions to manipulate the system to their advantage. Instead, external factors have largely imposed the current system on local school districts and taxpayers.

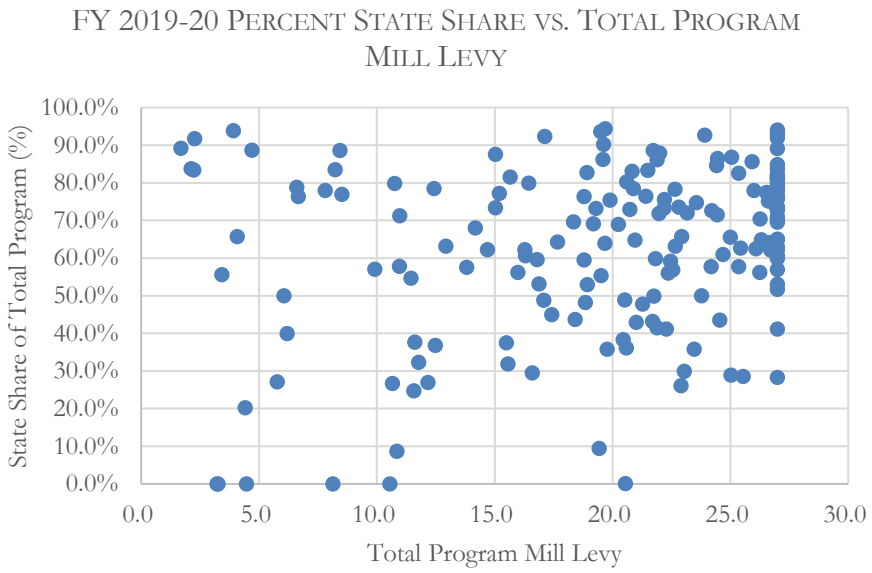
Impact on Taxpayers

A discussion of taxpayer equity requires agreement on the meaning of the term. As in prior years, for purposes of this discussion, staff offers the following definition: An equitable tax system would treat identical taxpayers within the system (measured by property value in the case of a property tax) equally. That definition has implications for school finance.

- Staff argues that *identical taxpayers (based on property value) in districts receiving state funds* should be paying identical amounts in *total program* property taxes (not including overrides). While property taxes are local taxes, staff asserts that the state backfill of revenue shortfalls creates a *statewide system* under which the General Assembly should ensure taxpayer equity.
- If property tax remains the foundation of the school finance system, the State should equalize local capacity (property wealth) based on an equitable system of taxation rather than use state resources to subsidize inequitable tax rates that divert state funds away from school districts with lower property wealth.

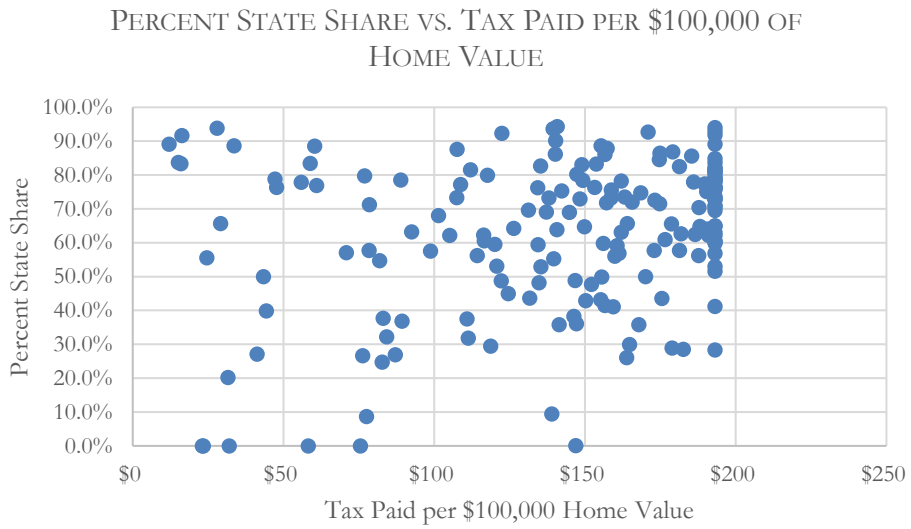
Previous discussions have focused on illustrative taxpayers and individual school districts (see Appendix E for examples). Building on that foundation, this year's document focuses on statewide illustrations to show the systemic challenges in the current system. Staff's intent is to allow the General Assembly to "step back" and consider whether the current system equitably supports school finance.

For example, the following chart plots total program mill levies (ranging from 1.68 to 27.0 mills) against the projected state share of total program funding (as a percentage) for all 178 Colorado school districts in FY 2019-20. As discussed above, the state share of total program would vary widely with consistent local effort (tax rate) because of the wide variation in property wealth. However, adding variation in tax rates simply means that the state is forced to cover any local revenue shortfalls caused by the rate (with some of the lowest mill levies in the state (and high property wealth per pupil) also receiving some of the most state aid, as in the upper left quadrant of the chart).

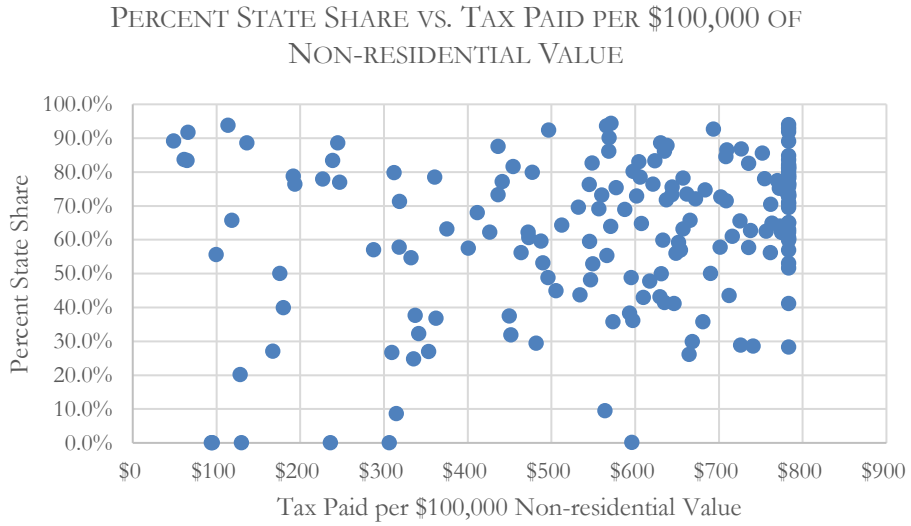


Given that property tax is calculated by multiplying a property's assessed value by the mill levy, disparities in mill levies translate directly into disparities in property tax *payments*. The following chart shows total the state share of total program funding for each district (as a percentage) vs. the property tax paid *per $100,000 of home value* in FY 2019-20 (based on the 7.15 percent residential assessment rate approved through S.B. 19-255 (Gallagher Amendment Residential Assessment Rate)). Total program tax payments per $100,000 of home value range from a low of $12.01 to a ceiling of $193.05 (in the 39 districts currently levying 27.0 mills), with the State (and taxpayers statewide) backfilling any

shortfalls in revenue caused by reduced mill levies.[6] As a result, taxpayers in neighboring districts may be paying up to 16 times as much in property tax for school finance *on properties of identical value,* with the state forced to offset any resulting revenue loss in the low mill levy district.



The 29.0 percent assessment rate for non-residential property generates even larger disparities in payments on the same value of non-residential property (ranging from a low of $48.72 to a ceiling of $783.00 per $100,000 of value). As with residential property, the current system shifts any cost associated with the disparity in tax rates onto the state share (and taxpayers statewide).

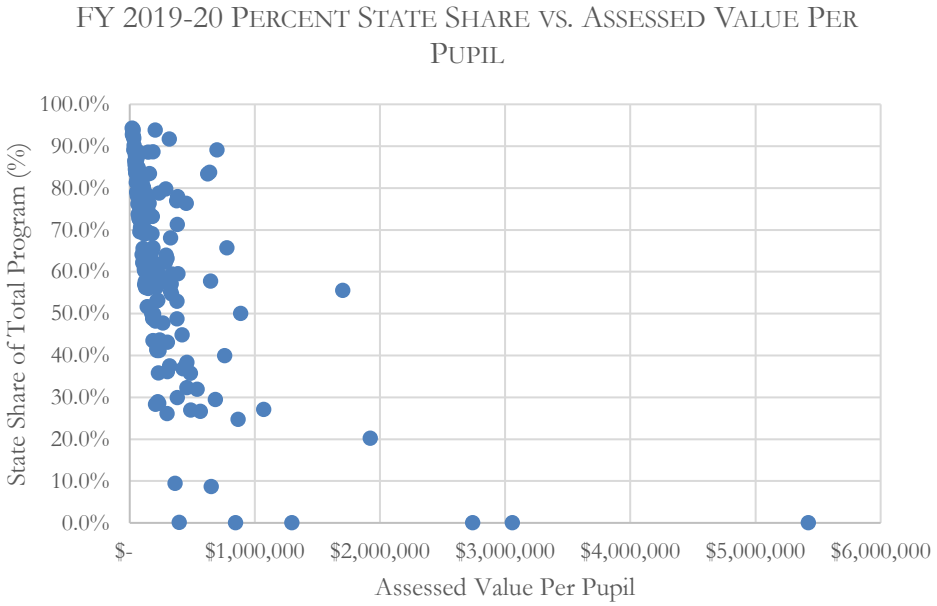


Staff continues to contend that this level of inequity *among identical taxpayers* undermines the foundation of Colorado's school finance system. Although one can explain the dynamics that drove mill levy reductions in any individual district, staff is at a loss to explain why a statewide school finance system should contain this level of inequity among taxpayers simply based on the rate of change in individual school districts' total property value between 1992 and 2007.

[6] On a statewide median value home of approximately $350,000, payments range from $42.04 to $675.68 in FY 2019-20.

IMPACT ON SCHOOL FINANCE AND THE STATE BUDGET

Requiring the State to cover these local revenue shortfalls directly affects both the State's ability to fund total program and the overall state budget (because total program represents such a large portion of General Fund appropriations). With a consistent (uniform) mill levy, one would expect to see a clear negative correlation between property wealth and state aid for total program (as property wealth per pupil increases state aid would decrease because of the increase in local capacity). As shown in the following chart, there is *some* correlation in the current system but there is also a high level of "scatter" among districts with very similar levels of property wealth per pupil.



Based on the current level of the budget stabilization factor, the school finance system as a whole is falling $572.4 million short of funding the existing school finance formula. In that context, staff questions whether the State can continue to afford to subsidize such disparate levels of local effort. For illustration, staff offers three points of reference showing how setting a uniform mill levy would affect total program funding:

- *27.0 mills:* A total of 39 school districts are currently levying 27.0 mills for total program. Based on current projections for FY 2019-20, a uniform mill levy at that level would have raised $437.5 million in *additional local revenues* in FY 2019-20. Holding state spending constant, that increase would reduce the budget stabilization factor by $437.5 million. Said another way, the State is currently spending $437.5 million to subsidize disparate tax rates and hold the budget stabilization factor at the current level of $572.4 million.
- *22.9 mills (Revenue Neutral):* Setting a uniform mill at approximately 22.9 mills for FY 2019-20 would generate the same local share overall as the current system. The State's obligation for total program funding would remain unchanged but the State would no longer be subsidizing unequal levels of local effort.
- *28.4 mills (Eliminate BSF):* Based on current projections, setting a uniform mill at 28.4 mills in FY 2019-20 would raise enough local revenue to eliminate the budget stabilization factor with no change in state funding. For context, staff notes that the School Finance Act of 1988 established a uniform mill levy at 40.08 mills.

STAKEHOLDER FEEDBACK AND STAFF RECOMMENDATION

Late in the 2019 Session, the Committee asked staff to continue to engage stakeholders to discuss this issue during the 2019 interim and return to the Committee with feedback to inform potential legislation for the 2020 Session. In order to support that process, staff worked with a variety of stakeholders (primarily with the staff from the Colorado Association of School Boards, or CASB) to develop an interactive online polling tool for use in presentations.

- Based on that request, staff gave several interactive presentations to school district stakeholders convened by the Colorado School Finance Project in addition to other stakeholder discussions.
- Staff from CASB used the interactive tool to generate discussion and collect input at twelve regional meetings throughout Colorado. Following that series of regional meetings, staff also notes that CASB adopted a resolution at its fall delegate assembly in support of the uniform mill concept. Staff notes that the CASB resolution included conditions that any legislation would have to meet to secure CASB's support – staff recommends continuing to work with CASB if the Committee pursues legislation.
- Staff from the School Finance Project and the Colorado Children's Campaign have also gathered feedback from throughout the state.

Staff is not seeking to provide a comprehensive view of the feedback received. However, the process did highlight several overarching themes and inform staff's specific recommendations for legislation.

OVERARCHING THEMES

Staff highlights several overarching themes emerging from the stakeholder feedback.

- *Increasing awareness and agreement that there is an issue.* Staff has seen an increase in awareness of the mill levy issue among education stakeholders. In addition, while there is not universal agreement that it is a problem (a number of districts that benefit from the current system continue to argue in support of the existing system), staff believes there is a reasonable degree of consensus that the current system is problematic and "not the system that one would design intentionally." As discussed below, a number of districts express concerns about the proposed mechanism to change the system – but there does appear to be increasing agreement that the current system is problematic.
- *Concern about ability to pass the necessary mill levy increases.* There is significant concern among many stakeholders about the willingness of local voters to approve mill levy increases. Staff notes that any policy change requiring an increase would require a vote (either statewide to amend the Constitution or locally under the statutory fix). In that context, staff suggests that it is appropriate to require local communities to support school finance equitably and that local accountability for those decisions is entirely appropriate. In addition, phasing in assumed increase (and gradually phasing down state aid) should mitigate impacts. However, staff acknowledges the consistent concern about the willingness to pass the increases and the potential impact on students in those districts. As a result, staff recommends including a safety net to alleviate concerns about major impacts on school districts and their students and providing technical assistance (and potentially financial assistance) to districts in need.
- *Any additional funds need to stay in education and should reduce the budget stabilization factor.* This was the most consistent point of feedback in every presentation. Based on that feedback, staff believes that any bill would require a strong maintenance of effort (or "supplement not supplant") provision in order to receive stakeholder support. Staff notes that this creates inherent tension

with any consideration of using a portion of the funds to equalize/match local mill levy overrides (the Committee's second legislative proposal) or other incentives. Acknowledging that tradeoff, staff recommends that the Committee continue to discuss both proposals and whether a linkage is feasible or advisable.

- *There is some disagreement about the preferred mill levy – but 27.0 mills was consistently the majority choice.* As staff has discussed each of the past three years, the General Assembly could improve taxpayer equity by establishing a uniform mill levy at *any* level. Based on current projections, any mill levy above 22.9 mills would add revenue to the system. Staff has again provided three benchmarks, depending on the Committee's policy goals (revenue neutral, 27.0 mills, or eliminating the budget stabilization factor). For reference purposes, the Committee should recall that the School Finance Act of 1988 established a uniform mill of 40.08 mills. However, 27.0 mills received a majority of support in each of the discussions this interim. Thus, staff recommends setting the mill levy at 27.0 mills in the bill.
- *Districts support incentives to go to the voters early.* As noted above, there is broad consensus among education stakeholders that any revenue increases should buy down the budget stabilization factor. That consensus may limit some of the potential incentives that the General Assembly might consider including in the bill (such as mill levy override equalization). However, there did appear to be significant support for language that would allow districts that go to their voters early (ahead of the required trigger year) to capture those revenues as temporary overrides. Staff recommends including that provision in the bill.
- *Debating the phase-in period.* Consistent with the Committee's discussions from the 2019 Session, the staff recommendation assumes a 1.0 mill per year phase-in. Staff notes that stakeholders provided a variety of feedback on this question, with some arguing for a significantly faster approach (e.g., three to five years) and others arguing for a slower approach.
- *Allow fully funded districts to float their mill levies.* Under current law, districts that may be fully locally funded but experience wide swings in assessed values (e.g., as a result of changes in oil and gas prices and production) cannot "float" their mill levies to remain fully funded. Staff recommends including language in the bill that would specifically allow such districts to seek permission from their voters to do so.

OTHER STAKEHOLDER CONCERNS

Staff understands that some school districts have expressed a variety of concerns in opposition to the uniform mill levy concept. This section summarizes a few of those concerns and offers staff's analyses in response.

- *Measures of equity.* Some school districts have indicated that the measure of equity in the system should be a school district's local share as a percentage of total program. With the local share covering approximately 39.1 percent of total program *statewide*, a district covering more than that could be seen as "paying its share." Staff fundamentally disagrees with this analysis, as taxes are paid by individual taxpayers rather than school districts. Thus, staff believes that any analysis of taxpayer equity should focus on the role of individual taxpayers (homeowners, businesses, etc.). Conversely, for example, if the General Assembly were to require each school district to support 50 percent of total program funding, the resulting mill levies would range from 1.6 mills to more than 200 mills to hit that target. Staff argues that targeting a specific share for each school district could further distort an already-problematic system.
- *Winners and losers.* Some districts have argued that the proposed system would "create winners and losers" because some districts would see significant tax increases while others would not (assuming the mill levy were set at 27.0 mills or lower). Staff contends that the existing system consists of

winners (districts and communities with low mill levies, high state subsidies, and potentially significant override revenues on top of the low total program mill levies) and losers (those districts with high total program mill levies requiring significantly higher payments on the same value of property). Thus, the intent of the proposal is to level the field and *reduce the dynamic of winners and losers*.

- *Local control.* Some districts have also expressed the idea that the proposal undermines local control. Staff notes that there is currently no local control of the total program mill levy. Districts and taxpayers with reduced mill levies have (generally) not taken any action to drive those reductions. Districts and taxpayers facing high mill levies have certainly not chosen to maintain the high mill levies and pay more into total program. Staff contends that the statutory proposal adds a level of local control and accountability that does not currently exist in the system.
- *Differences in property values.* A few school districts, particularly those with high residential property values, have noted that properties of equal value may be very different in different parts of the state (for example in resort communities vs. other remote rural communities). Those districts have implied that a reduced tax rate is defensible for communities with such high property values as the taxpayer's tax bill may be similar to other communities. Staff argues that this undermines the idea of taxpayer equity that is based on property value (as is inherently the case with property tax).
- *Total local tax burden.* In addition, some districts have stated that the system should account for the total local tax burden, including property taxes for special districts, etc. Staff contends that those other taxes are intended to provide local benefits. Staff does not believe that taxpayers statewide should see their school finance obligations increase to account for local mill levies that are outside of the school finance system.
- *Innocent bystanders.* A number of districts have correctly noted that they (the school districts) did not create this situation. As discussed above, there is no local control over the total program mill levy and the current system has largely been imposed on school districts. Those districts do not see believe that the responsibility to change the system (through local votes) should fall on the school districts. Staff is sympathetic to this argument. However, based on the analysis of this issue over the past three years, staff continues to contend that the current system is deeply problematic and warrants improvement. Based on the limited options available to the General Assembly, staff suggests that this proposal is the best available tool to attempt to fix the system.

STAFF CONCLUSIONS

Staff continues to believe that action is necessary to improve the equity of the school finance system in Colorado, both for taxpayers and for school districts. Staff acknowledges the challenges with adjusting the current system, including both passing legislation and compelling local mill levy increases. However, staff believes that the problems with the current system warrant legislative action.

INFORMATIONAL ISSUE: SCHOOL FINANCE BILL LOGISTICS

During the JBC Staff Budget Briefing on Department of Education programs outside of school finance, the Committee asked staff to provide information regarding the system and process for the annual school finance bill. Other than a deadline for final passage of the bill (generally set for the 101st day of the Session), there is no set process for the bill. Prior to 2011, the deadline schedule would have run the school finance bill ahead of the Long Bill. However, in recent years the schedule has allowed introduction to follow the Long Bill. The bill is generally, but not always, sponsored by the chairs of the Education Committees. To the extent that the General Assembly intends to add significant additional funding through the school finance bill, communication between the Joint Budget Committee, chamber leadership, and the leadership of the Education Committees may be necessary to ensure that funds remain available.

DISCUSSION

The annual school finance bill is one of two bills that the General Assembly must pass each year (the other is the Long Bill). The school finance bill specifies statewide base per pupil funding for the coming budget year (pursuant to Amendment 23) and sets the level of total program funding and the budget stabilization factor. Since the inception of the budget stabilization factor, the bill has often carried appropriations to reduce the value of that factor (in years when revenues were available). In addition, the General Assembly frequently includes other provisions in the school finance bill, including the creation of new programs.

During the JBC Staff Budget Briefing on the Department of Education programs outside of school finance (presented on November 21, 2019), the Committee asked staff to discuss the process surrounding the annual school finance bill. Staff is returning to the Committee with a brief summary of that process, including: (1) deadlines, (2) sponsors, and (3) planning and budget balancing.

DEADLINES

There is no specific deadline for the *introduction* of the school finance bill. However, the annual deadline schedule does set a deadline for final passage.

- Prior to 2011, the deadline schedule would have had the school finance bill run *before* the Long Bill. For example, the schedule for the 2010 Session set March 19, 2010 (day 66), as the deadline for final passage, ten days before the deadline for *introduction* of the Long Bill. Running the school finance bill prior to the Long Bill would obviously have required the General Assembly to account for any appropriations made through the school finance bill in the Long Bill budget balancing process.
- Starting in 2011, the deadline for final passage was set after the introduction of the Long Bill. For example, the deadline schedule for 2020 would require final passage of the school finance bill by April 17 (day 101), one week after the deadline for adoption of the conference committee report on the Long Bill.
- Staff notes that the General Assembly has often waived the deadline for passage of the school finance bill, even with the later deadline in recent years. In 2019, the deadline for final passage was April 22 (day 109). However, the bill passed third reading in the House (and the Senate concurred) on May 3 (day 120).

SPONSORS

The chairs of the Education Committees often sponsor the school finance bill, though that is not always the case.

- In eight of the past ten years, Education Committee leadership has sponsored the bill, sometimes on a bipartisan basis (as in 2019 when the chairs and vice-chairs sponsored the bill).
- In some years, JBC members have sponsored or cosponsored the bill. In 2015, Senator Hill sponsored S.B. 15-267 in the Senate while Representative Hamner sponsored the bill in the House (after joining the JBC that session). In 2016, four JBC members sponsored the bill (H.B. 16-1422) without co-prime sponsors from the Education Committees.

PLANNING AND BUDGET BALANCING

Staff's understanding is that the pre-2011 deadline schedule was designed to ensure that the General Assembly funded school finance first and then balanced the rest of the state budget. However, the schedule since 2010 has inverted that timeline with the school finance bill following the Long Bill.

- Particularly given the amount of money that may be involved in the school finance bill (such as the FY 2020-21 requests for $52.0 million to reduce the budget stabilization factor and $27.6 million to expand the Colorado Preschool Program), early communication between the Joint Budget Committee, chamber leadership, and the Education Committees may be beneficial.
- Based on those discussions, the Committee could set aside ("placeholder") funds for appropriation in the school finance bill. While there is no specific planning structure in place, placeholders to account for significant school finance bill priorities would ensure that the funds are accounted for during the Long Bill balancing process.

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation

DEPARTMENT OF EDUCATION
Dr. Katy Anthes, Commissioner

(1) MANAGEMENT AND ADMINISTRATION

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

(A) Administration and Centrally-Appropriated Line Items

State Board of Education	286,647	361,910	347,873	354,167	
FTE	1.9	1.8	2.0	2.0	
General Fund	286,647	361,910	347,873	354,167	
General Department and Program Administration	3,924,734	4,088,033	4,524,366	5,091,317	*
FTE	34.7	34.0	34.6	39.0	
General Fund	1,792,012	1,818,159	1,920,748	2,052,567	
Cash Funds	130,437	107,105	182,422	186,144	
Reappropriated Funds	2,002,285	2,162,769	2,421,196	2,852,606	
Office of Professional Services	2,152,563	2,003,479	2,752,219	2,813,601	
FTE	24.1	23.1	25.0	25.0	
Cash Funds	2,152,563	2,003,479	2,752,219	2,813,601	
Division of On-line Learning	340,434	362,742	372,396	379,368	
FTE	2.3	1.6	3.3	3.3	
Cash Funds	340,434	362,742	372,396	379,368	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Schools of Choice	0	0	315,504	335,009	
FTE	0.0	0.0	2.6	2.6	
General Fund	0	0	315,504	335,009	
Health, Life, and Dental	2,746,660	3,065,997	6,060,188	6,709,144	
General Fund	1,806,635	2,044,487	2,169,194	2,546,147	
Cash Funds	501,581	569,373	933,340	1,028,944	
Reappropriated Funds	438,444	452,137	562,492	715,651	
Federal Funds	0	0	2,395,162	2,418,402	
Short-term Disability	42,168	40,542	79,013	82,789	
General Fund	25,138	24,700	25,023	26,558	
Cash Funds	8,591	8,125	12,413	13,471	
Reappropriated Funds	8,439	7,717	9,300	10,340	
Federal Funds	0	0	32,277	32,420	
S.B. 04-257 Amortization Equalization Disbursement	1,198,704	1,262,134	2,340,386	2,448,136	
General Fund	716,273	770,715	745,232	788,898	
Cash Funds	243,360	252,297	366,747	397,462	
Reappropriated Funds	239,071	239,122	274,771	305,124	
Federal Funds	0	0	953,636	956,652	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	1,198,704	1,262,134	2,340,386	2,448,136	
General Fund	716,273	770,715	745,232	788,898	
Cash Funds	243,360	252,297	366,747	397,462	
Reappropriated Funds	239,071	239,122	274,771	305,124	
Federal Funds	0	0	953,636	956,652	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
PERA Direct Distribution	0	0	1,288,681	1,220,885	
General Fund	0	0	410,346	393,423	
Cash Funds	0	0	201,941	198,216	
Reappropriated Funds	0	0	151,296	152,164	
Federal Funds	0	0	525,098	477,082	
Salary Survey	0	0	1,531,969	1,076,326	
General Fund	0	0	492,701	345,293	
Cash Funds	0	0	238,932	175,092	
Reappropriated Funds	0	0	179,058	134,441	
Federal Funds	0	0	621,278	421,500	
Merit Pay	0	0	0	0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Parental Leave	0	0	0	67,392	
General Fund	0	0	0	57,379	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	10,013	
Federal Funds	0	0	0	0	
Workers' Compensation	326,677	317,235	446,087	328,159	
General Fund	226,318	231,999	199,254	146,579	
Cash Funds	66,120	65,719	58,212	42,823	
Reappropriated Funds	34,239	19,517	30,146	22,177	
Federal Funds	0	0	158,475	116,580	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Legal Services	840,439	750,801	901,288	1,226,593	
General Fund	485,811	433,996	520,985	709,025	
Cash Funds	333,064	297,541	357,178	486,096	
Reappropriated Funds	21,564	19,264	23,125	31,472	
Administrative Law Judge Services	252,579	208,286	233,596	141,413	
Cash Funds	208,981	172,333	193,277	117,005	
Reappropriated Funds	43,598	35,953	40,319	24,408	
Payment to Risk Management and Property Funds	152,910	212,856	448,387	427,153	
General Fund	152,910	212,856	448,387	427,153	
Leased Space	0	298,639	1,081,722	1,081,722	
General Fund	0	61,525	51,056	51,056	
Cash Funds	0	224,010	267,187	267,187	
Reappropriated Funds	0	13,104	1,415	1,415	
Federal Funds	0	0	762,064	762,064	
Capitol Complex Leased Space	842,164	475,305	693,388	730,601	
General Fund	236,777	232,175	208,016	219,180	
Cash Funds	113,045	103,558	83,068	87,526	
Reappropriated Funds	152,358	139,572	134,864	142,102	
Federal Funds	339,984	0	267,440	281,793	
Reprinting and Distributing Laws Concerning Education	32,116	30,818	35,480	35,480	
Cash Funds	32,116	30,818	35,480	35,480	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Salary Survey for Classified Employees	152,627	94,449	0	0	
General Fund	134,239	54,429	0	0	
Cash Funds	4,470	20,549	0	0	
Reappropriated Funds	8,153	19,471	0	0	
Federal Funds	5,765	0	0	0	
Salary Survey for Exempt Employees	607,966	659,124	0	0	
General Fund	96,069	379,688	0	0	
Cash Funds	86,463	143,451	0	0	
Reappropriated Funds	82,961	135,985	0	0	
Federal Funds	342,473	0	0	0	
Merit Pay for Classified Employees	63,641	0	0	0	
General Fund	55,758	0	0	0	
Cash Funds	1,917	0	0	0	
Reappropriated Funds	3,495	0	0	0	
Federal Funds	2,471	0	0	0	
Merit Pay for Exempt Employees	233,048	0	0	0	
General Fund	26,178	0	0	0	
Cash Funds	35,424	0	0	0	
Reappropriated Funds	33,862	0	0	0	
Federal Funds	137,584	0	0	0	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items	15,394,781	15,494,484	25,792,929	26,997,391	4.7%
FTE	63.0	60.5	67.5	71.9	6.5%
General Fund	6,757,038	7,397,354	8,599,551	9,241,332	7.5%
Cash Funds	4,501,926	4,613,397	6,421,559	6,625,877	3.2%
Reappropriated Funds	3,307,540	3,483,733	4,102,753	4,707,037	14.7%
Federal Funds	828,277	0	6,669,066	6,423,145	(3.7%)
(B) Information Technology					
Information Technology Services	3,423,879	3,662,683	4,513,717	4,809,029 *	
FTE	25.2	25.8	30.9	32.7	
General Fund	3,423,879	3,562,317	3,883,101	4,174,578	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	100,366	630,616	634,451	
CORE Operations	236,105	278,197	246,047	327,125	
General Fund	89,650	105,658	105,604	126,702	
Cash Funds	29,560	34,831	36,636	126,731	
Reappropriated Funds	116,895	137,708	103,807	73,692	
Information Technology Asset Maintenance	862,051	2,372,074	969,147	969,147	
General Fund	862,051	2,372,074	969,147	969,147	
Disaster Recovery	19,722	19,722	19,722	19,722	
General Fund	19,722	19,722	19,722	19,722	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Payments to OIT	805,047	637,079	973,481	1,232,631	*
General Fund	403,242	319,108	417,818	530,752	
Cash Funds	12,249	9,693	144,951	183,576	
Reappropriated Funds	389,556	308,278	410,712	518,303	
Federal Funds	0	0	0	0	
SUBTOTAL - (B) Information Technology	5,346,804	6,969,755	6,722,114	7,357,654	9.5%
FTE	25.2	25.8	30.9	32.7	5.8%
General Fund	4,798,544	6,378,879	5,395,392	5,820,901	7.9%
Cash Funds	41,809	44,524	181,587	310,307	70.9%
Reappropriated Funds	506,451	546,352	1,145,135	1,226,446	7.1%
Federal Funds	0	0	0	0	0.0%
(C) Assessments and Data Analyses					
Statewide Assessment Program	32,486,509	31,468,924	33,246,483	33,314,969	
FTE	20.0	18.9	17.5	17.5	
Cash Funds	25,585,766	26,077,093	26,099,171	26,113,860	
Federal Funds	6,900,743	5,391,831	7,147,312	7,201,109	
Longitudinal Analyses of Student Assessment Results	680,227	583,210	811,072	1,265,718	*
FTE	4.5	5.2	4.1	5.9	
General Fund	423,499	432,704	513,072	967,718	
Cash Funds	256,728	150,506	298,000	298,000	
Basic Skills Placement or Assessment Tests	0	0	50,000	50,000	
Cash Funds	0	0	50,000	50,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Preschool to Postsecondary Education Alignment	627,685	605,728	655,054	672,672	
FTE	4.6	4.2	4.0	4.0	
General Fund	32,932	32,633	36,516	37,309	
Cash Funds	594,753	573,095	618,538	635,363	
Educator Effectiveness Unit Administration	1,644,843	1,753,943	1,961,272	2,511,257 *	
FTE	10.4	12.5	12.5	13.4	
General Fund	1,540,215	1,637,498	1,829,031	2,374,519	
Cash Funds	104,628	116,445	132,241	136,738	
Accountability and Improvement Planning	1,611,071	1,647,728	1,770,045	1,784,651	
FTE	3.8	4.3	11.4	11.4	
General Fund	1,060,739	1,097,396	1,219,713	1,234,319	
Federal Funds	550,332	550,332	550,332	550,332	
SUBTOTAL - (C) Assessments and Data Analyses	37,050,335	36,059,533	38,493,926	39,599,267	2.9%
FTE	43.3	45.1	49.5	52.2	5.5%
General Fund	3,057,385	3,200,231	3,598,332	4,613,865	28.2%
Cash Funds	26,541,875	26,917,139	27,197,950	27,233,961	0.1%
Federal Funds	7,451,075	5,942,163	7,697,644	7,751,441	0.7%
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management	3,755,502	4,077,928	3,500,000	3,500,000	
FTE	14.5	18.6	11.7	11.7	
Cash Funds	255,502	3,499,788	0	0	
Reappropriated Funds	3,500,000	578,140	3,500,000	3,500,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Institute Charter School Assistance Fund	1,284,600	1,167,167	460,000	460,000	
Cash Funds	1,284,600	1,167,167	460,000	460,000	
Other Transfers to Institute Charter Schools	12,249,542	14,452,058	9,000,000	9,000,000	
FTE	1.2	1.0	0.0	0.0	
Reappropriated Funds	12,249,542	14,452,058	9,000,000	9,000,000	
Transfer of Federal Moneys to Institute Charter Schools	5,813,985	7,090,243	7,600,000	7,600,000	
FTE	1.5	1.6	4.5	4.5	
Reappropriated Funds	0	0	7,600,000	7,600,000	
Federal Funds	5,813,985	7,090,243	0	0	
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	216,224	203,495	231,648	239,992	
FTE	1.0	0.6	1.6	1.6	
Reappropriated Funds	216,224	203,495	231,648	239,992	
CSI Mill Levy Equalization	0	11,047,724	14,000,000	24,000,000 *	
General Fund	0	5,523,862	7,000,000	12,000,000	
Reappropriated Funds	0	5,523,862	7,000,000	12,000,000	
SUBTOTAL - (D) State Charter School Institute	23,319,853	38,038,615	34,791,648	44,799,992	28.8%
FTE	18.2	21.8	17.8	17.8	0.0%
General Fund	0	5,523,862	7,000,000	12,000,000	71.4%
Cash Funds	1,540,102	4,666,955	460,000	460,000	0.0%
Reappropriated Funds	15,965,766	20,757,555	27,331,648	32,339,992	18.3%
Federal Funds	5,813,985	7,090,243	0	0	0.0%

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
(E) Indirect Cost Assessment					
Indirect Cost Assessment	647,730	647,025	674,595	674,595	
Cash Funds	372,907	327,741	388,374	388,374	
Federal Funds	274,823	319,284	286,221	286,221	
SUBTOTAL - (E) Indirect Cost Assessment	647,730	647,025	674,595	674,595	0.0%
FTE	0.0	0.0	0.0	0.0	0.0%
Cash Funds	372,907	327,741	388,374	388,374	0.0%
Federal Funds	274,823	319,284	286,221	286,221	0.0%
TOTAL - (1) Management and Administration	81,759,503	97,209,412	106,475,212	119,428,899	12.2%
FTE	149.7	153.2	165.7	174.6	5.4%
General Fund	14,612,967	22,500,326	24,593,275	31,676,098	28.8%
Cash Funds	32,998,619	36,569,756	34,649,470	35,018,519	1.1%
Reappropriated Funds	19,779,757	24,787,640	32,579,536	38,273,475	17.5%
Federal Funds	14,368,160	13,351,690	14,652,931	14,460,807	(1.3%)

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
(2) ASSISTANCE TO PUBLIC SCHOOLS					
This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.					
(A) Public School Finance					
Administration	1,753,638	1,635,436	2,250,286	1,904,480	
FTE	17.9	17.6	17.9	17.9	
Cash Funds	135,843	74,686	511,621	87,494	
Reappropriated Funds	1,617,795	1,560,750	1,738,665	1,816,986	
Financial Transparency System Maintenance	0	600,000	600,000	600,000	
Cash Funds	0	600,000	600,000	600,000	
State Share of Districts' Total Program Funding	4,120,568,879	4,468,585,178	4,619,755,891	4,779,825,609	*
General Fund	3,071,731,873	3,036,590,106	3,259,665,950	3,304,527,402	
General Fund Exempt	820,701,666	885,333,333	897,710,833	897,710,833	
Cash Funds	228,135,340	546,661,739	462,379,108	577,587,374	
District Per Pupil Reimbursements for Juveniles Held in Jail	0	1,894	10,000	10,000	
Cash Funds	0	1,894	10,000	10,000	
At-risk Supplemental Aid	5,089,585	4,570,427	5,094,358	5,094,358	
Cash Funds	5,089,585	4,570,427	5,094,358	5,094,358	
At-risk Per Pupil Additional Funding	5,000,000	5,000,000	5,000,000	5,000,000	
Cash Funds	5,000,000	5,000,000	5,000,000	5,000,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Additional Funding for Rural Districts and Institute Charter Schools	0	29,999,532	20,000,000	0	
General Fund	0	0	20,000,000	0	
Cash Funds	0	29,999,532	0	0	
Charter School Institute At-risk Funding Technical Correction	0	545,147	0	0	
General Fund	0	545,147	0	0	
Hold-harmless Full-day Kindergarten Funding	8,144,182	8,677,554	0	0	
Cash Funds	8,144,182	8,677,554	0	0	
SUBTOTAL - (A) Public School Finance	4,140,556,284	4,519,615,168	4,652,710,535	4,792,434,447	3.0%
FTE	17.9	17.6	17.9	17.9	0.0%
General Fund	3,071,731,873	3,037,135,253	3,279,665,950	3,304,527,402	0.8%
General Fund Exempt	820,701,666	885,333,333	897,710,833	897,710,833	0.0%
Cash Funds	246,504,950	595,585,832	473,595,087	588,379,226	24.2%
Reappropriated Funds	1,617,795	1,560,750	1,738,665	1,816,986	4.5%
(B) Categorical Programs					
(I) District Programs Required by Statute					
Special Education - Children with Disabilities	338,082,096	353,096,926	358,812,665	362,055,510 *	
FTE	102.3	109.5	63.0	63.0	
General Fund	71,572,347	71,572,347	93,572,347	93,572,347	
Cash Funds	100,019,617	104,556,868	109,128,264	112,025,629	
Reappropriated Funds	0	0	191,090	191,090	
Federal Funds	166,490,132	176,967,711	155,920,964	156,266,444	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
English Language Proficiency Program	28,700,831	30,815,063	34,248,637	35,698,304 *	
FTE	4.3	4.0	4.6	4.6	
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	
Cash Funds	16,802,354	18,506,610	19,892,838	21,332,401	
Federal Funds	8,796,879	9,206,855	11,254,201	11,264,305	
SUBTOTAL -	366,782,927	383,911,989	393,061,302	397,753,814	1.2%
FTE	106.6	113.5	67.6	67.6	(0.0%)
General Fund	74,673,945	74,673,945	96,673,945	96,673,945	0.0%
Cash Funds	116,821,971	123,063,478	129,021,102	133,358,030	3.4%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	175,287,011	186,174,566	167,175,165	167,530,749	0.2%
(II) Other Categorical Programs					
Public School Transportation	58,223,363	60,282,337	60,930,645	61,812,485 *	
FTE	2.0	2.0	2.0	2.0	
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	
Cash Funds	21,301,136	23,360,110	24,008,418	24,890,258	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	26,164,481	26,675,279	27,238,323	27,670,102 *	
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	
Cash Funds	8,371,631	8,882,429	9,445,473	9,877,252	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Special Education Programs for Gifted and Talented Children	12,181,783	12,412,244	12,697,199	12,807,821	*
FTE	2.7	3.0	1.5	1.5	
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	
Cash Funds	6,681,783	6,912,244	7,197,199	7,307,821	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Expelled and At-risk Student Services Grant Program	7,447,995	9,486,713	9,493,560	9,500,353	
FTE	1.4	2.1	1.0	1.0	
General Fund	5,744,757	5,788,807	5,788,807	5,788,807	
Cash Funds	1,703,238	3,697,906	3,704,753	3,711,546	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Small Attendance Center Aid	1,076,550	1,076,550	1,314,250	1,315,311	*
General Fund	787,645	787,645	787,645	787,645	
Cash Funds	288,905	288,905	526,605	527,666	
Comprehensive Health Education	988,213	1,125,475	1,131,396	1,139,748	
FTE	1.3	1.8	1.0	1.0	
General Fund	294,529	294,529	300,000	300,000	
Cash Funds	693,684	830,946	831,396	839,748	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
SUBTOTAL -	106,082,385	111,058,598	112,805,373	114,245,820	1.3%
FTE	7.4	8.9	5.5	5.5	0.0%
General Fund	67,042,008	67,086,058	67,091,529	67,091,529	0.0%
Cash Funds	39,040,377	43,972,540	45,713,844	47,154,291	3.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
SUBTOTAL - (B) Categorical Programs	472,865,312	494,970,587	505,866,675	511,999,634	1.2%
FTE	114.0	122.4	73.1	73.1	(0.0%)
General Fund	141,715,953	141,760,003	163,765,474	163,765,474	0.0%
Cash Funds	155,862,348	167,036,018	174,734,946	180,512,321	3.3%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	175,287,011	186,174,566	167,175,165	167,530,749	0.2%

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs	192,666,822	186,134,324	156,625,340	156,678,680
FTE	18.0	18.1	9.0	9.0
General Fund	82,787	89,676	95,119	97,830
Federal Funds	192,584,035	186,044,648	156,530,221	156,580,850
State Match for School Lunch Program	2,472,644	2,472,644	2,472,644 0.0	2,472,644
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644
Child Nutrition School Lunch Protection Program	1,541,491 0.4	2,099,631 0.4	2,863,729	2,878,105
General Fund	730,751	1,265,161	2,012,998	2,027,374
Cash Funds	810,740	834,470	850,731	850,731

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Start Smart Nutrition Program Fund	900,000	900,000	900,000	900,000	
General Fund	900,000	900,000	900,000	900,000	
Start Smart Nutrition Program	968,792	898,149	1,150,000	1,150,000	
FTE	0.1	0.1	0.0	0.0	
Cash Funds	968,792	400,000	250,000	250,000	
Reappropriated Funds	0	498,149	900,000	900,000	
Local School Food Purchasing Programs	0	0	168,942	675,255	
FTE	0.0	0.0	0.3	0.4	
General Fund	0	0	168,942	675,255	
Breakfast After the Bell	21,147	23,202	24,656	24,987	
FTE	0.2	0.2	0.3	0.3	
General Fund	21,147	23,202	24,656	24,987	
S.B. 97-101 Public School Health Services	179,365	183,818	152,671	157,325	
FTE	1.5	1.5	1.4	1.4	
Reappropriated Funds	179,365	183,818	152,671	157,325	
Behavioral Health Care Professional Matching Grant Program	11,861,674	11,761,472	14,937,032	14,948,026	
FTE	2.3	3.1	5.0	5.0	
Cash Funds	11,861,674	11,761,472	14,937,032	14,948,026	
Mental Health Education Resource Bank and Technical Assistance	0	0	116,550	46,708	
FTE	0.0	0.0	0.9	0.6	
General Fund	0	0	116,550	46,708	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
K-5 Social and Emotional Health Pilot Program	0	0	43,114	2,500,000	
FTE	0.0	0.0	0.4	1.0	
Cash Funds	0	0	43,114	2,500,000	
SUBTOTAL -	210,611,935	204,473,240	179,454,678	182,431,730	1.7%
FTE	22.5	23.4	17.3	17.7	2.3%
General Fund	1,734,685	2,278,039	3,318,265	3,772,154	13.7%
Cash Funds	16,113,850	15,468,586	18,553,521	21,021,401	13.3%
Reappropriated Funds	179,365	681,967	1,052,671	1,057,325	0.4%
Federal Funds	192,584,035	186,044,648	156,530,221	156,580,850	0.0%
(II) Capital Construction					
Division of Public School Capital Construction Assistance	1,254,024	1,340,347	1,438,574	1,475,529	
FTE	14.0	15.0	15.0	15.0	
Cash Funds	1,254,024	1,340,347	1,438,574	1,475,529	
Public School Capital Construction Assistance Board - Lease Payments	65,315,037	70,621,553	105,000,000	110,000,000	
Cash Funds	65,315,037	70,621,553	105,000,000	110,000,000	
Public School Capital Construction Assistance Board - Cash Grants	52,482,411	66,566,692	135,000,000	160,000,000	
Cash Funds	52,482,411	66,566,692	135,000,000	160,000,000	
Full-day Kindergarten Implementation Grants	0	0	25,000,000	10,000,000	*
Cash Funds	0	0	25,000,000	10,000,000	
Financial Assistance Priority Assessment	147,128	148,800	150,000	150,000	
Cash Funds	147,128	148,800	150,000	150,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
State Aid for Charter School Facilities	24,999,996	29,250,000	28,656,559	29,313,118	
Cash Funds	24,999,996	29,250,000	28,656,559	29,313,118	
SUBTOTAL -	144,198,596	167,927,392	295,245,133	310,938,647	5.3%
FTE	14.0	15.0	15.0	15.0	0.0%
Cash Funds	144,198,596	167,927,392	295,245,133	310,938,647	5.3%
(III) Reading and Literacy					
Early Literacy Program Administration and Regional Technical Assistance	0	0	1,664,570	1,709,570	
FTE	0.0	0.0	11.7	12.0	
Cash Funds	0	0	1,664,570	1,709,570	
Early Literacy Competitive Grant Program	5,124,700	5,927,148	7,500,000	7,500,000	
FTE	9.4	6.4	0.0	0.0	
Cash Funds	5,124,700	5,927,148	7,500,000	7,500,000	
Early Litearcy Program Evidence Based Training Provided to Teachers	0	0	2,702,557	2,702,557	
Cash Funds	0	0	2,702,557	2,702,557	
Early Litearcy Program External Evaluation	0	0	750,000	750,000	
Cash Funds	0	0	750,000	750,000	
Early Literacy Program Public Information Campaign	0	0	500,000	500,000	
FTE	0.0	0.0	0.5	0.5	
Cash Funds	0	0	500,000	500,000	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Early Literacy Program Per Pupil Intervention Funding	33,047,438	33,242,423	26,261,551	26,261,551	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	33,047,438	33,242,423	26,261,551	26,261,551	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Early Literacy Assessment Tool Program	2,985,397	2,535,569	2,997,072	2,997,072	
Cash Funds	2,985,397	2,535,569	2,997,072	2,997,072	
Adult Education and Literacy Grant Program	960,638	907,783	968,967	970,739	
FTE	0.5	0.6	1.0	1.0	
General Fund	960,638	907,783	968,967	970,739	
SUBTOTAL -	42,118,173	42,612,923	43,344,717	43,391,489	0.1%
FTE	9.9	7.0	13.2	13.5	2.3%
General Fund	960,638	907,783	968,967	970,739	0.2%
Cash Funds	41,157,535	41,705,140	42,375,750	42,420,750	0.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
(IV) Professional Development and Instructional Support					
Content Specialists	674,168	459,620	550,817	545,861	
FTE	4.5	3.1	5.0	5.0	
General Fund	0	0	19,816	0	
Cash Funds	674,168	459,620	531,001	545,861	
School Bullying Prevention and Education Cash Fund	2,000,000	2,000,000	2,000,000	2,000,000	
Cash Funds	2,000,000	2,000,000	2,000,000	2,000,000	

Appendix A: Numbers Pages

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Office of Dropout Prevention and Student Reengagement	2,014,208	2,021,764	3,022,489	5,048,555	
FTE	0.6	0.6	2.2	2.2	
General Fund	15,320	21,510	1,018,210	3,042,467	
Cash Funds	1,998,888	2,000,254	2,004,279	2,006,088	
Federal Funds	0	0	0	0	
Ninth Grade Success Grant Program	0	0	800,000	800,000	
FTE	0.0	0.0	0.6	0.6	
General Fund	0	0	800,000	800,000	
Stipends for Nationally Board Certified Teachers	1,078,784	1,141,712	1,384,000	1,384,000	
Cash Funds	1,078,784	1,141,712	1,384,000	1,384,000	
Grow Your Own Educator Program	0	1,019,110	22,933	22,933	
FTE	0.0	0.0	0.3	0.3	
General Fund	0	1,019,110	22,933	22,933	
Quality Teacher Recruitment Program	2,985,500	2,978,250	3,000,000	3,000,000	
Cash Funds	2,985,500	2,978,250	3,000,000	3,000,000	
Retaining Teachers Fund	0	3,000,000	3,000,000	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	3,000,000	3,000,000	0	
Cash Funds	0	0	0	0	
Retaining Teachers Grant Program	0	0	2,500,000	2,500,000	
FTE	0.0	0.0	1.0	1.0	
Cash Funds	0	0	1,000,000	1,000,000	
Reappropriated Funds	0	0	1,500,000	1,500,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Career Counseling Professional Development Program	0	0	1,500,000	2,039,190	*
General Fund	0	0	1,500,000	2,039,190	
Transfer to the Department of Higher Education for Rural Teacher Recruitment, Retention, and Professional Development	0	240,000	240,000	240,000	
Cash Funds	0	240,000	240,000	240,000	
English Language Learners Technical Assistance	372,666	347,113	396,185	403,932	
FTE	4.1	3.6	5.0	5.0	
General Fund	321,086	297,566	341,055	348,248	
Cash Funds	51,580	49,547	55,130	55,684	
English Language Proficiency Act Excellence Awards Program	500,000	500,000	500,000	500,000	
Cash Funds	500,000	500,000	500,000	500,000	
English Language Learners Professional Development and Student Support Program	27,000,000	26,999,825	27,000,000	27,000,000	
General Fund	0	0	0	0	
Cash Funds	27,000,000	26,999,825	27,000,000	27,000,000	
Working Group for Identification of and Educational Support for Students with Dyslexia	0	0	94,676	40,616	
General Fund	0	0	94,676	40,616	
Dyslexia Markers Pilot Program	0	0	11,520	127,973	
General Fund	0	0	11,520	127,973	

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	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Advanced Placement Incentives Pilot Program	259,517	257,659	261,666	262,763	
FTE	0.3	0.3	0.3	0.3	
Cash Funds	259,517	257,659	261,666	262,763	
School Leadership Pilot Program	0	0	272,929	751,615	
FTE	0.0	0.0	0.9	1.0	
General Fund	0	0	272,929	751,615	
School Transformation Grant Program	1,999,074	1,991,377	4,317,145	9,435,995	*
FTE	0.4	0.5	3.0	3.0	
General Fund	0	0	2,314,027	7,431,221	
Cash Funds	1,999,074	1,991,377	2,003,118	2,004,774	
Local Accountability System Grant Program	0	0	493,097	494,267	
FTE	0.0	0.0	0.4	0.5	
General Fund	0	0	493,097	494,267	
Comprehensive Quality Physical Education Instruction Pilot Program	0	0	1,100,000	1,100,000	
FTE	0.0	0.0	0.7	0.7	
Cash Funds	0	0	1,100,000	1,100,000	
Computer Science Education Grants for Teachers	479,026	925,358	1,048,600	1,301,657	
FTE	0.2	0.6	0.4	0.4	
General Fund	0	0	0	250,000	
Cash Funds	479,026	925,358	1,048,600	1,051,657	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Advanced Placement Exam Fee Grant Program	0	530,512	560,583	561,461	
FTE	0.0	0.3	0.4	0.4	
General Fund	0	530,512	560,583	561,461	
Educator Perception	0	0	75,000	25,000	
General Fund	0	0	75,000	25,000	
Teacher Residency Expansion Program Fund	0	600,000	0	0	
General Fund	0	600,000	0	0	
SUBTOTAL -	39,362,943	45,012,300	54,151,640	59,585,818	10.0%
FTE	10.1	9.0	20.2	20.4	1.0%
General Fund	336,406	5,468,698	10,523,846	15,934,991	51.4%
Cash Funds	39,026,537	39,543,602	42,127,794	42,150,827	0.1%
Reappropriated Funds	0	0	1,500,000	1,500,000	0.0%
Federal Funds	0	0	0	0	0.0%
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	191,030	240,380	314,884	322,568	
FTE	1.8	2.3	3.0	3.0	
Reappropriated Funds	191,030	240,380	314,884	322,568	
Facility School Funding	13,555,451	13,145,912	16,241,061	16,241,061	
Cash Funds	13,555,451	13,145,912	16,241,061	16,241,061	
SUBTOTAL -	13,746,481	13,386,292	16,555,945	16,563,629	0.0%
FTE	1.8	2.3	3.0	3.0	0.0%
Cash Funds	13,555,451	13,145,912	16,241,061	16,241,061	0.0%
Reappropriated Funds	191,030	240,380	314,884	322,568	2.4%

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
(VI) Other Assistance					
Appropriated Sponsored Programs	212,118,591	229,407,087	278,567,221	278,781,496	
FTE	68.1	76.9	66.1	66.1	
Cash Funds	792,512	1,396,052	2,738,464	2,750,984	
Reappropriated Funds	0	0	651,922	651,922	
Federal Funds	211,326,079	228,011,035	275,176,835	275,378,590	
School Counselor Corps Grant Program	9,990,650	9,999,432	10,250,000	10,257,963	
FTE	2.9	2.5	2.0	2.0	
General Fund	0	0	250,000	250,000	
Cash Funds	9,990,650	9,999,432	10,000,000	10,007,963	
BOCES Funding per Section 22-5-122, C.R.S.	3,273,283	3,281,982	3,314,277	3,318,279	
FTE	0.7	0.8	1.0	1.0	
Cash Funds	3,273,283	3,281,982	3,314,277	3,318,279	
Contingency Reserve Fund	1,000,000	0	1,000,000	1,000,000	
General Fund	1,000,000	0	0	0	
Cash Funds	0	0	1,000,000	1,000,000	
Reappropriated Funds	0	0	0	0	
Supplemental On-line Education Services	1,020,000	1,220,000	1,220,000	1,220,000	
Cash Funds	1,020,000	1,220,000	1,220,000	1,220,000	
Interstate Compact on Educational Opportunity for Military Children	19,735	19,182	21,668	21,668	
Cash Funds	19,735	19,182	21,668	21,668	

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	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
College and Career Readiness	173,201	184,736	234,872	226,620	
FTE	1.5	1.7	2.5	2.4	
General Fund	173,201	184,736	234,872	226,620	
Workforce Diploma Pilot Program	0	0	1,012,201	1,012,222	
FTE	0.0	0.0	0.2	0.2	
General Fund	0	0	1,012,201	1,012,222	
Concurrent Enrollment Expansion and Innovation Grant Program	0	0	1,500,000	2,476,896	
FTE	0.0	0.0	0.3	0.0	
General Fund	0	0	0	1,000,000	
Cash Funds	0	0	1,500,000	1,476,896	
John W. Buckner Automatic Enrollment in Advanced Courses Grant Program	0	0	250,000	250,000	
FTE	0.0	0.0	0.3	0.3	
General Fund	0	0	250,000	250,000	
High School Innovative Learning Pilot Program	0	0	129,563	127,095	
FTE	0.0	0.0	0.3	0.3	
General Fund	0	0	129,563	127,095	
Parents Encouraging Parents Conferences	0	0	68,000	68,000	
General Fund	0	0	68,000	68,000	
Career Development Success Pilot Program	1,000,000	2,000,000	5,000,000	7,000,000	
General Fund	1,000,000	2,000,000	5,000,000	7,000,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Colorado Student Leaders Institute Pilot Program	218,825	218,825	0	0	
Cash Funds	218,825	218,825	0	0	
SUBTOTAL -	228,814,285	246,331,244	302,567,802	305,760,239	1.1%
FTE	73.2	81.9	72.7	72.3	(0.6%)
General Fund	2,173,201	2,184,736	6,944,636	9,933,937	43.0%
Cash Funds	15,315,005	16,135,473	19,794,409	19,795,790	0.0%
Reappropriated Funds	0	0	651,922	651,922	0.0%
Federal Funds	211,326,079	228,011,035	275,176,835	275,378,590	0.1%
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	678,852,413	719,743,391	891,319,915	918,671,552	3.1%
FTE	131.5	138.6	141.4	141.9	0.4%
General Fund	5,204,930	10,839,256	21,755,714	30,611,821	40.7%
Cash Funds	269,366,974	293,926,105	434,337,668	452,568,476	4.2%
Reappropriated Funds	370,395	922,347	3,519,477	3,531,815	0.4%
Federal Funds	403,910,114	414,055,683	431,707,056	431,959,440	0.1%
(D) Indirect Cost Assessment					
Indirect Cost Assessment	2,650,303	2,509,321	2,756,885	2,756,885	
Cash Funds	25,000	25,000	25,000	25,000	
Reappropriated Funds	55,571	55,571	55,571	55,571	
Federal Funds	2,569,732	2,428,750	2,676,314	2,676,314	
SUBTOTAL - (D) Indirect Cost Assessment	2,650,303	2,509,321	2,756,885	2,756,885	0.0%
FTE	0.0	0.0	0.0	0.0	0.0%
Cash Funds	25,000	25,000	25,000	25,000	0.0%
Reappropriated Funds	55,571	55,571	55,571	55,571	0.0%
Federal Funds	2,569,732	2,428,750	2,676,314	2,676,314	0.0%

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	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
TOTAL - (2) Assistance to Public Schools	5,294,924,312	5,736,838,467	6,052,654,010	6,225,862,518	2.9%
FTE	263.4	278.6	232.4	232.9	0.2%
General Fund	3,218,652,756	3,189,734,512	3,465,187,138	3,498,904,697	1.0%
General Fund Exempt	820,701,666	885,333,333	897,710,833	897,710,833	0.0%
Cash Funds	671,759,272	1,056,572,955	1,082,692,701	1,221,485,023	12.8%
Reappropriated Funds	2,043,761	2,538,668	5,504,803	5,595,462	1.6%
Federal Funds	581,766,857	602,658,999	601,558,535	602,166,503	0.1%

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
(3) LIBRARY PROGRAMS					
This section provides funding for various library-related programs. Library programs are primarily funded with General Fund and federal funds. Cash funds include grants and donations. Transfers from the Disabled Telephone Users Fund support privately operated reading services for the blind and are reflected as reappropriated funds.					
Administration	1,076,493	966,759	1,150,575	1,180,692	
FTE	12.3	11.6	14.3	14.3	
General Fund	823,116	840,848	888,889	913,280	
Cash Funds	253,377	125,911	261,686	267,412	
Federal Library Funding	2,742,951	2,719,707	3,179,003	3,236,596	
FTE	23.9	23.6	23.8	23.8	
Federal Funds	2,742,951	2,719,707	3,179,003	3,236,596	
Colorado Library Consortium	1,000,000	1,000,000	1,000,000	1,000,000	
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	
Colorado Virtual Library	359,796	359,796	379,796	379,796	
General Fund	359,796	359,796	359,796	359,796	
Cash Funds	0	0	20,000	20,000	
Colorado Talking Book Library, Building Maintenance and Utilities Expenses	90,660	87,446	340,660	90,660	
General Fund	90,660	87,446	90,660	90,660	
Reappropriated Funds	0	0	250,000	0	
Reading Services for the Blind	760,000	560,000	560,000	560,000	
General Fund	50,000	50,000	50,000	50,000	
Reappropriated Funds	710,000	510,000	510,000	510,000	

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	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
State Grants to Publicly-Supported Libraries Program	2,499,728 0.5	2,496,170 0.4	3,001,519	3,001,519	
General Fund	2,499,728	2,496,170	3,001,519	3,001,519	
Indirect Cost Assessment	55,327	55,327	55,327	55,327	
Federal Funds	55,327	55,327	55,327	55,327	
TOTAL - (3) Library Programs	8,584,955	8,245,205	9,666,880	9,504,590	(1.7%)
FTE	36.7	35.6	38.1	38.1	0.0%
General Fund	4,823,300	4,834,260	5,390,864	5,415,255	0.5%
Cash Funds	253,377	125,911	281,686	287,412	2.0%
Reappropriated Funds	710,000	510,000	760,000	510,000	(32.9%)
Federal Funds	2,798,278	2,775,034	3,234,330	3,291,923	1.8%

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
(4) SCHOOL FOR THE DEAF AND THE BLIND					
This section provides operational funding for the Colorado School for the Deaf and the Blind (CSDB), which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is the General Fund. For each student eligible for funding under the School Finance Act, the CSDB receives funding from each student's "home" school district. Reappropriated funds reflect program funding that would otherwise be paid to the home school district (from the Facility School Funding section above), as well as federal funds transferred from local school districts. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.					
(A) School Operations					
Personal Services	10,486,877	10,703,582	11,256,238	11,553,237	*
FTE	140.3	136.6	153.1	153.1	
General Fund	8,844,891	9,038,675	9,587,306	9,884,305	
Reappropriated Funds	1,641,986	1,664,907	1,668,932	1,668,932	
Early Intervention Services	1,226,190	1,192,452	1,260,642	1,280,994	
FTE	10.6	10.4	10.0	10.0	
General Fund	1,226,190	1,192,452	1,260,642	1,280,994	
Shift Differential	105,582	120,452	120,969	116,968	
General Fund	105,582	120,452	120,969	116,968	
Operating Expenses	666,689	668,291	668,291	668,291	
General Fund	666,689	668,291	668,291	668,291	
Vehicle Lease Payments	21,569	21,710	23,667	26,196	*
General Fund	21,569	21,710	23,667	26,196	
Utilities	594,918	602,580	627,580	687,122	*
General Fund	594,918	602,580	627,580	687,122	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Allocation of State and Federal Categorical Program Funding	138,200	192,090	170,000	170,000	
FTE	0.6	0.9	0.4	0.4	
Reappropriated Funds	138,200	192,090	170,000	170,000	
Medicaid Reimbursements for Public School Health Services	216,877	291,025	410,304	425,637	
FTE	1.3	1.4	1.5	1.5	
Reappropriated Funds	216,877	291,025	410,304	425,637	
SUBTOTAL - (A) School Operations	13,456,902	13,792,182	14,537,691	14,928,445	2.7%
FTE	152.8	149.3	165.0	165.0	0.0%
General Fund	11,459,839	11,644,160	12,288,455	12,663,876	3.1%
Reappropriated Funds	1,997,063	2,148,022	2,249,236	2,264,569	0.7%
(B) Special Purpose					
Fees and Conferences	36,496	33,022	120,000	120,000	
Cash Funds	36,496	33,022	120,000	120,000	
Outreach Services	476,436	525,226	1,037,897	1,049,645	
FTE	2.4	3.6	6.2	6.2	
Cash Funds	353,539	398,116	760,522	765,646	
Reappropriated Funds	122,897	127,110	277,375	283,999	
Tuition from Out-of-state Students	59,745	50,002	200,000	200,000	
Cash Funds	59,745	50,002	200,000	200,000	

	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Appropriation	FY 2020-21 Request	Request vs. Appropriation
Grants	552,303	547,720	1,206,079	1,206,079	
FTE	3.3	3.4	9.0	9.0	
Reappropriated Funds	552,303	547,720	1,206,079	1,206,079	
SUBTOTAL - (B) Special Purpose	1,124,980	1,155,970	2,563,976	2,575,724	0.5%
FTE	5.7	7.0	15.2	15.2	0.0%
Cash Funds	449,780	481,140	1,080,522	1,085,646	0.5%
Reappropriated Funds	675,200	674,830	1,483,454	1,490,078	0.4%
TOTAL - (4) School for the Deaf and the Blind	14,581,882	14,948,152	17,101,667	17,504,169	2.4%
FTE	158.5	156.3	180.2	180.2	0.0%
General Fund	11,459,839	11,644,160	12,288,455	12,663,876	3.1%
Cash Funds	449,780	481,140	1,080,522	1,085,646	0.5%
Reappropriated Funds	2,672,263	2,822,852	3,732,690	3,754,647	0.6%
TOTAL - Department of Education	5,399,850,652	5,857,241,236	6,185,897,769	6,372,300,176	3.0%
FTE	608.3	623.7	616.4	625.8	1.5%
General Fund	3,249,548,862	3,228,713,258	3,507,459,732	3,548,659,926	1.2%
General Fund Exempt	820,701,666	885,333,333	897,710,833	897,710,833	0.0%
Cash Funds	705,461,048	1,093,749,762	1,118,704,379	1,257,876,600	12.4%
Reappropriated Funds	25,205,781	30,659,160	42,577,029	48,133,584	13.1%
Federal Funds	598,933,295	618,785,723	619,445,796	619,919,233	0.1%

APPENDIX B
RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2018 SESSION BILLS

S.B. 18-013 (EXPAND CHILD NUTRITION SCHOOL LUNCH PROTECTION ACT): Expands the Child Nutrition School Lunch Protection Program to include grades six through eight. Current law provides free school lunches to students that qualify for reduced price lunches from kindergarten through fifth grade. This bill expands eligibility to include students through eighth grade. For FY 2018-19, appropriates $564,279 General Fund to the Department of Education.

S.B. 18-085 (FINANCIAL INCENTIVES FOR EDUCATION IN RURAL AREAS): Expands stipends for teachers in rural school districts who are seeking certification as a national board certified teacher or concurrent enrollment teacher. Increases the number of stipends from 20 to 60 and makes other modifications to the program. Stipends may not exceed $6,000 per teacher, and teachers who accept the stipend must commit to teaching in a rural area for a total of three years. For FY 2018-19, appropriates $240,000 cash funds from the State Education Fund to the Department of Education and reappropriates that amount to the Department of Higher Education.

S.B. 18-158 (SCHOOL ACCESS TO INTEROPERABLE COMMUNICATIONS): Creates the School Access for Emergency Response (SAFER) grant program in the Division of Homeland Security and Emergency Management in the Department of Public Safety to provide funding to schools and public safety communications networks for interoperable communication hardware, software, equipment maintenance, and training. Creates the SAFER cash fund and directs transfers of $5.0 million per year from the State Public School Fund to the SAFER cash fund for FY 2018-19 through FY 2023-24. For FY 2018-19, transfers $5.0 million cash funds from the State Public School Fund to the SAFER cash fund and appropriates $5.0 million cash funds from the SAFER cash fund to the Department of Public Safety.

H.B. 18-1019 (K-12 ACCREDITATION WEIGHTED FACTORS): Requires the Department of Education to calculate participation in advanced placement (AP) courses or concurrent enrollment when determining accreditation categories for public schools and school districts. Beginning in FY 2020-21, the bill requires the Department to calculate a score for the statewide accountability system's postsecondary and workforce readiness indicator based on the percentage of students who successfully complete either: (1) an AP course in a subject other than English language arts or mathematics and earn a score of three or higher on the end of year AP exam; or (2) a concurrent enrollment course in a subject other than English language arts or mathematics and earn a grade of "B" or higher in the course. For FY 2018-19, appropriates $30,000 General Fund to the Department of Education.

H.B. 18-1070 (ADDITIONAL PUBLIC SCHOOL CAPITAL CONSTRUCTION FUNDING): Diverts additional marijuana excise tax revenue to the Public School Capital Construction Assistance Fund which supports the Building Excellent Schools Today (BEST) Program. Current law deposits the first $40.0 million in annual marijuana excise tax funds to the Public School Capital Construction Assistance Fund to support lease purchase payments and cash grants under the BEST Program and

deposits any amount above the $40.0 million into the Public School (Permanent) Fund. Beginning in FY 2018-19, this bill increases the diversion of marijuana excise tax revenues to the Public School Capital Construction Assistance Fund to the greater of $40.0 million or 90.0 percent of total excise tax revenues. For FY 2018-19, appropriates $34.0 million cash funds from the Public School Capital Construction Assistance Fund to the Department of Education to support the BEST Program, including $19.0 million for lease purchase payments and $15.0 million for cash grants.

H.B. 18-1100 (EDUCATOR LICENSURE CASH FUND): Extends the continuous appropriation of the Educator Licensure Cash Fund to the Department of Education. Current law continuously appropriates those funds to the Department through FY 2017-18, and this bill extends the continuous appropriation for three additional years (through FY 2020-21).

H.B. 18-1101 (RETAIL MARIJUANA SALES TAX APPROPRIATIONS FOR SCHOOLS): Makes retail marijuana sales tax revenues deposited into the State Public School Fund subject to annual appropriation and requires the General Assembly to appropriate such funds in the year following the year of collection. Current law continuously appropriates marijuana sales tax revenues deposited into the State Public School Fund to the Department of Education in the year of collection.

H.B. 18-1159 (SUPPLEMENTAL BILL): Modifies FY 2017-18 appropriations to the Department.

H.B. 18-1171 (SCHOOL FINANCE MID-YEAR ADJUSTMENTS): Makes mid-year school finance-related statutory adjustments to reflect actual pupil counts and the local revenues available for school finance in FY 2017-18. Maintains statewide average per pupil funding at the original appropriated level for FY 2017-18 ($7,662.18). After adjusting for a $96.9 million increase in local revenues available for school finance (above the level anticipated in the original FY 2017-18 appropriation) and a lower-than-anticipated student count (reducing total program funding before the application of the budget stabilization factor by $12.9 million), maintaining statewide average per pupil funding at a constant level reduces the budget stabilization factor by $5.9 million in FY 2017-18 and allows for a reduction of $103.9 million in state funding for the state share of districts' total program funding. For FY 2017-18, makes the following changes:

- Reduces appropriations for the state share of districts' total program funding by $103,934,329 total funds, including $73,210,538 cash funds from the State Public School Fund and $30,723,791 General Fund.
- Reduces appropriations for hold-harmless full-day kindergarten funding by $4,629 cash funds from the State Education Fund.
- Transfers $30,723,791 from the General Fund to the State Public School Fund.

H.B. 18-1189 (EXPANDING EFFECTIVE TEACHER RESIDENCY PROGRAMS): Creates the teacher residency expansion program in the Department of Education. Requires the Department to contract with up to three institutions of higher education and up to three alternative teacher licensure program providers that operate teacher residency programs to expand those programs on a pilot basis. Requires the Department to provide funding to contracting entities to offset a portion of the costs of program expansion. Creates the Teacher Expansion Program Fund, which is continuously appropriated to the Department of Education. For FY 2018-19, appropriates $600,000 General Fund to the Teacher Expansion Program Fund, which is anticipated to support the program for FY 2018-19 through FY 2022-23.

H.B. 18-1193 (EXTEND ADVANCED PLACEMENT INCENTIVES PROGRAM): Extends the Advanced Placement Incentives Pilot Program (originally created in H.B. 14-1118) for three years, through FY 2020-21. Adds annual reporting requirements, including reporting disaggregated data regarding participating student enrollment in advanced placement courses, the number of students that took the end of year advanced placement exams, and the number of students that scored at least a "three" on the exams. For FY 2017-18, appropriates $260,937 cash funds from the State Education Fund and 0.3 FTE to the Department of Education.

H.B. 18-1309 (PROGRAMS ADDRESSING EDUCATOR SHORTAGES): Makes several changes to state law related to programs intended to address educator shortages. Creates a teacher of record license that the Department of Education may issue to applicants who: have completed most of their bachelor degree requirements, have not completed required field work, participate in a "grow your own educator" or teacher of record program, and will be employed in a position in which there is a critical teacher shortage. Requires the Departments of Education and Higher Education to create a framework for the creation of "grow your own" educator programs and requires the Department of Education to distribute grants to districts or schools that employ participating students under a grow your own educator program. Grants are intended to cover payment of participating students' share of tuition for up to 36 credit hours. Creates the Partnership for Rural Education Preparation at the University of Colorado-Denver to collaborate with other institutions on solutions to the rural teacher shortage. For FY 2018-19, makes the following appropriations: (1) $1,019,110 General Fund and 0.3 FTE to the Department of Education; and (2) $156,116 General Fund to the Department of Higher Education.

H.B. 18-1379 (PUBLIC SCHOOL FINANCE): Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2018-19, making the following changes:

- Increases the *statewide base per pupil funding* amount from $6,546.20 to $6,768.77 (3.4 percent) to account for the annual change in the Denver-Boulder-Greeley consumer price index in CY 2017.
- Reduces the dollar value of the budget stabilization factor by $150.0 million from FY 2017-18 ($822.4 million) to FY 2018-19 ($672.4 million).
- Specifies that the dollar value of the budget stabilization factor in FY 2019-20 cannot exceed its value in FY 2018-19.
- Adds 1,000 half-day slots to the Early Childhood At-risk Enhancement (ECARE) program, equal to 500.0 student FTE.
- Requires the Department of Education to distribute $30.0 million to eligible rural school districts and rural institute charter schools and specifies the method of distribution.
- Modifies the distribution of funding under the English Language Proficiency Act categorical program to allocate funds proportionately, based on the number of students who have no or limited English proficiency and the number of students who have been designated as fluent but require continued monitoring.
- Modifies core course level participation and performance reporting requirements.

Makes the following appropriations to the Department of Education for FY 2018-19: (1) $159,313,868 total funds for the state share of districts' total program funding (including $123,428,205 General Fund, $30,723,791 cash funds from the State Public School Fund, and $5,161,872 cash funds from

the State Education Fund); (2) $30.0 million cash funds from the State Education Fund for distribution to rural school districts and rural institute charter schools on a per pupil basis; and (3) $191,043 cash funds from the State Education Fund for hold-harmless full-day kindergarten funding.

H.B. 18-1393 (EFFECTIVE IMPLEMENTATION OF READ ACT): Modifies statutory requirements of the Reading to Ensure Academic Development (READ) Act. Specifies that reading assessments and instructional programming under the READ Act must be evidence- or scientifically-based, must be aligned with each other, and must align with preschool through elementary and secondary education standards for reading. Specifies requirements for the Department to review and update the list of approved reading assessments. Specifies requirements for the use of READ Act per pupil intervention funding. Modifies grant requirements for the Early Literacy Competitive Grant Program and provides additional funding for the program. For FY 2018-19, appropriates $1.0 million cash funds from the Marijuana Tax Cash Fund to the Department of Education.

H.B. 18-1396 (ADVANCED PLACEMENT EXAM FEE GRANT PROGRAM): Creates the Advanced Placement (AP) Exam Fee Grant Program in the Department of Education to pay a portion of low-income students' AP exam fees. Requires the Department to review grant applications, determine award amounts, and award grants in accordance with rules to be established by the State Board of Education. For FY 2018-19, appropriates $554,869 General Fund and 0.3 FTE to the Department of Education.

H.B. 18-1412 (RETAINING TEACHERS GRANT PROGRAM): Creates the Retaining Teachers Grant Program in the Department of Education to assist local education providers in the implementation of a variety of specific initiatives intended to improve teacher retention. Requires the Department to review grant applications, recommend grant recipients and amounts to the State Board of Education, and provide technical assistance to local education providers. Species that grants are awarded for three years, subject to annual review by the Department and renewal by the State Board of Education. Creates the Retaining Teachers Fund, which is continuously appropriated to the Department. For FY 2018-19, appropriates $3.0 million General Fund to the Retaining Teachers Fund, which is anticipated to support the program for FY 2018-19 through FY 2020-21.

2019 SESSION BILLS

S.B. 19-010 (PROFESSIONAL BEHAVIORAL HEALTH SERVICES FOR SCHOOLS): Modifies the Behavioral Health Care Professional Matching Grant Program (also known as the School Health Professionals Grant Program) to allow funding to be used for additional behavioral health care services, change application requirements, and clarify what positions qualify as school health professionals. For FY 2019-20, appropriates $3.0 million cash funds from the Marijuana Tax Cash Fund and 1.0 FTE to the Department of Education.

S.B. 19-059 (AUTOMATIC ENROLLMENT IN ADVANCED COURSES GRANT PROGRAM): Creates the John W. Buckner Automatic Enrollment in Advanced Courses Grant Program in the Department of Education to provide assistance to local education providers that automatically enroll students in advanced courses. Defines advanced courses to include Advanced Placement courses, International Baccalaureate courses, and any courses designated by the local education provider as an honors, gifted, or accelerated course. Allows recipient to use grant funds to expand the number of advanced courses

available, incentivize teachers to teach advanced courses, develop advanced course curriculum, and expand parent and student engagement. For FY 2019-20, appropriates $250,000 General Fund and 0.3 FTE to the Department of Education.

S.B. 19-066 (HIGH COST SPECIAL EDUCATION TRUST FUND GRANTS): Creates the High Cost Special Education Trust Fund (trust fund), to be administered by the Colorado Special Education Fiscal Advisory Committee (SEFAC). On July 1, 2019, transfers $2.5 million from the Marijuana Tax Cash Fund to the trust fund, which constitutes the principal of the trust fund and may not be appropriated, transferred, or expended. Continuously appropriates interest earnings on the trust fund to the Department of Education to provide grants to reimburse administrative units for high cost special education expenses (defined in the bill as expenses necessary to meet the needs of a single student in the preceding school year that exceed either $100,000 or 2.5 percent of the administrative unit's annual audited operating expenses, whichever is less). Specifies reporting requirements for the SEFAC regarding the grant program. Repeals the bill on July 1, 2027, and transfers any remaining interest income to the General Fund and any remaining principal to the Marijuana Tax Cash Fund.

S.B. 19-094 (EXTEND SCHOOL FINANCE INTERIM COMMITTEE): Reauthorizes the Legislative Interim Committee on School Finance (originally authorized in H.B. 17-1340 to meet during the 2017 and 2018 interims) to meet during the 2019 interim. Allows the committee to use any uncommitted FY 2018-19 appropriations to support FY 2019-20 expenditures.

S.B. 19-128 (FY 2018-19 SCHOOL FINANCE MID-YEAR ADJUSTMENTS): Makes mid-year school finance-related statutory adjustments to reflect actual pupil counts and the local revenues available for school finance in FY 2018-19. Maintains the budget stabilization factor at the original appropriated level for FY 2018-19 ($672.4 million). After adjusting for a $56.1 million increase in local revenues available for school finance (above the level anticipated in the original FY 2018-19 appropriation) and a lower-than-anticipated student count (reducing total program funding before the application of the budget stabilization factor by $21.5 million), maintains the budget stabilization factor at a constant level. This allows for a reduction of $77.6 million in state funding for the state share of districts' total program funding. For FY 2018-19, makes the following changes:

- Reduces appropriations for the state share of districts' total program funding by $77,590,425 total funds, including $64,690,300 General Fund and $12,900,125 cash funds from the State Education Fund.
- Reduces appropriations for hold-harmless full-day kindergarten funding by $12,065 cash funds from the State Education Fund.
- Adds $545,147 General Fund to support a technical correction to at-risk funding provided to Charter School Institute schools in prior years.

S.B. 19-161 (SUNSET COUNCIL FOR PARENT INVOLVEMENT IN EDUCATION): Extends the State Advisory Council for Parent Involvement in Education indefinitely. Adds two council members to the council. For FY 2019-20, appropriates $2,000 General Fund to the Department of Education.

S.B. 19-176 (EXPAND CONCURRENT ENROLLMENT OPPORTUNITIES): Changes state law related to concurrent enrollment. Requires concurrent enrollment opportunities to be offered at no tuition cost to qualified students. Clarifies what types of courses qualify as concurrent enrollment courses. Beginning in FY 2020-21, requires local education providers that enroll high school students to offer concurrent enrollment courses, including academic courses and career and technical courses. By July

1, 2020, requires the Departments of Education and Higher Education to make available a website providing specific information on concurrent enrollment options and requirements. Creates the Concurrent Enrollment Expansion and Innovation Grant Program within the Department of Education to provide grants to partnerships between local education providers and institutions of higher education that begin to offer or expand concurrent enrollment opportunities. Specifies grant application requirements as well as the authorized uses of grant funds. For FY 2019-20, appropriates a total of $1,544,916 and 0.8 FTE to the Department of Education, including $1,500,000 cash funds from the Marijuana Tax Cash Fund and 0.3 FTE for the Concurrent Enrollment Expansion and Innovation Grant Program and $44,916 General Fund and 0.5 FTE for website development and support provided to local education providers. Also appropriates $105,000 General Fund to the Department of Higher Education and reappropriates that amount (and 1.0 FTE) to the State Board for Community Colleges and Occupational Education State System Community Colleges.

S.B. 19-199 (READ ACT IMPLEMENTATION MEASURES): Makes statutory changes to the Colorado Reading to Ensure Academic Development (READ) Act. Requires early literacy programming and services to be evidence-based and focus on reading competency in the areas of phonemic awareness, phonics, vocabulary development, reading fluency, and reading comprehension. Requires local education providers to employ multi-tiered systems of supports for students whose reading skills are below grade level expectations. By FY 2021-22, requires local education providers to ensure that each early grade teacher completes evidence-based training in teaching reading. Requires the Department of Education to provide such training at no cost to any local education provider that requests assistance. Adds reporting requirements for local education providers receiving per pupil intervention funds. Beginning in FY 2019-20, requires the Department of Education to contract with an outside entity to develop and implement a public information campaign related to the importance of reading and to highlight local education providers that are achieving success (with a maximum cost of $500,000 per year). Requires the Department of Education to contract with an independent evaluator to conduct a multi-year evaluation of the impact of early literacy programs (including both per pupil intervention funding and the Early Literacy Competitive Grant Program), with a maximum cost of $750,000 per year. For FY 2019-20, eliminates the Long Bill appropriation of $6,243,932 cash funds and 8.0 FTE for the Early Literacy Competitive Grant Program and instead appropriates a total of $39,378,678 cash funds and 12.2 FTE as follows:

- $7,500,000 (including $5,378,678 from the Marijuana Tax Cash Fund and $2,121,322 from the Early Literacy Fund) for the Early Literacy Competitive Grant Program.
- $2,702,557 from the Early Literacy Fund for evidence-based training provided to teachers (upon request by local education providers).
- $1,664,570 from the Early Literacy Fund and 11.7 FTE for early literacy program administration, technical assistance, and monitoring activities.
- $750,000 from the Early Literacy Fund for the multi-year independent evaluation.
- $500,000 from the Early Literacy Fund and 0.5 FTE for the public information campaign.
- $26,261,551 from the Early Literacy Fund for early literacy per pupil intervention funding.

S.B. 19-204 (PUBLIC SCHOOL LOCAL ACCOUNTABILITY SYSTEMS): Creates the Local Accountability System Grant Program to support local accountability systems that supplement the state accountability system. Specifies minimum components of grant applications. Authorizes grants on a three-year cycle and allows grant awards of between $25,000 and $50,000 per budget year for individual local education provider (LEP) applicants and no more than $75,000 per budget year for groups of LEPs. Requires that at least one grant recipient is a rural LEP or group of rural LEPs.

Allows LEPs that implement a local accountability system to submit a supplemental performance report to the Department of Education. Requires the Department to contract with an external evaluator in the third year of the program to prepare a summary evaluation report, including quantitative and qualitative measures, of the implementation of local accountability systems that receive grants. Requires the Department of Education to report annually to the General Assembly on the implementation of local accountability systems and the performance of the grant program. For FY 2019-20, appropriates $493,097 General Fund and 0.4 FTE to the Department of Education.

S.B. 19-207 (LONG BILL): General appropriations act for FY 2019-20. Includes provisions modifying FY 2018-19 appropriations to the Department.

S.B. 19-215 (PARENTS ENCOURAGING PARENTS CONFERENCE): Requires the Department of Education to provide up to four Parents Encouraging Parents (PEP) conferences per year for parents and families of children with disabilities. Specifies provisions for the conferences, including logistics, application procedures, and conference curricula. Requires the Department of Education to provide lodging and food for conferences. Provides state funding for food for the conferences, while federal funds cover other costs such as lodging, presenters, facilitators, materials, and translation and interpretive services. For FY 2019-20, appropriates $68,000 General Fund to the Department of Education.

S.B. 19-216 (HIGH SCHOOL INNOVATIVE LEARNING PILOT PROGRAM): Creates the High School Innovative Learning Pilot Program in the Department of Education. Defines an innovative learning opportunity as learning that typically occurs outside of the classroom, including work-based learning, capstone projects, and other experiences designed to help students develop post-secondary and workforce related skills. Allows LEPs to propose innovative learning plans to apply to participate in the pilot program. Specifies application and selection criteria. In FY 2019-20, directs the State Board of Education to select up to five LEPs to participate in the pilot program starting in FY 2020-21. Authorizes the State Board to select additional participants for FY 2021-22 and subsequent years, with a stated goal of one hundred percent participation by FY 2025-26. Allows pilot program participants to count students participating in innovative learning opportunities as full-time students for funding purposes (students that would otherwise be counted as part-time students), regardless of the actual amount of instructional time for which the student is enrolled. For FY 2019-20, appropriates $129,563 General Fund and 0.3 FTE to the Department of Education.

S.B. 19-246 (SCHOOL FINANCE): Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2019-20, making the following changes:

- Increases the *statewide base per pupil funding* amount from $6,768.77 to $6,951.53 (2.7 percent) to account for the annual change in the Denver-Aurora-Lakewood consumer price index in CY 2018.
- Reduces the dollar value of the budget stabilization factor by $100.0 million from FY 2018-19 ($672.4 million) to FY 2019-20 ($572.4 million).
- Specifies that the dollar value of the budget stabilization factor in FY 2020-21 cannot exceed its value in FY 2019-20.
- Requires the Department of Education to distribute $20.0 million to eligible rural school districts and rural institute charter schools and specifies the method of distribution.

- Requires the General Assembly to appropriate an additional $22.0 million General Fund per year to support Special Education Programs for Children with Disabilities, beginning in FY 2019-20.
- Creates the Ninth Grade Success Grant Program in the Department of Education to provide grants to LEPs to establish ninth grade success programs to assist ninth grade students in developing the necessary skills to graduate from high school and be successful after graduation. Specifies eligibility requirements and the potential uses of funds and requires the Department of Education to prioritize applicants with a four-year graduation rate within the lowest 20.0 percent of high schools statewide. Creates reporting requirements. Authorizes the use of cash funds from the Marijuana Tax Cash Fund to support the program.
- Creates the Health and Wellness Through Comprehensive Quality Physical Education Instruction Pilot Program in the Department of Education to provide three-year grants to support the implementation of comprehensive physical education instruction programs in schools.

Makes the following appropriations to the Department of Education for FY 2019-20:

- An increase of $22,000,000 General Fund for Special Education Programs for Children with Disabilities.
- An increase of $20,000,000 General fund for distribution to rural school districts and rural institute charter schools on a per pupil basis.
- An increase of $1,100,000 cash funds from the Marijuana Tax Cash Fund and 0.7 FTE for the Health and Wellness through Comprehensive Quality Physical Education Instruction Pilot Program.
- An increase of $800,000 General Fund and 0.6 FTE for the Ninth Grade Success Grant Program.
- A net decrease of $5,154,098 General Fund for the State Share of Districts' Total Program Funding to align with revised estimates of local funds available for school finance in FY 2019-20 and the bill's reduction to the budget stabilization factor.

H.B. 19-1002 (LEADERSHIP PROFESSIONAL DEVELOPMENT FOR SCHOOL PRINCIPALS): Creates the School Leadership Pilot Program in the Department of Education to provide training and professional development for school principals. Requires the Department to identify a cohort of high-quality school principals and allow other school principals from across the state to observe and interact with that cohort and to receive additional professional development in school leadership. Specifies requirements for program design and implementation. Requires the Department to design the program in FY 2019-20 and to implement the program no later than July 2020, with principals participating in FY 2020-21 and FY 2021-22. Requires the Department to contract with an external entity in FY 2019-20 for a multi-year evaluation of the program to take place over the period of the program. Beginning in FY 2020-21, requires the Department to make grants to local education providers with principals participating in the program to cover the costs that the LEP is expected to incur as a result of allowing the school principal to participate. For FY 2019-20, appropriates $272,929 General Fund and 0.9 FTE to the Department of Education.

H.B. 19-1017 (K-5 SOCIAL AND EMOTIONAL HEALTH ACT): Creates the K-5 Social and Emotional Health Pilot Program in the Department of Education to place additional school mental health professionals in elementary or K8 schools that have high poverty and high student needs. Defines school mental health professional to include school counselors, school psychologists, and school social workers. By January 15, 2020, requires the Department to select up to ten schools to participate in the pilot program; if available funds will not support ten schools, the bill allows the Department to

select less than ten schools. Beginning in FY 2020-21, requires participating schools to hire enough mental health professionals to follow students as they progress through the school from kindergarten through fifth grade, with a targeted ratio of 250 students per mental health professional. Authorizes the pilot program to operate for FY 2020-21 through FY 2022-23 unless the General Assembly extends the repeal of the program. For FY 2019-20 and FY 2020-21, authorizes the General Assembly to appropriate cash funds from the Marijuana Tax Cash Fund to support the program, with a limit of no more than $2.5 million in FY 2020-21. Authorizes the Department to seek, accept, and expend gifts, grants, and donations to support any additional program costs for FY 2020-21 through FY 2022-23. For FY 2019-20, appropriates $43,114 cash funds from the Marijuana Tax Cash Fund and 0.4 FTE to the Department of Education.

H.B. 19-1055 (PUBLIC SCHOOL CAPITAL CONSTRUCTION FINANCIAL ASSISTANCE): Diverts additional marijuana excise tax revenue to the Public School Capital Construction Assistance Fund which supports the Building Excellent Schools Today (B.E.S.T.) Program. Current law deposits the greater of $40.0 million or 90.0 percent of total excise tax revenues to the Public School Capital Construction Assistance Fund to support lease purchase payments and cash grants under the B.E.S.T. Program and deposits any remaining excise tax revenues into the Public School (Permanent) Fund. Beginning in FY 2019-20, diverts all marijuana excise tax revenues to the Public School Capital Construction Assistance Fund and eliminates deposits to the Permanent Fund. Increases the statutory limit on B.E.S.T. Program lease purchase payments from $100.0 million under current law to $105.0 million in FY 2019-20 and $110.0 million in FY 2020-21. Changes the percentage of marijuana excise tax revenue credited to the Charter School Facilities Assistance Account to support charter school capital construction. Also changes the annual appropriation from the State Education Fund for charter school capital construction based on annual changes in statewide charter school enrollment.

For FY 2018-19, transfers $4.25 million cash funds from the Public School Capital Construction Assistance Fund to the Charter School Facilities Assistance Account and appropriates that amount to the Department of Education for charter school capital construction.

On July 1, 2020, transfers $25.0 million from the Public School Capital Construction Assistance Fund to the Full-day Kindergarten Facility Capital Construction Fund and specifies the mechanism to distribute those funds for full-day kindergarten implementation grants in FY 2019-20. For FY 2019-20, makes the following appropriations to the Department of Education:

- $50,000,000 cash funds from the Public School Capital Construction Assistance Fund for cash grants under the B.E.S.T. Program.
- $25,000,000 cash funds from the Full-day Kindergarten Facility Capital Construction Fund for full-day kindergarten implementation grants.
- $5,000,000 cash funds from the Public School Capital Construction Assistance Fund for lease purchase payments under the B.E.S.T. Program.
- $656,559 cash funds from the State Education Fund for charter school capital construction.

H.B. 19-1110 (MEDIA LITERACY): Creates a 13-member Media Literacy Advisory Committee within the Department of Education to report on and recommend revisions to existing state standards and best practices for improving media literacy in elementary and secondary education. Specifies criteria for membership on the committee. No later than July 15, 2019, requires the Commissioner of Education to appoint committee members and to hire a consultant to perform the research and analysis required for the report. Requires the committee and consultants to convene no later than

November 1, 2019, to discuss the draft report and make recommendations for the final report. Requires submission of a final report to the General Assembly no later than January 1, 2020. For FY 2019-20, appropriates $19,816 General Fund to the Department of Education.

H.B. 19-1120 (YOUTH MENTAL HEALTH EDUCATION AND SUICIDE PREVENTION): Requires the Department of Education to create and maintain a mental health resource bank of program materials and curricula related to mental health. By July 1, 2020, requires resources in the bank to be available to elementary and secondary schools free of charge and to be available in both English and Spanish. Upon request of a local education provider, requires the Department to provide technical assistance in designing age-appropriate curricula pertaining to mental health. For FY 2019-20, appropriates $116,550 General Fund and 0.9 FTE to the Department of Education.

H.B. 19-1132 (SCHOOL INCENTIVES TO USE COLORADO FOOD AND PRODUCERS): Creates two grant programs to encourage the purchase of Colorado products for use in federally subsidized meals in public schools and residential child care centers.

- Creates the Local School Food Purchasing Program to reimburse participating providers for the purchase of Colorado grown, raised, or processed products. Specifies eligibility criteria and application requirements. Beginning in FY 2020-21, authorizes up to $500,000 in reimbursements under the program.
- Creates the Local School Food Purchasing Technical Assistance and Education Grant Program. Requires the Department to issue a grant to a statewide nonprofit organization to develop and manage a grant program to assist with the promotion of Colorado grown, raised, or processed products. Specifies grant recipients' authorized uses of funds.

For FY 2019-20, appropriates $168,942 General Fund and 0.3 FTE to the Department of Education.

H.B. 19-1134 (IDENTIFICATION AND INTERVENTIONS FOR STUDENTS WITH DYSLEXIA): Requires the Commissioner of Education to convene an 11-member work group to analyze relevant data and research related to dyslexia and to evaluate the implementation and efficacy of other state legislation related to dyslexia screening and educator training. Requires the work group to submit an annual report of its recommendations to the Commissioner from FY 2019-20 through FY 2030-31. For FY 2020-21 through FY 2022-23, creates a dyslexia markers pilot program to identify markers of dyslexia and enable effective interventions. Authorizes the Department to select up to five local education providers to participate in the pilot program. For FY 2019-20, appropriates a total of $106,196 General Fund to the Department of Education, including $94,676 to support the working group and $11,520 for the dyslexia markers pilot program.

H.B. 19-1171 (EXPAND CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM): Expands the Child Nutrition School Lunch Protection Program to include grades nine through twelve. Current law provides free school lunches to students that qualify for reduced price lunches from kindergarten through eighth grade. This bill expands eligibility to include students through twelfth grade. For FY 2019-20, appropriates $463,729 General Fund to the Department of Education.

H.B. 19-1187 (INCREASE STUDENT AID APPLICATION COMPLETION RATES): Requires the General Assembly to appropriate an additional $250,000 per year for the School Counselor Corps Grant Program for FY 2019-20 through FY 2021-22. Directs that the funds be distributed to recipients of existing counselor corps grants to encourage completion of financial aid applications, including the

Free Application for Federal Student Aid (FAFSA) as well as state financial aid applications. For FY 2019-20, appropriates $250,000 General Fund to the Department of Education.

H.B. 19-1192 (INCLUSION OF AMERICAN MINORITIES IN TEACHING CIVIL GOVERNMENT): Creates a 16-member History, Culture, Social Contributions, and Civil Government in Education Commission within the Department of Education to make recommendations to the State Board of Education regarding revisions to statewide academic standards related to history and civics. Specifies representation on the commission, including 13 members to be appointed by the Governor, two (non-voting) members from the Department of Education to be appointed by the Commissioner of Education, and the President of the State Historical Society or the President's designee. For FY 2019-20, appropriates $37,495 cash funds from the State Education Fund to the Department of Education.

H.B. 19-1236 (WORKFORCE DIPLOMA PILOT PROGRAM): Creates the Workforce Diploma Pilot Program in the Department of Education to provide performance payments to qualified providers of dropout recovery services for eligible adult students who achieve specified education milestones. Specifies criteria to qualify as a service provider as well as student eligibility under the bill. Also specifies performance payment amounts based on the attainment of specific milestones and limits total payments under the bill to no more than $7,000 for an individual student. Creates annual reporting requirements for service providers to report data to the Department of Education and for the Department of Education to report to the General Assembly. For FY 2019-20, appropriates $1,012,201 General Fund and 0.2 FTE to the Department of Education.

H.B. 19-1257 (VOTER APPROVAL TO RETAIN REVENUE): Contingent on voters' approval at the statewide election held on November 5, 2019, authorizes the State to annually retain and spend all state revenues in excess of the constitutional limitation on state fiscal year spending that it would otherwise be required to refund. Requires the General Assembly to appropriate or the State Treasurer to transfer the money that is so retained in the General Fund Exempt Account to provide funding for:

- Public schools;
- Higher education; and
- Roads, bridges, and transit.

Requires the State Auditor to contract with a private entity to annually conduct a financial audit regarding the use of the money that the State retains and spends under this measure.

H.B. 19-1258 (ALLOCATE VOTER-APPROVED REVENUE): Contingent on voters approving a related referred measure to annually retain and spend state revenues in excess of the constitutional spending limit (H.B. 19-1257), allocates the money that is retained in one-third shares to provide funding for each of the following purposes:

- Public schools;
- Higher education; and
- Roads, bridges, and transit.

Requires the General Assembly to appropriate the one-third shares for public schools and higher education for the state fiscal year after the State retains the revenue under the authority of the voter-approved revenue change. Requires that the money appropriated for public schools be distributed on

a per pupil basis and used by public schools only for nonrecurring expenses for the purpose of improving classrooms, and it may not be used as part of a district reserve.

Requires the State Treasurer to transfer the remaining one-third of the money to the Highway Users Tax Fund (HUTF), and further allocates this money as follows: 60 percent to the State Highway Fund; 22 percent to counties; and 18 percent to cities and incorporated towns. Of the money allocated to the State Highway Fund, requires at least 15 percent to be expended for transit purposes or for transit-related capital improvements and the remaining amount to be expended for highway purposes or highway-related capital improvements.

H.B. 19-1262 (STATE FUNDING FOR FULL-DAY KINDERGARTEN): Provides funding for full-day kindergarten programs through the school finance formula. Increases the funding allocation for each full-day kindergarten student in the school finance formula from 0.58 student FTE under current law to 1.0 student FTE. Prohibits LEPs from charging any fees for full-day kindergarten that are not routinely charged for students enrolled in other grades. Prohibits the use of Early Childhood At-risk Enhancement (ECARE) slots to provide full-day kindergarten and reallocates existing ECARE slots to be available for preschool students. Repeals the Hold-harmless Full-day Kindergarten Program. For FY 2019-20, makes the following appropriation changes:

- Eliminates the Long Bill appropriation of $8,939,591 cash funds from the State Education Fund to the Department of Education for Hold-harmless Full-day Kindergarten Funding.
- Appropriates a total of $182,922,699 (including $173,972,108 General Fund and $8,939,591 cash funds from the State Education Fund) to the Department of Education for the State Share of Districts' Total Program Funding.
- Appropriates $25,094 General Fund and 0.3 FTE to the Department of Human Services.

H.B. 19-1277 (COMPUTER SCIENCE GRANT PROGRAM): Creates the Computer Science Education Grant Program in the Department of Education, beginning in FY 2020-21, to provide money to public schools or school districts in order to increase enrollment or participation of traditionally underrepresented students in computer science education. Specifies minimum requirements for the grant application process and the Department's prioritization of requests. Creates annual reporting requirements for grant recipients to report to the Department (beginning in October 2021) and for the Department to report to the General Assembly (beginning in January 2022). Does not require an appropriation for FY 2019-20 but is expected to require an annual appropriation of $250,000 General Fund beginning in FY 2020-21.

H.B. 19-1332 (TELEPHONE USERS DISABILITIES FUND TALKING BOOK LIBRARY): Authorizes the use of the Colorado Telephone Users with Disabilities Fund to support the furnishing of library services to persons who are blind and physically disabled, including persons who cannot use printed materials in their conventional format. Appropriates $250,000 cash funds from the Colorado Telephone Users with Disabilities Fund to the Department of Regulatory Agencies and reappropriates that amount to the Department of Education to support the Colorado Talking Book Library.

APPENDIX C
FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

4 Department of Education, Assistance to Public Schools, Public School finance, State Share of Districts' Total Program Funding – It is the General Assembly's intent that a portion of the amount appropriated for this line item, not to exceed $250,000 for FY 2019-20, be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to section 22-54-104 (5)(c)(III)(B), C.R.S.

COMMENT: Legislative Council Staff has contracted with Corona Insights for the analysis and will certify the new cost of living factors during the 2020 Session. The new cost of living factors will affect the FY 2020-21 and FY 2021-22 budget cycles.

5 Department of Education, Assistance to Public Schools, Public School finance, State Share of Districts' Total Program Funding -- Pursuant to Section 22-35-108 (2)(a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for FY 2019-20. It is the General Assembly's intent that the Department of Education be authorized to utilize up to $3,836,500 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 500 FTE participants funded at a rate of $7,673 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

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

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

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

Similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution.

The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

Ultimately, the State Board of Education is charged with determining how many qualified students may be designated as ASCENT Program participants for the following school year, based on available appropriations.

The Department's FY 2020-21 budget request assumes a continuation level of ASCENT participation (500 slots) in FY 2020-21, with no change from the FY 2019-20 appropriation.

UPDATE ON REQUESTS FOR INFORMATION

1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- The Department is requested to provide to the Joint Budget Committee, on or before November 1, 2019, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2018-19: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that are attributable to the Program.

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

https://www.cde.state.co.us/cpplegreport

District Participation: The Colorado Preschool Program (CPP) serves three-, four-, and five-year-old children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are neglected or dependent children. School district participation in the program is voluntary.

The number of school districts participating in the CPP has increased from 32 in FY 1988-89 to 173 (of 178) in FY 2018-19; the State Charter School Institute also participates in the CPP. The five school districts that did not participate in FY 2018-29 are small, rural districts, including Elbert – Agate, Las Animas – Branson, Otero – Manzanola, Otero – Swink, and Washington – Lone Star.

Total Number of Slots: The number of state-funded half-day preschool program "slots" is limited in statute. Since the program began operating in January 1989, its target population has been expanded and the maximum number of children that may be served has increased from 2,000 to 29,360. The General Assembly increased the number of authorized CPP slots from 14,360 in FY 2006-07 to 16,360 in FY 2007-08 and 20,160 in FY 2008-09. In addition, in FY 2008-09, the General Assembly repealed a provision allowing districts to use some of the CPP slots to provide a full-day kindergarten program, thereby freeing up 2,454 slots to serve additional

preschool children. In FY 2013-14, the General Assembly added 3,200 slots through a new program within CPP, called ECARE, which allows school districts to use the slots for half-day preschool, full-day preschool, or to provide full-day kindergarten, depending on the needs of the district. In FY 2014-15, the General Assembly added 5,000 slots to the ECARE program, bringing the total number of CPP slots to 28,360, including 8,200 ECARE slots. Beginning in FY 2018-19, the General Assembly added 1,000 ECARE slots, bringing the total number of CPP slots to 29,360, including 9,200 ECARE slots.

For FY 2018-19, participating districts and the State Charter School Institute received funding to serve a total of 29,360 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 63,283. Thus, on a statewide basis, the total number of CPP slots authorized for FY 2018-19 represented 46.39 percent of the public school kindergarten students.

To put this ratio in perspective, please note that the proportion of the funded pupil count considered "at-risk" in FY 2018-19 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 34.9 percent. If every district had received CPP slots in proportion to its at-risk population entering kindergarten programs the following year (using the number of children in kindergarten programs in FY 2018-19 as a proxy), a total of 22,085 CPP slots would have been necessary. This analysis implies that the State has provided for 7,274 more slots than would have been necessary to provide half-day preschool to all at-risk children (under the School Finance Act definition, which is more restrictive than the CPP eligibility criteria), assuming all slots were used for preschool children rather than kindergarten.

The following table uses the School Finance Act definition of "at-risk" for purposes of estimating the shortfall (or surplus) of CPP *preschool* slots for fiscal years FY 2006-07 through FY 2018-19.

HISTORIC COMPARISON OF STATEWIDE CPP/ECARE SLOTS AND ESTIMATED AT-RISK POPULATION

Fiscal Year	(a) Number of Authorized CPP Half-Day Preschool Slots	(b) Number of Children in Kindergarten Funded Through School Finance Act	(c) = a/b Ratio	(d) Percent of Children Considered At-risk Under School Finance Formula	(e) = (b*d)-a Number of Additional Slots Required to Serve Children "At-risk" Per Formula
2006-07	12,206	60,774	20.10%	31.50%	6,938
2007-08	13,906	61,426	22.60%	31.60%	5,505
2008-09	20,160	63,304	31.80%	32.10%	148
2009-10	20,160	63,457	31.80%	34.80%	1,917
2010-11	20,160	64,483	31.30%	36.60%	3,441
2011-12	20,160	66,263	30.40%	37.10%	4,404
2012-13	20,160	66,844	30.20%	37.50%	4,920
2013-14 a/	23,360	67,137	34.80%	37.60%	1,904

HISTORIC COMPARISON OF STATEWIDE CPP/ECARE SLOTS AND ESTIMATED AT-RISK POPULATION					
FISCAL YEAR	(a) NUMBER OF AUTHORIZED CPP HALF-DAY PRESCHOOL SLOTS	(b) NUMBER OF CHILDREN IN KINDERGARTEN FUNDED THROUGH SCHOOL FINANCE ACT	(c) = a/b RATIO	(d) PERCENT OF CHILDREN CONSIDERED AT-RISK UNDER SCHOOL FINANCE FORMULA	(e) = (b*d)-a NUMBER OF ADDITIONAL SLOTS REQUIRED TO SERVE CHILDREN "AT-RISK" PER FORMULA
2014-15 b/	28,360	65,296	43.40%	37.10%	-4,135
2015-16 b/	28,360	64,635	43.90%	37.10%	-4,400
2016-17 b/	28,360	64,022	44.30%	36.70%	-4,864
2017-18 b/	28,360	63,452	44.70%	35.90%	-5,581
2018-19 b/	29,360	63,283	46.39%	34.90%	-7,274

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

/b Slots for FY 2014-15 through FY 2017-18 include a total of 8,200 slots approved for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260, an increase of 5,000 above the FY 2013-14 number of slots, as approved in H.B. 14-1298. With the enactment of H.B. 18-1379, the General Assembly added 1,000 more ECARE slots for FY 2018-19. School districts were able to use ECARE slots for either preschool or full-day kindergarten.

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

The following table compares the number of CPP slots allocated to those districts with more than 1,000 pupils in public kindergarten programs with the percent of each district's pupils that are considered "at-risk" for purposes of the School Finance Act. Column (e) provides an estimate of the gap between the number of CPP slots and the number of at-risk pupils. For example, Denver's 4,535 CPP *preschool* slots represent about 66.9 percent of children in kindergarten. However, approximately 57.1 percent of Denver's students are considered "at-risk." Thus, based on this analysis, Denver has 666 more slots than would be expected using the at-risk definition *in the school finance formula*. Please note, however, the statutory criteria used to identify students as eligible for CPP are different than the criteria used in the school finance formula, so the ratios are inherently somewhat different. For informational purposes, column (f) shows the number of CPP/ECARE slots that each of these districts is using for full-day kindergarten and column (g) shows the total number of CPP/ECARE slots allocated to each district.

Large District Usage of CPP and ECARE Slots in FY 2018-19							
	(a)	(b)	(c) = a/b	(d)	(e) = (b*d)-a	(f)	(g) = (a)+(f)
Larger Districts (with 1,000+ kindergarten pupils)	Total CPP/ECARE Preschool Funded Slots (FY 18-19)	Kindergarten Funded Students (FY 18-19)	Ratio	Percent of Pupils "At-risk" per School Finance Formula (FY 18-19)	Gap Between Number of At-Risk 4-year-olds and CPP Preschool Slots	CPP/ECARE Funded Kindergarten Slots (FY 18-19)	Total CPP/ECARE Slots (FY 18-19)
Denver	4,535	6,776	66.93%	57.10%	(666)	1,802	6,337
Arapahoe - Aurora	1,761	2,929	60.12%	62.20%	61	0	1,761
Jefferson	1,419	5,903	24.04%	25.38%	79	0	1,419
El Paso - Colorado Springs	843	2,092	40.30%	48.99%	182	0	843
Pueblo - Pueblo City	774	1,319	58.68%	78.67%	264	248	1,022
Adams - Northglenn	701	2,612	26.84%	31.74%	128	0	701
Weld - Greeley	579	1,752	33.05%	54.40%	374	0	579
Arapahoe - Cherry Creek	502	3,728	13.47%	22.89%	351	0	502
Mesa - Mesa Valley	499	1,521	32.81%	41.04%	125	335	834
El Paso - Harrison	425	1,022	41.59%	63.36%	223	112	537
Adams - Brighton	416	1,386	30.01%	29.58%	(6)	388	804
Boulder - St. Vrain	410	2,231	18.38%	21.78%	76	12	422
Boulder - Boulder	386	1,860	20.75%	18.51%	(42)	103	489
Larimer - Poudre	273	2,170	12.58%	24.65%	262	0	273
Douglas	244	4,572	5.34%	9.68%	199	29	273
Larimer - Thompson	153	1,206	12.69%	30.30%	212	93	246
El Paso - District 49	125	1,421	8.80%	27.80%	270	0	125
El Paso - Academy	77	1,719	4.48%	9.69%	90	0	77

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

Participation of Children Under Age Four: Since FYU 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning readiness that is attributable to at least three significant family risk factors. In FY 2018-19, 137 of 173 (79.2 percent) of participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This compares to 136 districts in FY 2017-18.

These districts used 6,779 CPP slots (28.1 percent of CPP preschool slots, not including ECARE slots used for kindergarten) to serve a total of 6,328 children under the age of four.[7] This compares to 6,531 slots in FY 2017-18.

Number of Children Allowed to Use Two Slots: Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. The Department is required to limit the total number of CPP (non-ECARE) slots that can be used for this purpose to five percent of the total. A total of 61 school districts and the State Charter School Institute used 1,829 CPP slots to serve children through a full-day program.

State and Local Funding: The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both state and local funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2018-19.

Statewide, $122.5 million of districts' total program funding was earmarked for CPP/ECARE (1.7 percent of total program funding), including $74.9 million in state funding (61.1 percent of total CPP funding).

[7] This figure includes 76 slots that were used to provide full-day preschool services for three-year-olds, and 451 slots that were used to serve children younger than age three under a pilot waiver.

APPENDIX D
DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(I), C.R.S., by November 1 of each year, the Office of State Planning and Budgeting is required to publish an **Annual Performance Report** for the *previous fiscal year* for the Department of Education. This report is to include a summary of the department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2020-21 budget request, the FY 2018-19 Annual Performance Report and the FY 2019-20 Performance Plan can both be found at the following link:

https://www.colorado.gov/performancemanagement/department-performance-plans

APPENDIX E – FY 2019-20 BRIEFING ISSUE TAXPAYER INEQUITY IN THE SCHOOL FINANCE PROPERTY TAX SYSTEM

A mix of local and state revenues support school finance in Colorado. Local funds, primarily from property taxes, form the foundation of school finance funding. State funds make up the difference between the local revenues available and the school district's total program funding amount calculated through the statutory school finance formula. While variation in local property wealth inherently affects local property tax revenues, disparities in *property tax rates* (mill levies) are also reducing local revenues for school finance and increasing pressure on the State budget. The resulting system is inequitable for taxpayers and raises questions about whether state aid for school finance is going where it is most needed.

SUMMARY

- Local revenues, primarily from property taxes, provide the first source of funding for school finance in Colorado. State funding then fills the gap between each school district's local revenues and the district's total program amount calculated pursuant to the school finance formula.

- Local revenues currently account for 35.9 percent of total program funding statewide in FY 2018-19. Within that statewide average, the local share varies significantly between districts (from 5.3 percent to 99.0 percent of total program) based on differences in both local property wealth *and* local school finance mill levies.

- In a property tax-supported system, local ability to support total program funding inherently varies based on local property wealth. In Colorado, however, disparate local tax rates (*mill levies*) supporting total program are undermining taxpayer equity in the statewide system and increasing pressure on the state budget as taxpayers statewide are forced to subsidize the reduced mill levies in specific districts. Under the current system, identical taxpayers (by property value) in different school districts are paying very different tax rates, with state aid forced to cover the differences caused by reduced mill levies.

- Returning to a standard statewide mill levy would improve equity among the State's taxpayers and direct state aid to districts with lower property values (and lower local capacity to support school finance). Depending on the level of mill levy chosen, a standard mill levy could also either raise additional revenues for school finance (reducing the budget stabilization factor) or allow the State to put state resources into other priorities.

RECOMMENDATION

Staff recommends that the General Assembly return the state to a uniform (statewide) mill levy for school finance property taxes such that each school district's total program mill levy would be the lesser of the statewide mill levy or the mill levy necessary to fully fund the district's total program with local revenues. In a change from previous years, staff offers two alternative methods for the Committee's consideration: (1) a statewide vote to amend the State Constitution and (2) a statutory

change that would not require a statewide vote or amendment to the Constitution but would require local votes for some school districts.

Constitutional Change: Under the constitutional option, the General Assembly would refer a statewide measure to the voters that would:

- Return the state to a uniform (statewide) mill levy for school finance property taxes such that each school district's total program mill levy would be the lesser of the statewide mill levy *or* the mill levy necessary to fully fund the district's total program with local revenues.
- Allow mill levies in districts that are fully locally funded (at less than the statewide mill levy) to "float" on an annual basis below the uniform mill levy to continue to fully fund the district without requiring state funds.

Statutory Change: Under the statutory option, the Committee would sponsor legislation that would:

- Define a uniform mill levy aligned with the proposal above based on the General Assembly's priorities (simply increasing taxpayer equity (revenue neutral, increasing funds available for school finance, etc.).
- Authorize school districts to raise local total program mill levies with local voter approval (current law would not allow districts to do so). Any district that was below the assumed mill levy would need to seek voter approval to raise the local mill levy or face a shortfall in funding.
- Assume that districts are levying the lesser of the uniform mill levy or the mill levy necessary to fully fund the district's total program.
- Distribute state aid (the state share of total program) to each district based on the assumed mill levy. Districts electing to remain below the standard mill levy would face reduced funding.
- The General Assembly could also create additional incentives to increase local funding (such as linking specific funding to the local district's effort).

Under either option, staff recommends that the General Assembly phase in significant local mill levy increases over a period of time (e.g., by limiting the amount that a mill levy could increase in any given year).

Staff notes that the statutory option provides additional local control over the mill levy and the district's level of school finance funding. Local voters would have to approve mill levy increases. The state share would simply assume an equitable level of local effort and target state funds accordingly.

DISCUSSION

INTRODUCTION AND OVERARCHING QUESTIONS

In looking at the revenue system underlying school finance in Colorado, staff recommends that members consider two related and overarching questions.

1. Is the current revenue system underlying school finance fair and equitable to Colorado taxpayers?

2. Does the current revenue system direct state aid to the districts with the greatest need?

Based on the analysis in this briefing issue, staff suggests that the answer to both questions is "no."

As discussed in detail below, local revenues (driven by property taxes) provide the foundation for school finance funding in Colorado. The two components that determine the amount of state aid necessary in any given year (for either an individual school district or statewide) are: (1) the amount of local revenue available; and (2) the total program funding amount calculated under the formula (as adjusted by the budget stabilization factor if necessary).

Because state aid fills the gap between local revenues and total program, staff argues that an equitable property tax system is essential. Staff also suggests that the current total program property tax system falls short of that goal.

TAXPAYER EQUITY

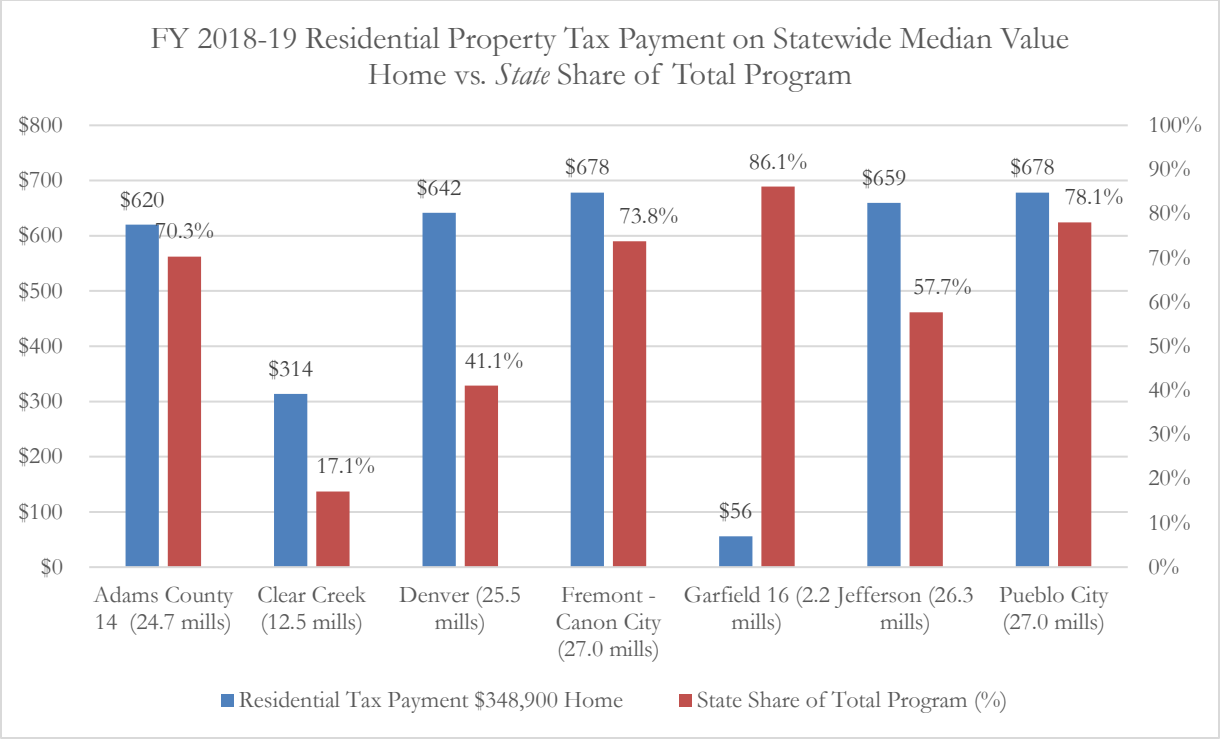
A discussion of taxpayer equity requires agreement on the meaning of "taxpayer equity." For purposes of this discussion, staff offers the following definition: An equitable tax system would treat identical taxpayers within the system (measured by property value in the case of a property tax) equally. That definition has implications for school finance.

- Staff argues that *identical taxpayers (based on property value) in districts receiving state funds* should be paying identical amounts in *total program* property taxes (not including overrides). While property taxes are local taxes, staff asserts that the state backfill of revenue shortfalls creates a *statewide system* under which the General Assembly should ensure taxpayer equity.
- If property tax remains the foundation of the school finance system, the State should equalize local capacity (property wealth) based on an equitable system of taxation rather than use state resources to subsidize inequitable tax rates that divert state funds away from school districts with lower property wealth.

As a preview of how the current system compares to that definition, the graph on the following page shows the amount paid on residential properties *of identical value* in seven Colorado school districts and the state share of total program funding (the percentage paid by the State) for each district in FY 2018-19.[8] In all cases, the graph shows the amount paid in total program property taxes on a home valued at $348,900, the statewide median home value in 2017 according to the U.S. Census Bureau.

- Staff notes that *all* of these districts are receiving state aid in FY 2018-19, with the state share ranging from 17.1 percent of total program funding in Clear Creek to 86.1 percent in Garfield 16.
- For any district levying less than 27.0 mills (the current statutory cap and the rate in both Canon City and Pueblo), the state funding is inherently subsidizing the reduced tax rate.
- State aid that could be supporting districts with lower property wealth is instead subsidizing reduced tax rates.

[8] Staff uses the seven districts as illustrative examples throughout this issue brief. Staff selected them based on their familiarity to the Committee rather than as a statistically representative sample.



It is important to note that local school districts do *not* control the total program mill levy. Rather, the mill levy changes have been the result of factors beyond the districts' control (changes in assessed value and the implications under the Taxpayers Bill of Rights, discussed in detail below). Thus, while the divergence in mill levies raises significant equity concerns between taxpayers and school districts, school districts have generally not taken any actions to manipulate the system to their advantage. Instead, external factors have largely imposed the current system on local school districts and taxpayers.

The following sections provide additional background on the school finance system in Colorado, the history and mechanisms that have created the current patchwork of mill levies, illustrative examples of the impact of potential changes to the property tax system, and additional discussion of the implications of this system for equity among school districts and taxpayers.

BACKGROUND: TOTAL PROGRAM FUNDING AND THE STATE AND LOCAL SHARE

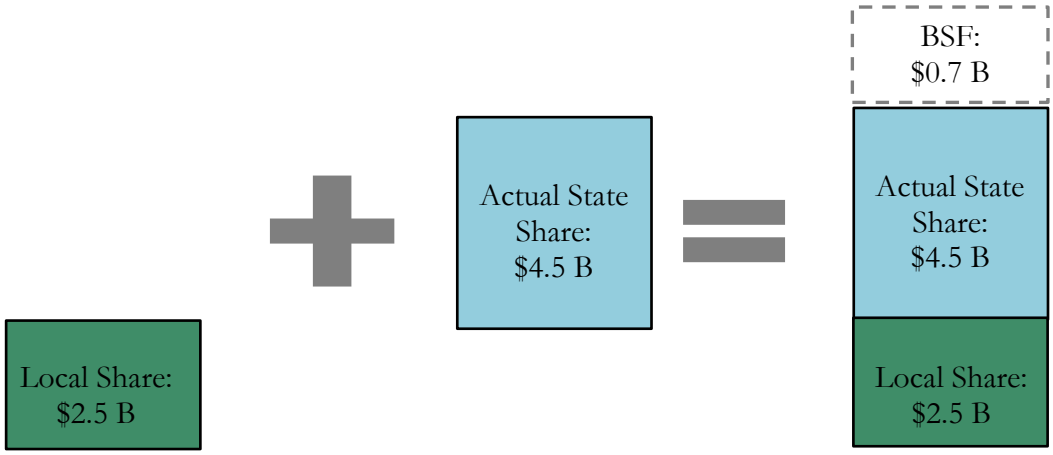
As discussed in the General Factors Driving the Budget section, the School Finance Act calculates a total program funding amount for each of Colorado's 178 school districts by building on a statewide base per pupil funding amount to account for specific factors that affect the cost of delivering educational services (district size, cost of living, and at-risk students).

- Local revenues, primarily from property taxes, provide the foundation of funding for school finance in Colorado.
- The state share of funding then fills the gap between local revenues available to each district and the total program funding amount calculated through the school finance formula.

For FY 2018-19, the school finance formula (before the application of the budget stabilization factor) calls for a total of $7.8 billion in total program funding. The current (2018 Session) *state* appropriation for FY 2018-19 builds on an estimated $2.5 billion in local funds. Thus, prior to the application of the

budget stabilization factor, the formula would require $5.2 billion in state funding in FY 2018-19, which would represent 67.2 percent of total program funding. However, the available State revenues could not support that appropriation. The General Assembly appropriated $4.5 billion in state funds for FY 2018-19, leaving a shortfall (the budget stabilization factor) of $672.4 million, which reduces each district's total program funding by 8.7 percent (with the entire reduction coming from the state share).

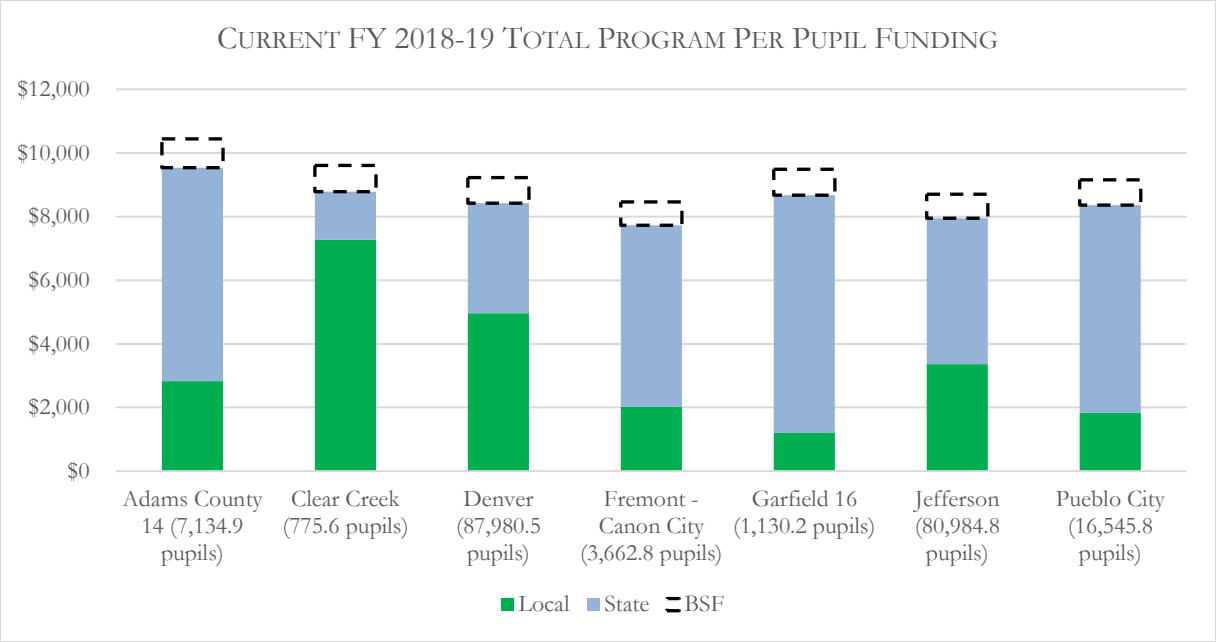
FY 2018-19 TOTAL PROGRAM FUNDING (2018 SESSION APPROPRIATION)



While the Committee and the General Assembly generally focus on the aggregate statewide amount (with all state funding for total program included in a single line item), the combination of the school finance formula and differences in the availability of local revenues generates significant differences *between school districts*.

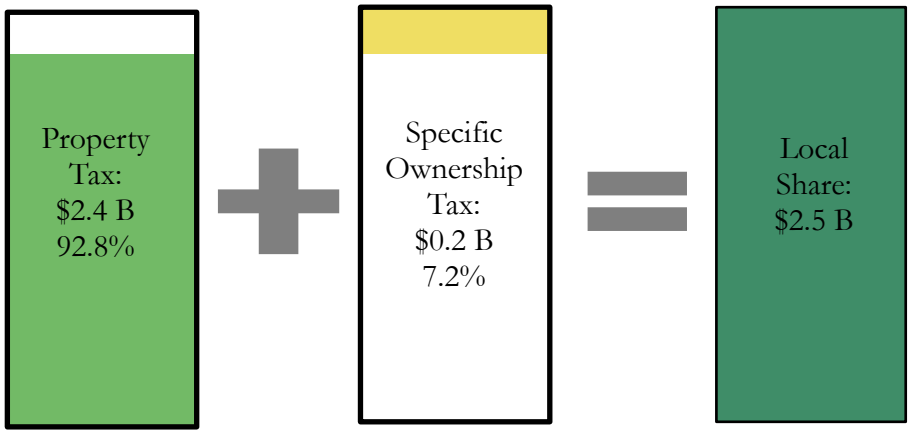
- Current total program funding per pupil in FY 2018-19 (after the application of the budget stabilization factor) varies from a low of $7,668 in Las Animas – Branson to a high of $17,280 in Elbert – Agate.
- The local share of funding also varies widely. Local funding supports only 5.5 percent of total program in El Paso – Fountain. Meanwhile, Cripple Creek (Teller County) is currently entirely supported with local funds (the budget stabilization factor reduction eliminates the state share).

As shown in the graph on the following page, the split between state and local funds can vary significantly even among districts with relatively similar per pupil funding.



LOCAL SHARE: PROPERTY TAXES ARE THE DRIVER

Although both property taxes and specific ownership taxes (paid with vehicle registrations) support the local share, property taxes are the driver. For example, property taxes provide $2.4 billion (92.8 percent) of the anticipated local share statewide in FY 2018-19, while specific ownership taxes provide $183.8 million (7.2 percent).



Because of the heavy reliance on property taxes for the local share of funding, two variables largely determine the local share available for each school district: 1) the school district's assessed property value and 2) the local mill levy.

- The *assessed value* (AV) is the taxable portion of property value in the school district and dictates how much a revenue a given mill levy will raise. As an index of property wealth, AV varies widely among school districts. Current estimates for FY 2018-19 range from $5.8 *million* in El Paso-Edison to $16.2 *billion* in Denver. To the extent that a district's AV is highly linked to volatile

industries such as oil and gas, the AV may also vary significantly from year to year based on prices and production.

- The *total program mill levy* is the property tax *rate* for each school district.[9] Statutory and constitutional requirements (discussed below) determine each district's mill levy each year, and there is no local control of the total program mill levy. The enactment of S.B. 07-199 (School Finance) established a ceiling of 27.0 mills for the total program mill levy and effectively froze the mill levies for most school districts; as result, most district mill levies have been unchanged since FY 2007-08. However, as discussed below, district mill levies diverged significantly prior to 2007 and, in some cases, district rates have continued to decrease since 2007.

Using those two variables, each school district's property tax revenue is the result of multiplying the assessed value by the local mill levy.

The local share is then the sum of the school district's property tax and specific ownership tax.

State aid then fills the difference between the district's local revenues and the district's total program funding.

STATE AID: EQUALIZING DISPARITIES IN PROPERTY WEALTH *AND* MILL LEVIES

In school finance terms, this system of funding is called "equalization" because it allows similar districts (based on the factors included in the formula) to spend similar amounts regardless of property wealth.[10] (Please note that this equalization only includes total program funding calculated pursuant to the formula. None of the calculations regarding the state share of funding incorporate locally approved mill levy overrides, and the state appropriations for school finance do *not* equalize local overrides.)

According to independent experts that have previously presented to the Committee, a preferred school finance system assumes equal levels of local effort (as measured by the mill levy) and then

[9] One "mill" equals one-tenth of one percent (0.001). For a property with an actual value of $100,000 and an assessed value of $7,200 (based on the 7.20 percent assessment rate for residential property), each mill of tax would raise $7.20.

[10] For additional discussion, see the Legislative Council Staff Publication "School Finance in Colorado", available at: http://leg.colorado.gov/publications/school-finance-colorado-booklet

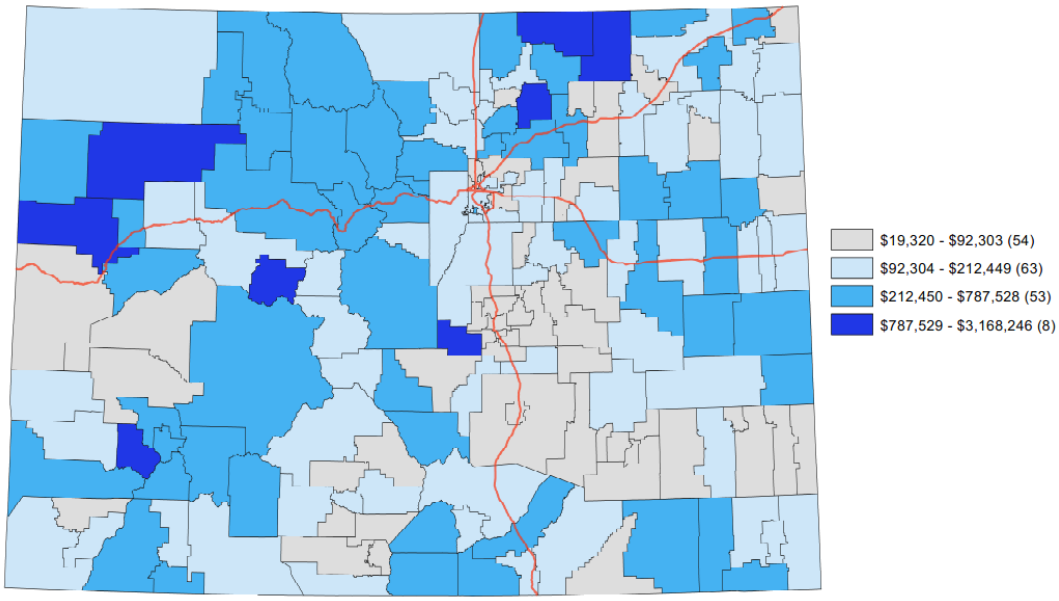
equalizes funding to account for differences in property wealth using the state share. In Colorado, however, the current school finance system is forcing the state share to equalize disparities in both variables of the property tax calculation: 1) local property wealth (measured in this issue brief as assessed value per pupil) and 2) local school finance mill levies. Each variable is discussed below.

DISPARITIES IN ASSESSED VALUE PER PUPIL

A district's total assessed value determines the total amount of revenue that a mill levy will produce. However, any consideration of a district's local revenue capacity (ability to support total program) must also include the pupil count (the revenue available per pupil). Thus, staff's analysis uses *assessed value per pupil* as the measure of each district's local property wealth and revenue capacity.

As one would expect, assessed value per pupil varies across the state, ranging from a low of $19,320 in El Paso - Fountain to a high of $3.2 million in Weld - Pawnee in FY 2018-19 (see the map below). School districts with high assessed value and relatively low pupil counts (such as rural districts with significant oil and gas development) have high assessed value per pupil, indicating a high capacity to support school finance with local revenues. Conversely, districts with either relatively low assessed value or high pupil counts will generally have a lower assessed value per pupil, indicating a comparatively low local capacity on a per pupil basis.

FY 2018-19 ESTIMATED ASSESSED VALUE PER PUPIL



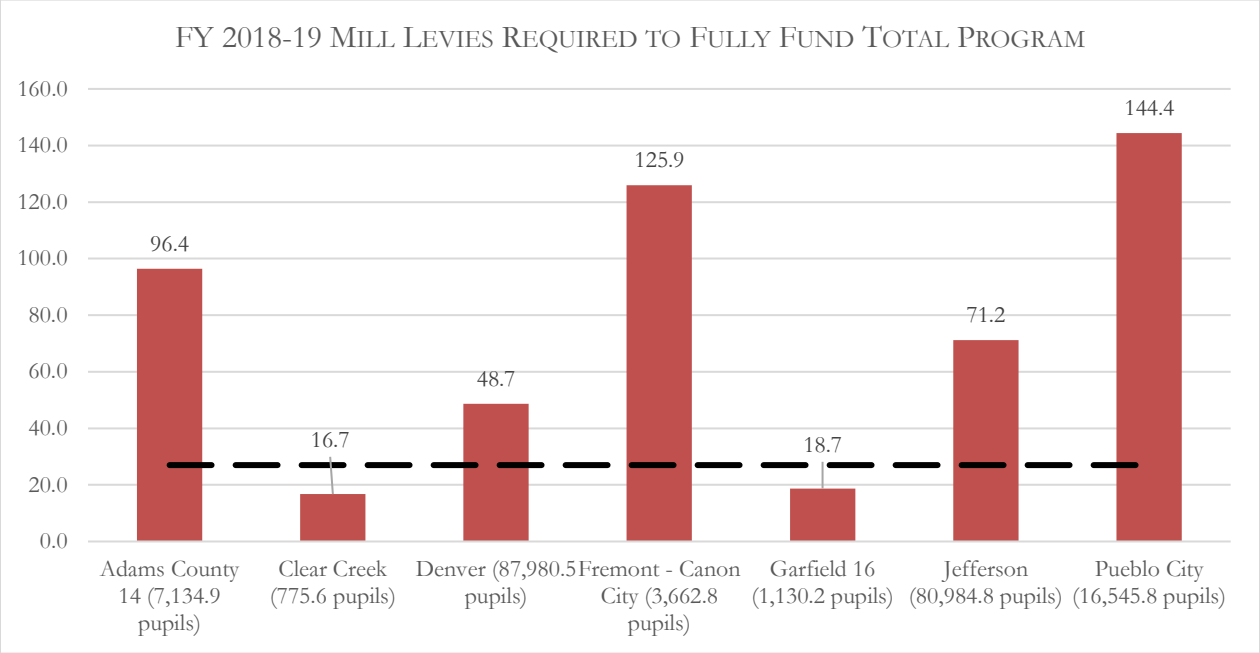
Map prepared by Legislative Council Staff.
Map Date: November 29, 2018

Differences in assessed valuation create dramatic differences in districts' ability to support operations with local revenues:

- With only 84.4 funded pupils and $3.2 million per pupil in assessed value, Weld – Pawnee could fully fund total program (and eliminate the district's budget stabilization factor) in the current year by levying 5.36 mills, an increase of 1.1 mills above the district's current 4.29 mills but 21.36 mills *below the level in 39 school districts where taxpayers are currently paying 27.0 mills*.

- At the other extreme, with 206.2 pupils and $28,004 per pupil in assessed value, El Paso – Edison would have to levy 514.06 mills to fully fund the district's total program, *more than 95 times the mill levy required in Weld – Pawnee.* El Paso – Edison is at the current statutory ceiling of 27.0 mills, more than six times the current mill levy in Weld – Pawnee.

As an additional illustration, the following graph shows the number of mills that would be necessary to fully fund total program in the seven illustrative districts used in this issue brief relative to the current statutory ceiling of 27.0 mills. As shown in the table, Clear Creek could fully fund at 16.7 mills (an increase of 4.2 mills above its current mill levy), while Pueblo (City) would have to levy 144.4 mills to fully fund its total program.



Staff notes the following:

- Given the dramatic differences in local capacity (and the often prohibitive tax rates that would be required to support school finance), many districts simply cannot fully fund total program with local revenues.
- Equalization school finance systems are designed to address these differences in local capacity and ensure that similar school districts (based on the factors in the formula) receive similar levels of total program funding, including both state and local funds, regardless of the level of local property wealth. This is the State's mechanism to provide the thorough and uniform system required by the Colorado Constitution.

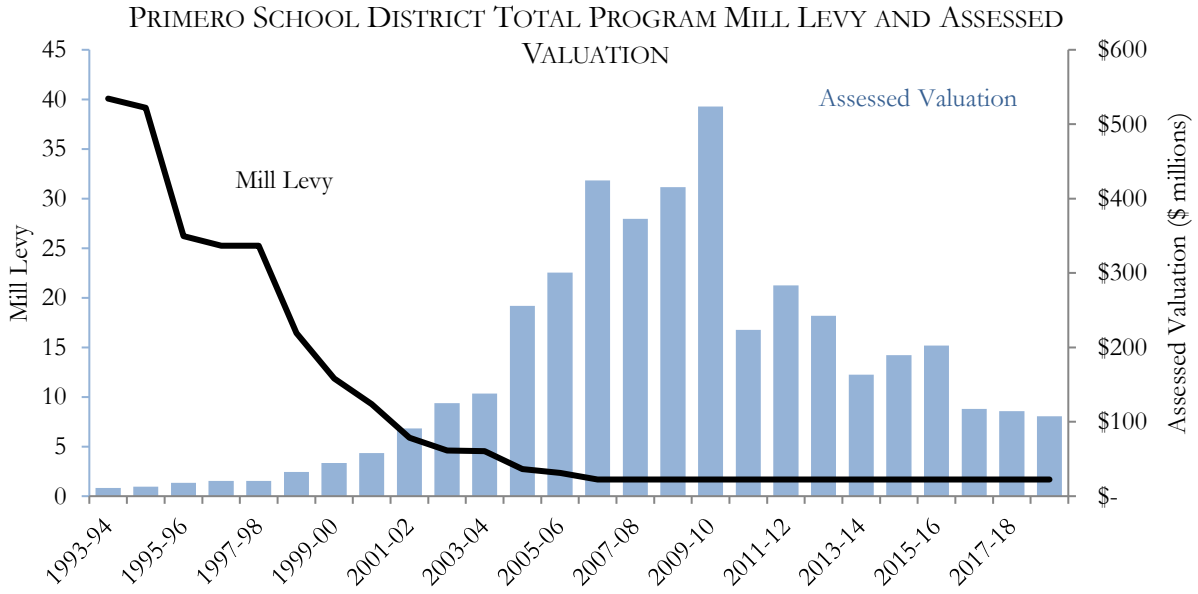
Staff argues that an equitable system (from the taxpayers' perspective) would build on consistent local effort, as measured by the mill levy, and target more state funds to districts with lower property wealth and local revenue capacity. However, as discussed in the following section, Colorado's current system also requires the State to subsidize inequitable local tax rates.

DISPARITIES IN LOCAL MILL LEVIES

Colorado previously had a consistent statewide mill levy to support school finance. Recognizing the inequities and inefficiencies created by a disparity in mill levies, where high property value districts had low mill levies and low property value districts had high mill levies, the School Finance Act of 1988 implemented a uniform statewide mill levy (originally set at 40.08 mills) and intended to phase that mill levy in over time. For example, that Act (as adjusted by H.B. 90-1314) required most school districts to impose a consistent mill levy of 37.0 mills in 1992 unless the school district would be fully locally funded at a lower mill levy.

However, since that time the implementation of the Taxpayers' Bill of Rights (TABOR, coincidentally approved by the voters in 1992) has driven disparities in local mill levies.[11]

- Under TABOR, school districts' revenues can only grow annually at a rate of inflation (measured as the Denver-Boulder-Greeley consumer price index) plus the change in pupil count. If revenues exceed that limit and the school district has not obtained voter approval to retain excess revenues, the school district must reduce the mill levy to remain within the revenue limit. Importantly, once the mill levy "ratchets" down, it remains down regardless of future changes in assessed value. As a result, school districts remain at the reduced mill levy even when assessed values decrease, resulting in a revenue reduction that the State must backfill. As an illustration, the following chart shows total assessed property value in the Primero School District in Las Animas County and the school district's total program mill levy for FY 1993-94 through FY 2018-19. Primero's assessed value increased largely as a result of oil and natural gas development but has since declined. The increase in assessed valuation pushed the district's mill levy down from the uniform level of 40.08 mills in FY 1993-94 to 1.68 mills in FY 2006-07.



- In 2007, the General Assembly enacted S.B. 07-199 (School Finance). That bill froze mill levies for all districts that had received voter approval to retain revenues above the TABOR limit and set a *maximum* total program mill levy of 27.0 mills. Even with the "freeze" in place, mill levies

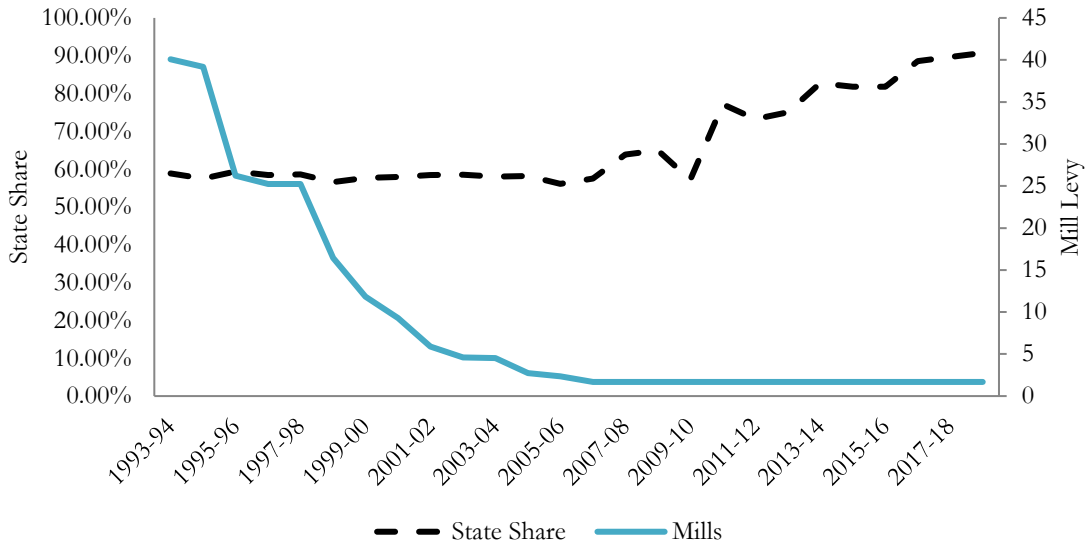
[11] Again, see the FY 2017-18 JBC Staff Briefing Document for the Department of Education for a detailed discussion of the property value dynamics that drove mill levy changes.

continued to decrease under two scenarios: 1) for the four districts that have not obtained voter approval to retain revenues above the TABOR limit;[12] and 2) for certain districts that were fully locally funded and had to reduce their mill levies to avoid collecting revenues over and above their total program amount.

- Although 174 of Colorado's 178 school districts have obtained voter approval to retain revenues in excess of the TABOR caps, by FY 2007-08, local total program mill levies already ranged from 1.68 mills in Primero to the statutory maximum of 27.0 mills established in S.B. 07-199.

Although the actions of the General Assembly in 2007 have largely halted further divergence in mill levies since FY 2007-08, the disparities were already significant and locked in place. The reduced mill levies often require increases in the state share of total program to offset the loss of local revenue, placing additional pressure on the state budget (as illustrated in the following example from the Primero School District). With a mill levy set at 1.68 mills, the State is covering more than 90 percent of Primero's total program funding in FY 2018-19 (after the application of the budget stabilization factor). Staff notes that the state subsidy would be even larger without the reduction for the budget stabilization factor.

PRIMERO STATE SHARE OF TOTAL PROGRAM AND MILL LEVY

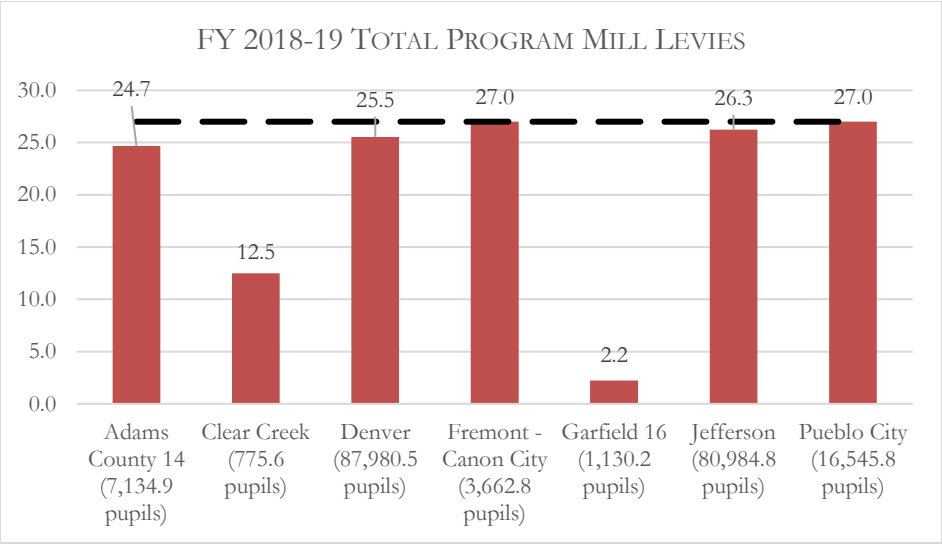


Based on current estimates, Primero could fully fund total program in FY 2018-19 at 24.89 mills. That would represent an increase of 23.2 mills above its current rate but is still 3.8 mills *below* the rate paid in 39 school districts where taxpayers are paying the maximum of 27.0 mills. Instead, taxpayers statewide are subsidizing the low mill levies in Primero and other districts with State funds originally intended to equalize differences in property value.

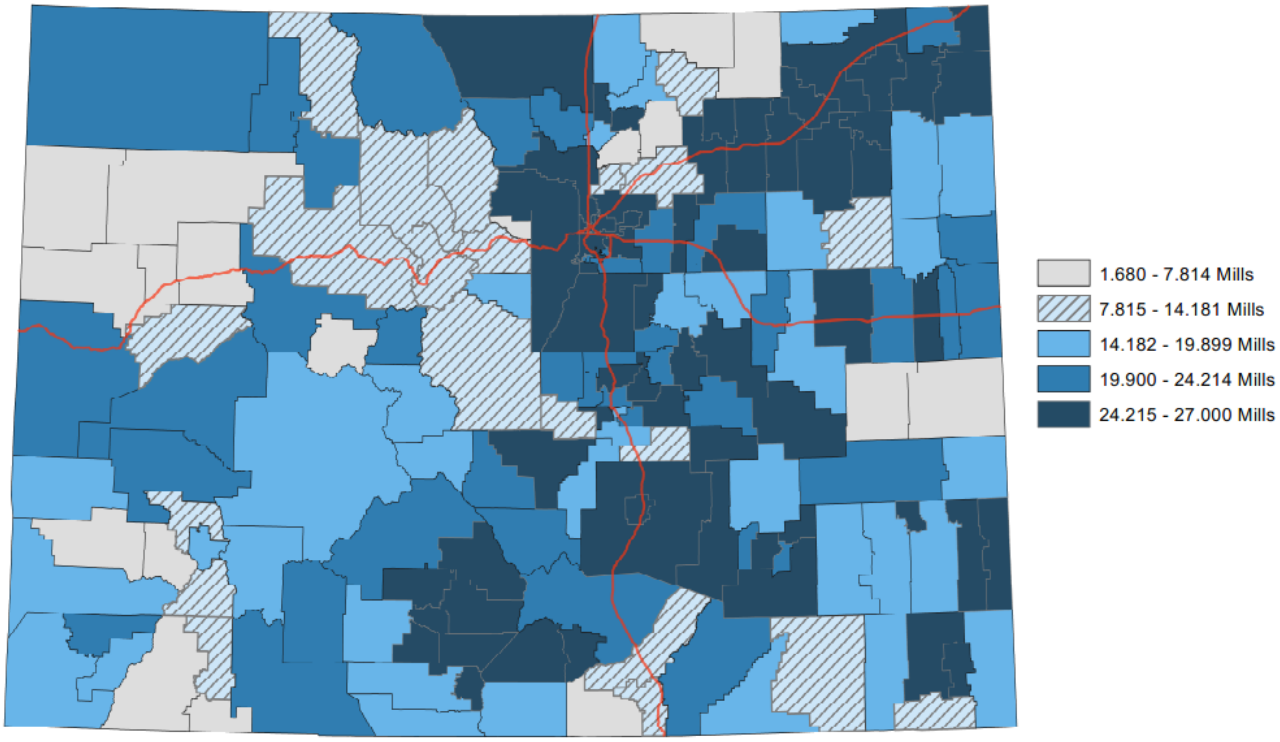
With the lowest total program mill levy in the State, Primero is the most extreme example of disparities in mill levies (and differences in the tax rates paid to support school finance). However, the same dynamic has played out to varying degrees throughout the state. For example, total program mill levies

[12] The four remaining districts are: Cherry Creek; El Paso – Colorado Springs District 11; El Paso – Harrison; and Steamboat.

in the seven districts highlighted in this issue brief range from 2.231 mills in Garfield 16 to 27.0 mills in Canon City and Pueblo (see following graph). The map following the graph shows current total program mill levies statewide.



FY 2018-19 TOTAL PROGRAM MILL LEVIES



Map prepared by Legislative Council Staff.

BUDGETARY IMPACT OF MILL LEVY DISPARITIES

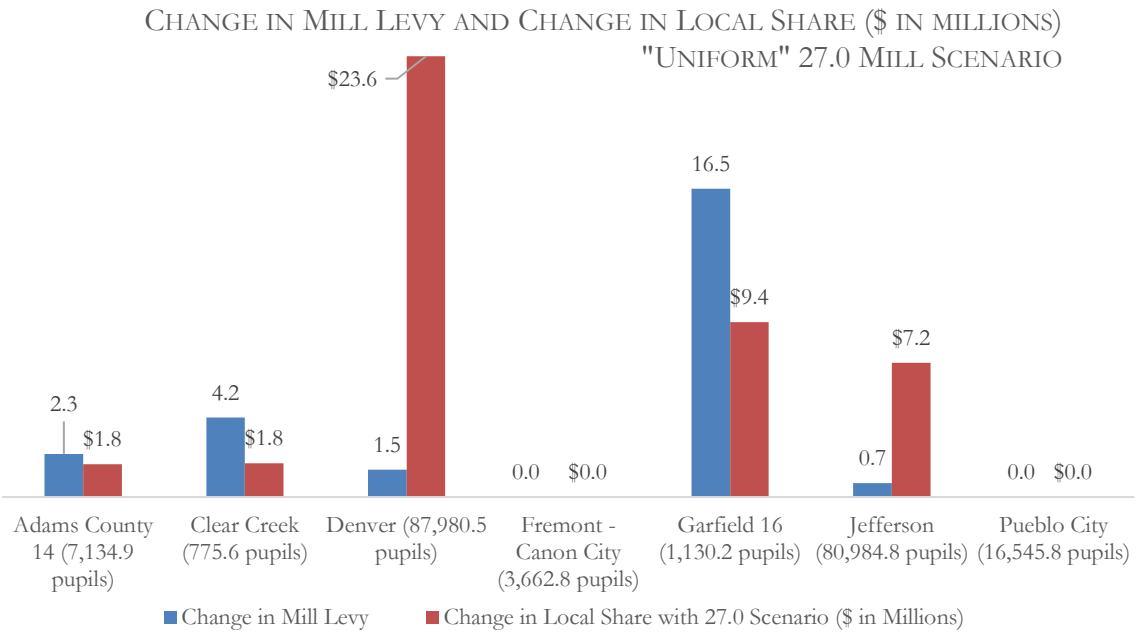
The variation in mill levies directly impacts the state budget because the State backfills (or subsidizes) districts' reduced mill levies. Staff offers three illustrative/benchmark examples of the impact of implementing a uniform mill levy in alignment with the staff recommendation (with districts that are fully funded at a lower mill levy assessing the reduced mil levy): (1) 27.0 mills (the current statutory ceiling); (2) 22.6 mills (revenue neutral); and (3) 29.8 mills (sufficient to eliminate the budget stabilization factor). These are simply illustrative examples; the General Assembly could select a mill based on a variety of priorities (targeting a specific revenue amount, targeting a specific local/state division of funding, etc.).

27.0 MILLS - CURRENT STATUTORY CEILING

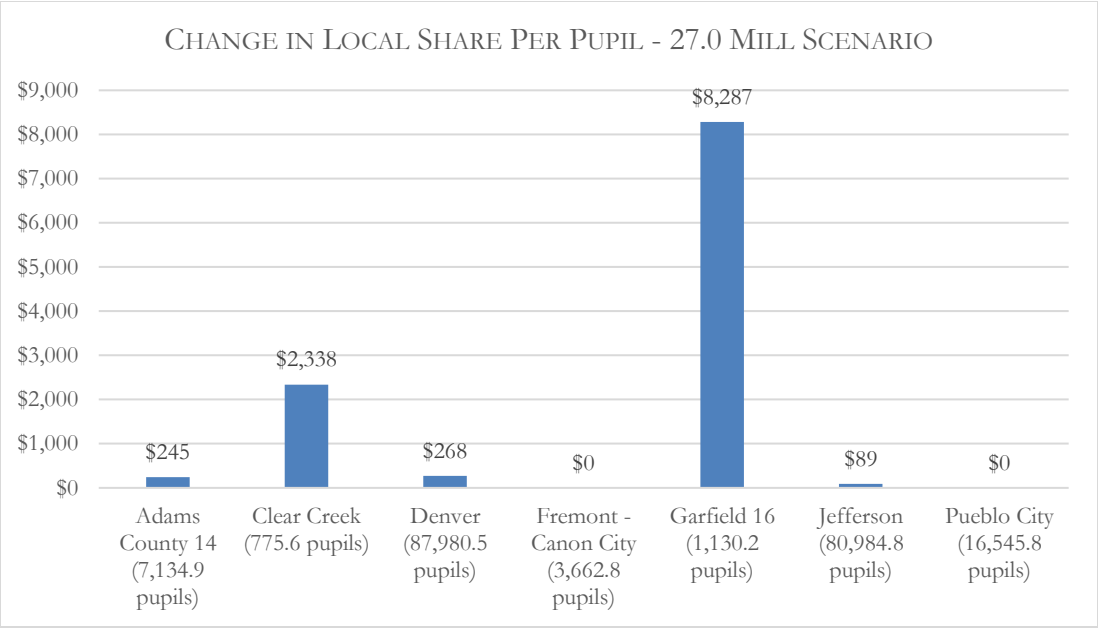
A total of 39 school districts are levying 27.0 mills for total program in FY 2018-19. Based on current estimates, implementing a "uniform" mill levy at that level would generate $412.5 million in additional local revenues in FY 2018-19. In other words, holding the state share constant under that scenario would reduce the budget stabilization factor by $412.5 million. As an alternative lens, at any given level of the budget stabilization factor, the state is paying $412.5 million in FY 2018-19 to subsidize inequitable mill levies.

- To put the $412.5 million in perspective, the state is currently spending more to subsidize reduced mill levies in FY 2018-19 than the school finance formula (without the budget stabilization factor) would direct to either the size factor ($328.7 million) or funding for at-risk students ($354.3 million). Currently, after the application of the budget stabilization factor, the formula is directing an estimated $277.7 million to the size factor and $299.3 million to at-risk students.

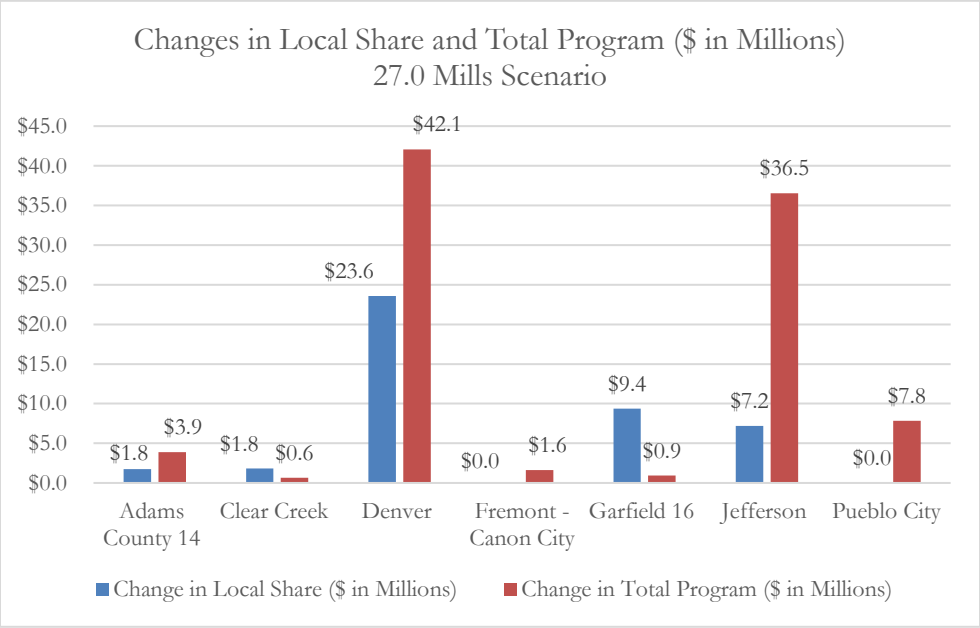
As shown in the following graph, under this scenario the local share would increase for districts that are currently below 27.0 mills, making state revenues available to either reduce the budget stabilization factor or support other priorities. Districts that are already at 27.0 mills would not see an increase in local share but would receive additional state share made available through the mill levy change. Based on current estimates 24 districts would fully fund at less than 27.0 mills.



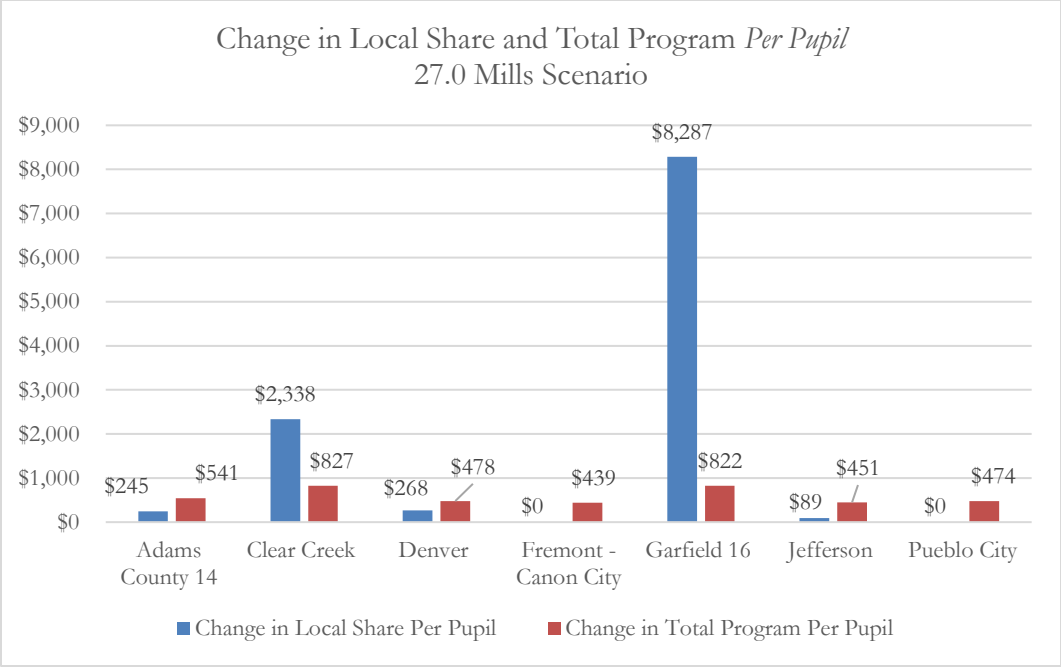
The following graph shows the change in local share *per pupil*, indicating the current level of state subsidy on a per pupil basis. As shown in the graph, $23.6 million associated with Denver equates to $268 per pupil while the $9.4 million in Garfield 16 equates to a state subsidy of $8,287 per pupil.



Adding additional local revenues "frees up" state funds that are currently subsidizing districts with low mill levies and instead distributes some of those funds to districts that are already paying higher mill levies. The following chart shows the change in local share and the associated change in total program funding (total program after the application of the budget stabilization factor) for each of the seven districts. As shown in the chart, districts that already have high mill levies see increases in total program that outweigh the increase in local share. The two districts that already levy 27.0 mills (Canon City and Pueblo) see increases in total program with *no* increase in property taxes.

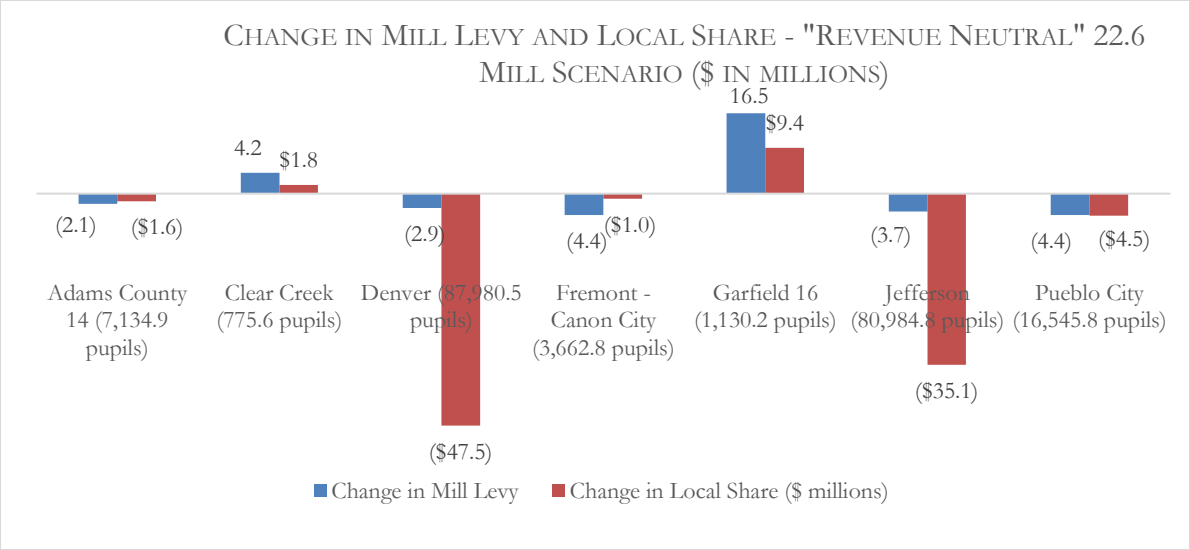


The following chart shows the same changes (local share and total program) on a per pupil basis.



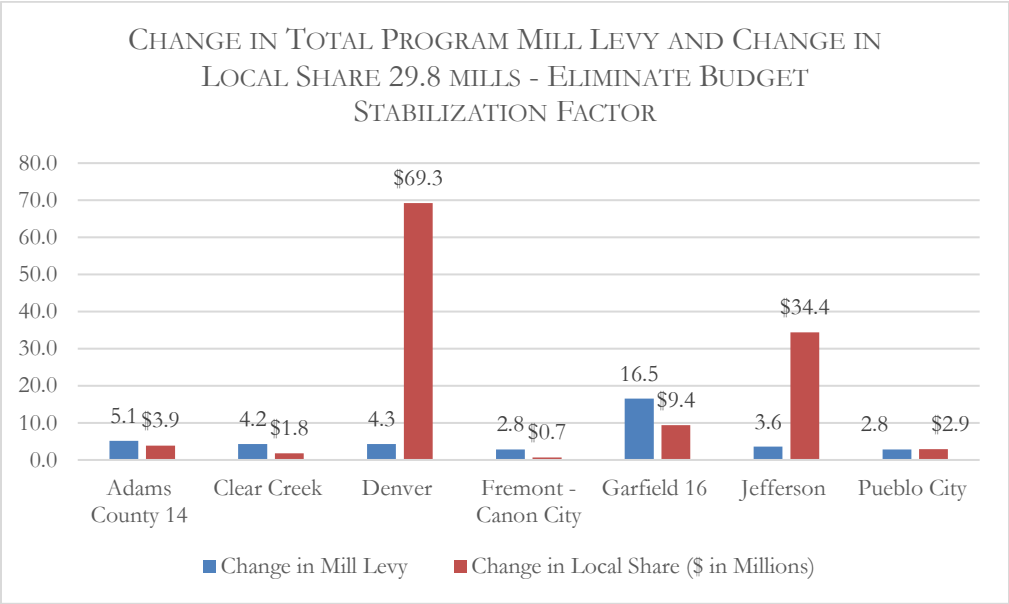
22.6 MILL – REVENUE NEUTRAL

The current appropriation for FY 2018-19 anticipates a total of $2.4 billion in total program property tax collections statewide. Based on those estimates, implementing a "uniform" mill levy of approximately 22.6 mills would raise the same amount of property tax revenue statewide but would do so on a more equitable basis. Tax rates and local revenues would increase in districts currently levying less than 22.6 mills (103 districts) but taxpayers in districts currently levying more than 22.6 mills (75 districts) would actually experience a decrease in property taxes that would offset the increase from low-mill-levy districts (see following graph). Based on current estimates, a total of 18 school districts would fully fund at less than 22.6 mills in FY 2018-19.

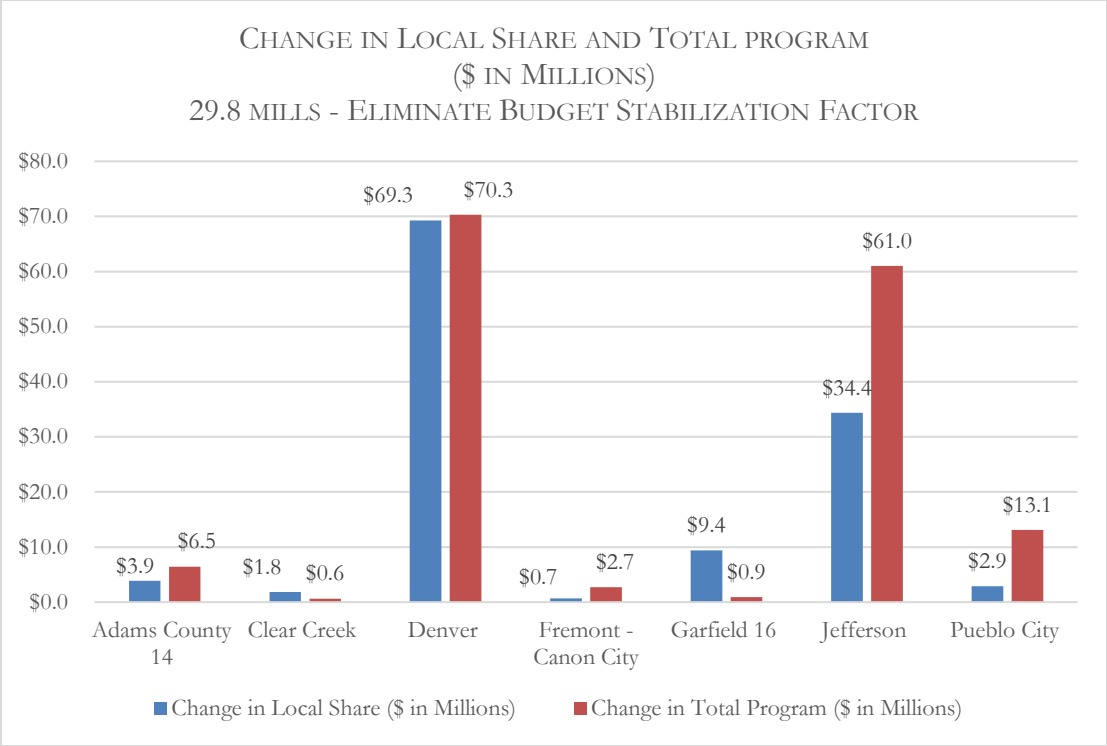


29.8 Mills – Eliminate the Budget Stabilization Factor

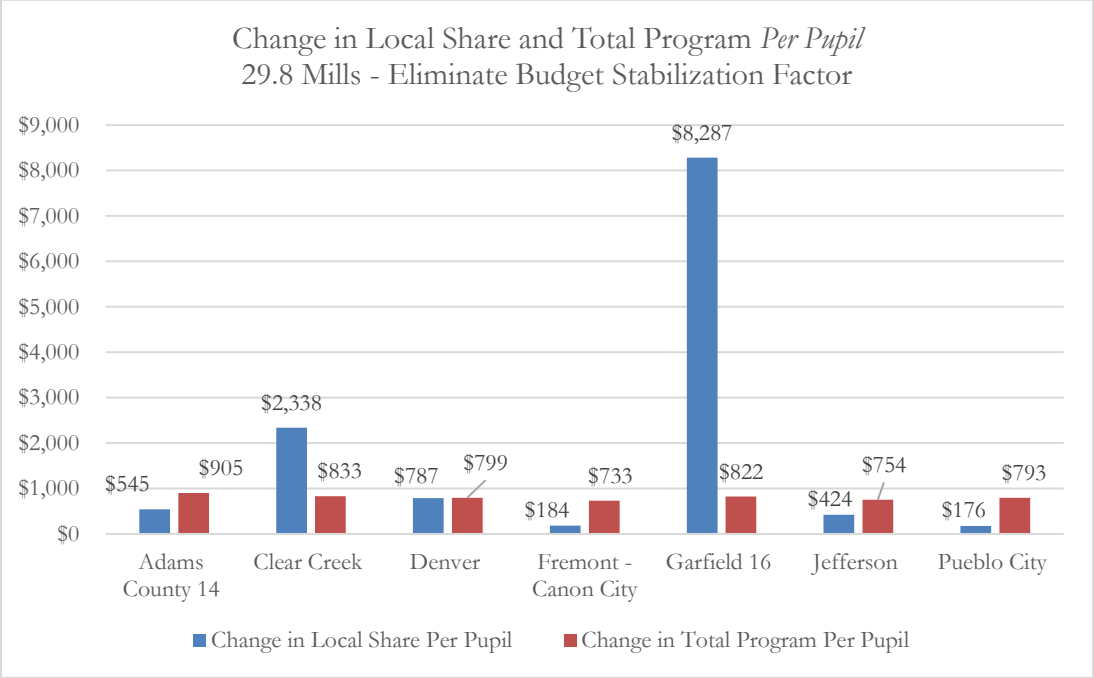
Based on current estimates, setting the "uniform" mill levy at approximately 29.8 mills would increase local revenues by $672.4 million, enough to eliminate the budget stabilization factor entirely with local revenue. Staff notes that eliminating the budget stabilization factor with local revenues would both fully fund the total program formula *and* ensure that state funds go to districts with lower local revenue capacity. However, this scenario does require a property tax increase for every school district that is not entirely locally funded. While every district would see some level of increase based on current estimates for FY 2018-19, a total of 25 districts would fully fund at less than 29.8 mills. The following graph shows the change in the total program mill levy and the change in local share funding for each illustrative school district.



Every district that is currently absorbing a reduction from the budget stabilization factor would see an increase in total program funding under this scenario (see following graph). For low mill levy districts that become fully locally funded (e.g., Clear Creek and Garfield 16), the increase in local revenues outweighs the total increase in funding – but those districts still see an increase in total program funding above current levels. For districts already levying higher mill levies, the increase in total program is larger than the increase in local funding because more of the existing state funding flows to those districts.



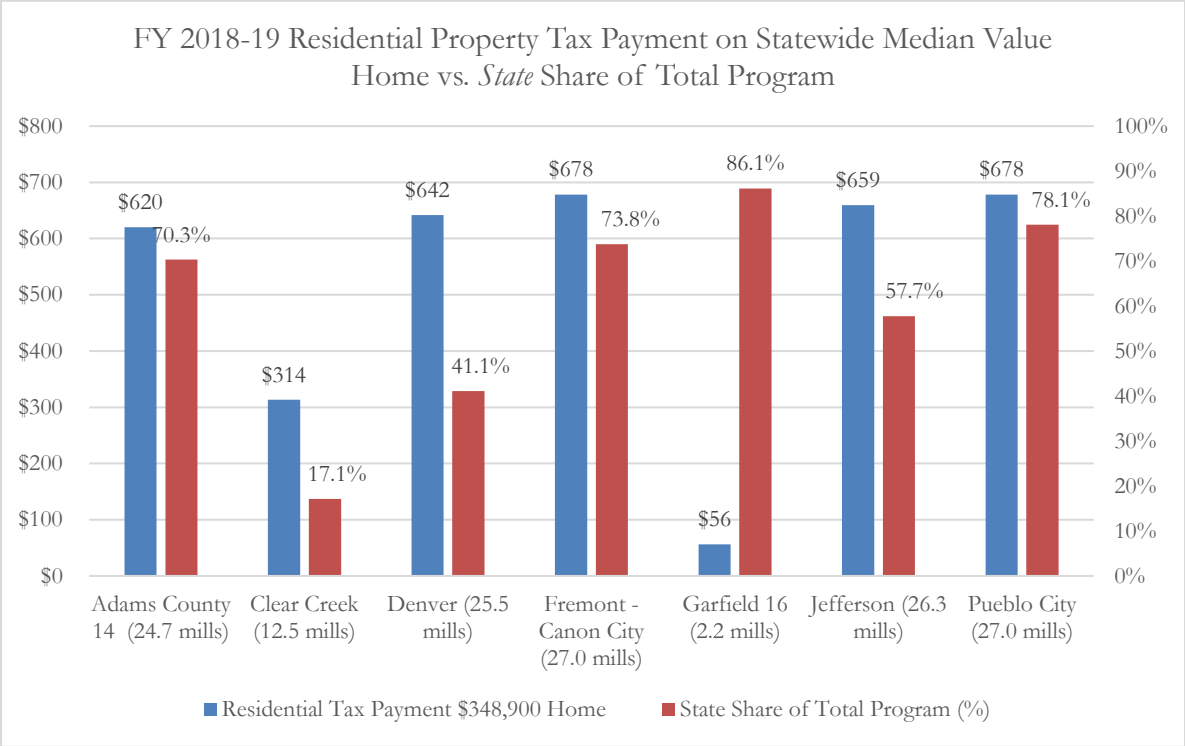
Finally, staff notes that looking at the changes in total revenues masks significant changes in *per pupil* revenues, particularly for the smaller districts. While Denver's total program funding increases by $70.3 million under this scenario, that equates to an increase of $799 per pupil, with $787 of that increase coming from local revenues. In contrast, reflecting the higher current mill levies in Canon City and Pueblo City, the increases in total program for those districts significantly outweigh the increase in local share simply because of the additional state funding flowing to those districts.



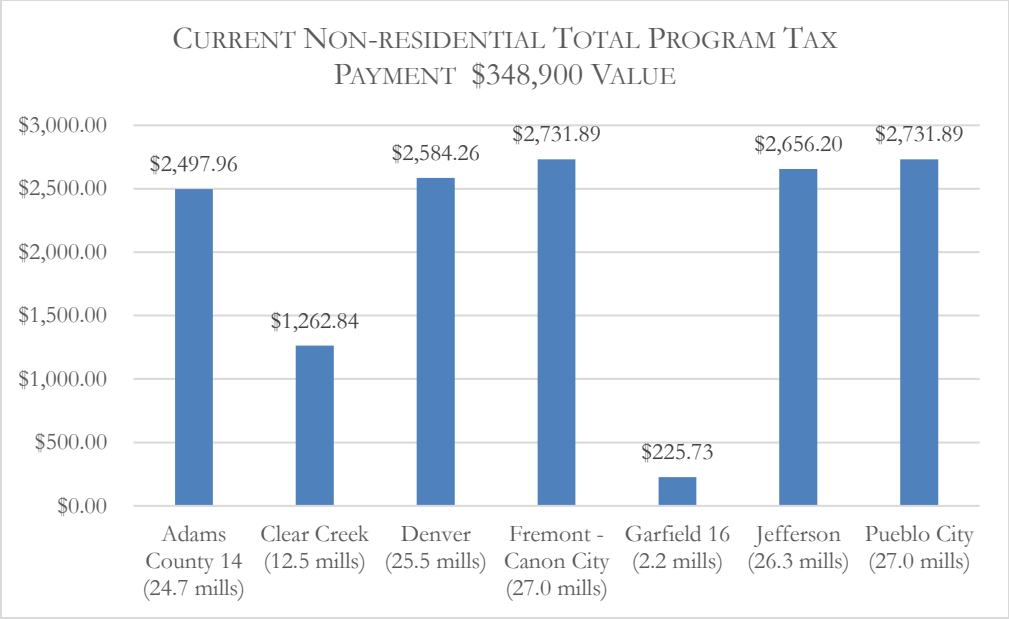
IMPACT ON TAXPAYER EQUITY

Beyond the impact on the state budget, staff believes that the existing revenue structure raises very serious questions about the taxpayer equity of the State's school finance system. The current system, with low mill levies subsidized by the State, results in an uneven burden *for identical taxpayers* (those with identical residential and/or non-residential properties).

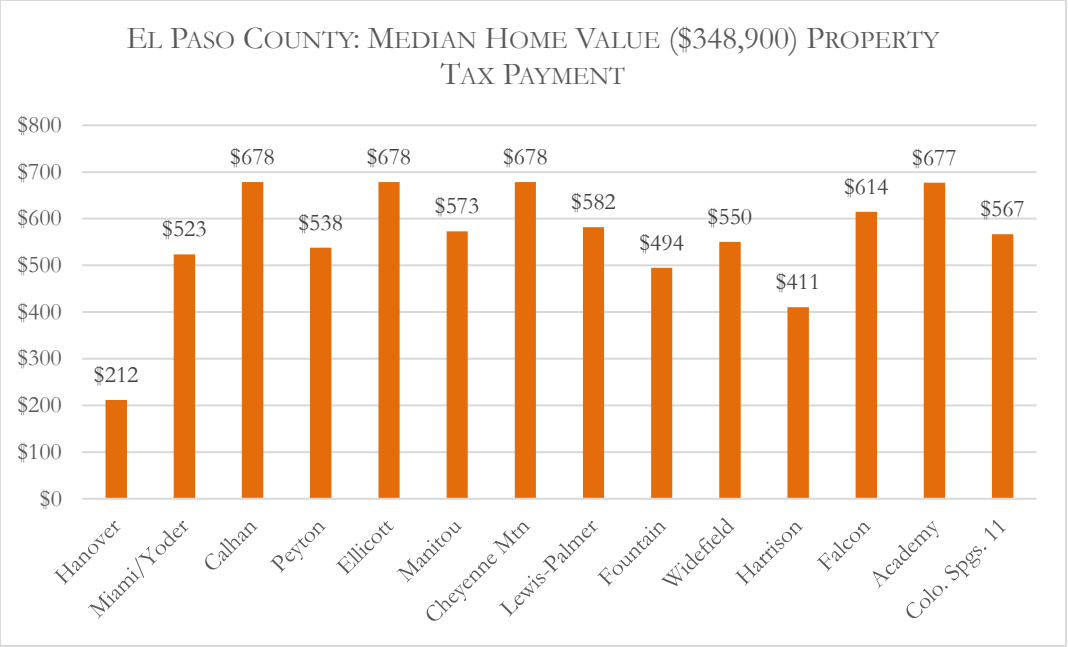
- According to the U.S. Census Bureau, the statewide median home value in Colorado was $348,900 in 2017.
- With a total program mill levy set at 2.2 mills, a residential property owner in Garfield 16 would pay $56 in total program property taxes on that home in FY 2018-19. The State covers the shortfall created by this mill levy, paying 86.1 percent of the district's total program funding in FY 2018-19.
- With mill levies set at 27.0 mills, the owner of the same home in either Canon City or Pueblo would pay $678 in FY 2018-19, or more than 12 times the payment in Garfield 16 (see graph below).



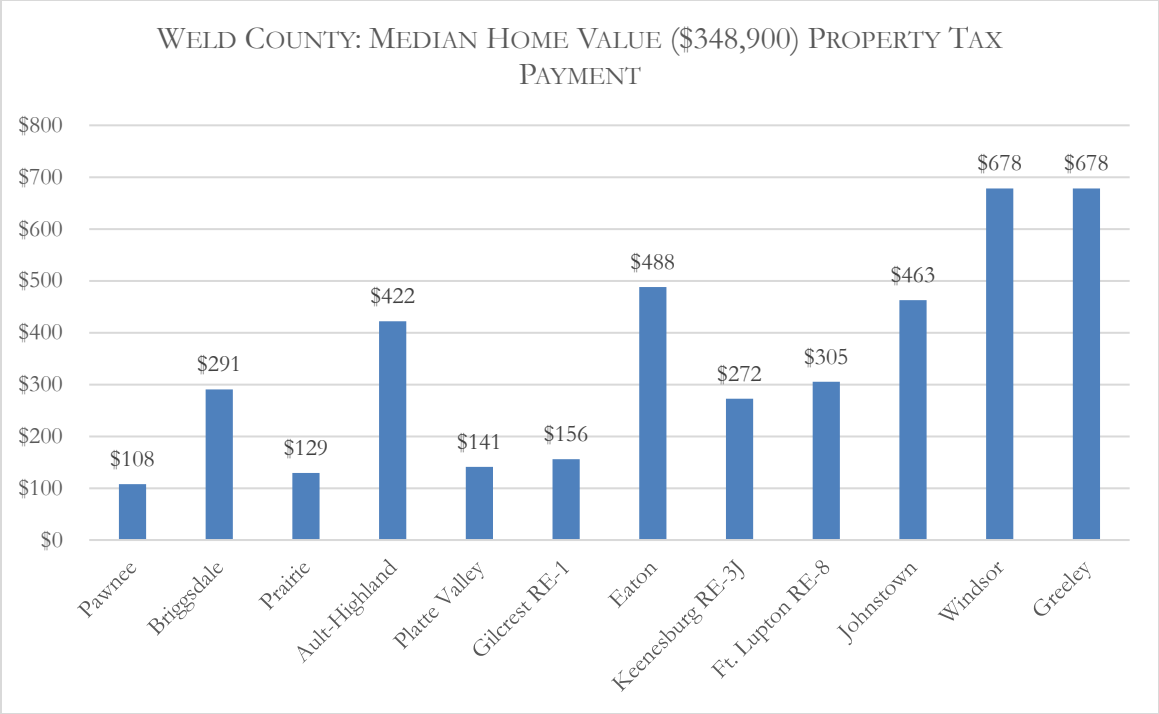
Given that non-residential property has a 29.0 percent assessment rate (compared to 7.2 percent for residential property in FY 2018-19 under current law), the magnitude of the difference is even larger for non-residential property owners (see following graph).



The current system also creates significant differences within individual counties. Staff provides two examples below, using counties with particularly large numbers of school districts: El Paso County (with 14 school districts) and Weld County (with 12 school districts). Again using the 2017 statewide median home value of $348,900, the following graphs show the total program property tax obligation in each school district for these counties.



While Weld County presents some complications because several districts are sometimes able to fully fund locally (depending largely on oil prices), the differences in taxpayer impact are still striking.



POINTS TO CONSIDER

TAXPAYER EQUITY – IS THE SYSTEM FAIR AND EQUITABLE TO TAXPAYERS?

Given the points and data discussed above, staff has three related concerns about the equity of the current system for Colorado taxpayers.

- First, the disparities in total program mill levies (ranging from 1.68 to 27.0 mills) inherently raise concerns about equitable treatment of taxpayers because of the variation in local "effort" and state subsidization of the reduced tax rates. The current system has wide variation in mill levies *among districts that are still receiving significant state funding*. As shown in the examples above, identical taxpayers in pay markedly different tax rates, with state funding subsidizing low local tax rates.
- Second, the current mill levies tend to be regressive, as districts with high levels of assessed value per pupil tend to have the lowest mill levies and the districts with the lowest assessed values per pupil generally having the highest rates. While the trend toward high property values and low mill levies is clear, staff also notes that districts with similar assessed values per pupil can have very different mill levies, based on whether the increase in assessed value occurred prior to the enactment of the mill levy freeze in FY 2007-08.
- Finally, and related to the other two concerns, taxpayers statewide are inherently subsidizing the inequitable mill levies through income and sales tax paid into the General Fund and the State Education Fund that is then distributed to districts with low mill levies. For example, General Fund dollars paid by taxpayers in school districts paying 27.0 mills for total program are subsidizing low mill levies in other districts where property owners are paying a fraction of the rates paid in lower property value districts.

SCHOOL DISTRICT EQUITY – IS STATE FUNDING GOING TO DISTRICTS WITH THE GREATEST NEED?

The disparity in mill levies among districts that continue to receive significant state funding has consequences for school districts. Inequity between districts is especially striking in the context of a

limited state budget and the budget stabilization factor. If mill levies were more equitable (showing a consistent level of effort), then state funds would flow to districts based on local ability to cover total program with similar local effort *rather than based on inequitable mill levies.*

- For example, based on current assessed value estimates for FY 2018-19, setting a "uniform" mill levy of 27.0 mills (with districts that are fully locally funded at less than 27.0 mills assessing the levy necessary to locally fund) would raise approximately $412.5 million in additional local revenues in FY 2018-19. Holding total state funding constant under that scenario would reduce the budget stabilization factor by $412.5 million (61.3 percent of the current value of the budget stabilization factor) and direct those funds to districts based on differences in local property wealth rather than differences in tax rates.
- Also based on current estimates of assessed value and total program funding, setting a "uniform" mill levy of 29.8 mills would generate an additional $672.4 million, an amount sufficient to eliminate the budget stabilization factor in FY 2018-19. Again, state revenue would flow to districts based on the factors considered in the school finance formula and the gap created by equal local effort.

Finally, mill levy overrides present another layer of potential inequity. Districts with comparatively low mill levies may find it easier to pass mill levy overrides, providing additional local funding that is not considered in the total program calculations. Such districts simultaneously have low total program mill levies, receive significant state funding to backfill the low mill levies, and find it easier to pass overrides that can add another layer of potential inequity between districts.

It is important to note that the current system would provide little or no incentive for most districts to increase the total program mill levy (which is backfilled by the State and not locally controlled to begin with) and continues to incentivize overrides that will provide funds in addition to total program funding without any impact on the district's state share. This incentive is particularly strong for the four remaining districts that have neither sought nor obtained voter approval to retain revenues in excess of the TABOR revenue cap and continue to receive override funds.

STAFF CONCLUSIONS AND RECOMMENDATION

Staff continues to believe that action is warranted to improve the equity of the school finance funding system in Colorado for both taxpayers and school districts. If the goal of the school finance formula is to equalize funding for school districts based on disparities in local funding capacity, then staff is at a loss to provide a policy rationale to support the current system which uses state funding to subsidize reduced levels of local effort in districts with comparatively high local capacity. Staff therefore recommends that Colorado return to a system requiring consistent local effort for school finance and equalizing school districts' funding with state funds.[13] Given that doing so would require increases in mill levies for some or all school districts (depending on the mill levy selected), the staff recommendation requires either voter approval or the statutory change addressed in the "Recommendation" section of this issue brief.

Through either a referred measure or the proposed statutory change, staff recommends that the General Assembly move forward to:

[13] As discussed above, staff notes that the School Finance Act of 1988 responded to very similar concerns about taxpayer equity with the implementation of a consistent mill levy. For additional detail on the School Finance Act of 1988 and the reasons for the consistent mill levy in that Act, see the December 1990 Colorado Commission on School Finance report at: http://hermes.cde.state.co.us/drupal/islandora/object/co%3A2656

- Restore a consistent statewide mill levy. Districts that are fully locally funded at less than the statewide mill levy would levy the amount necessary to fully fund total program.
- Require districts that are fully locally funded (with mill levies below the statewide level) to "float" their mill levies annually to continue to fully fund total program if the necessary mill levy is below the statewide level. Mill levies below the statewide level would not be locked at a specific level requiring state funding to backfill shortfalls resulting from the reduced mill levies. Rather, state funding would fill the gap between the local revenues raised by the statewide mill levy and each district's total program funding.
- Phase in any necessary increases in the mill levy over a period of time and/or cap the amount that any individual mill levy could increase in a given year.

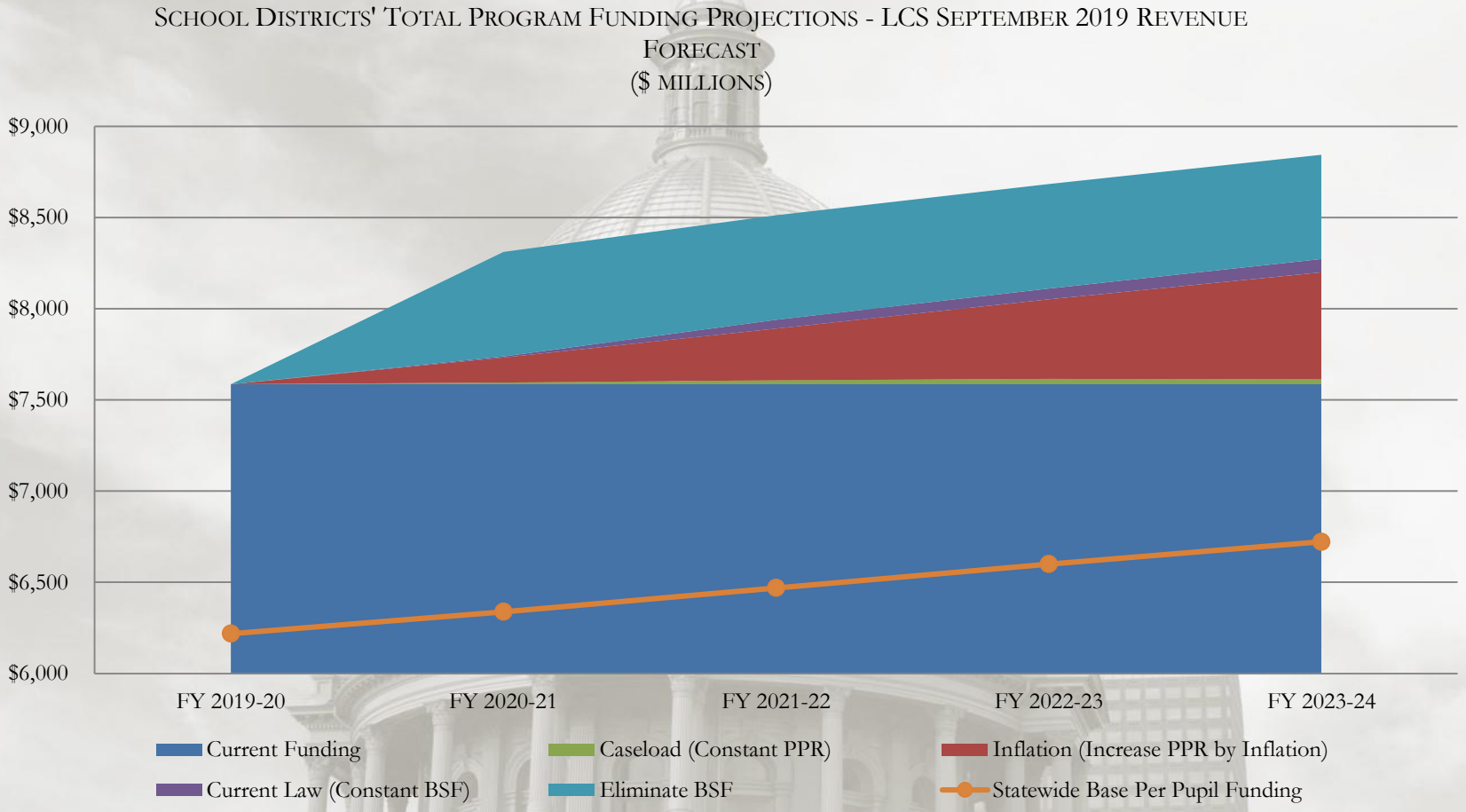
Staff is not recommending a specific level for the mill levy or a specific timeline for implementation. The appropriate level and the timeline to phase in the mill levy are both policy decisions that depend entirely on the General Assembly's goals (raising additional revenues vs. simply improving equity for the State's taxpayers without raising additional revenues).

Staff is aware of ongoing discussions regarding changes to the factors and/or weights considered in the school finance formula. Staff asserts that the proposed changes in revenues will improve the equity of the school finance system regardless of the final outcomes of discussions regarding the formula itself.

JBC Staff FY 2020-21 Briefing Department of Education

(School Finance Only)

Presented by:
Craig Harper, JBC Staff
December 5, 2019


School Districts' Total Program Funding Projections - LCS September 2019 Revenue Forecast
($ millions)
$9,000
$8,500
$8,000
$7,500
$7,000
$6,500
$6,000
FY 2019-20
FY 2020-21
FY 2021-22
FY 2022-23
FY 2023-24
Current Funding
Caseload (Constant PPR)
Inflation (Increase PPR by Inflation)
Current Law (Constant BSF)
Eliminate BSF
Statewide Base Per Pupil Funding

JBC Staff FY 2020-21 Briefing Department of Education

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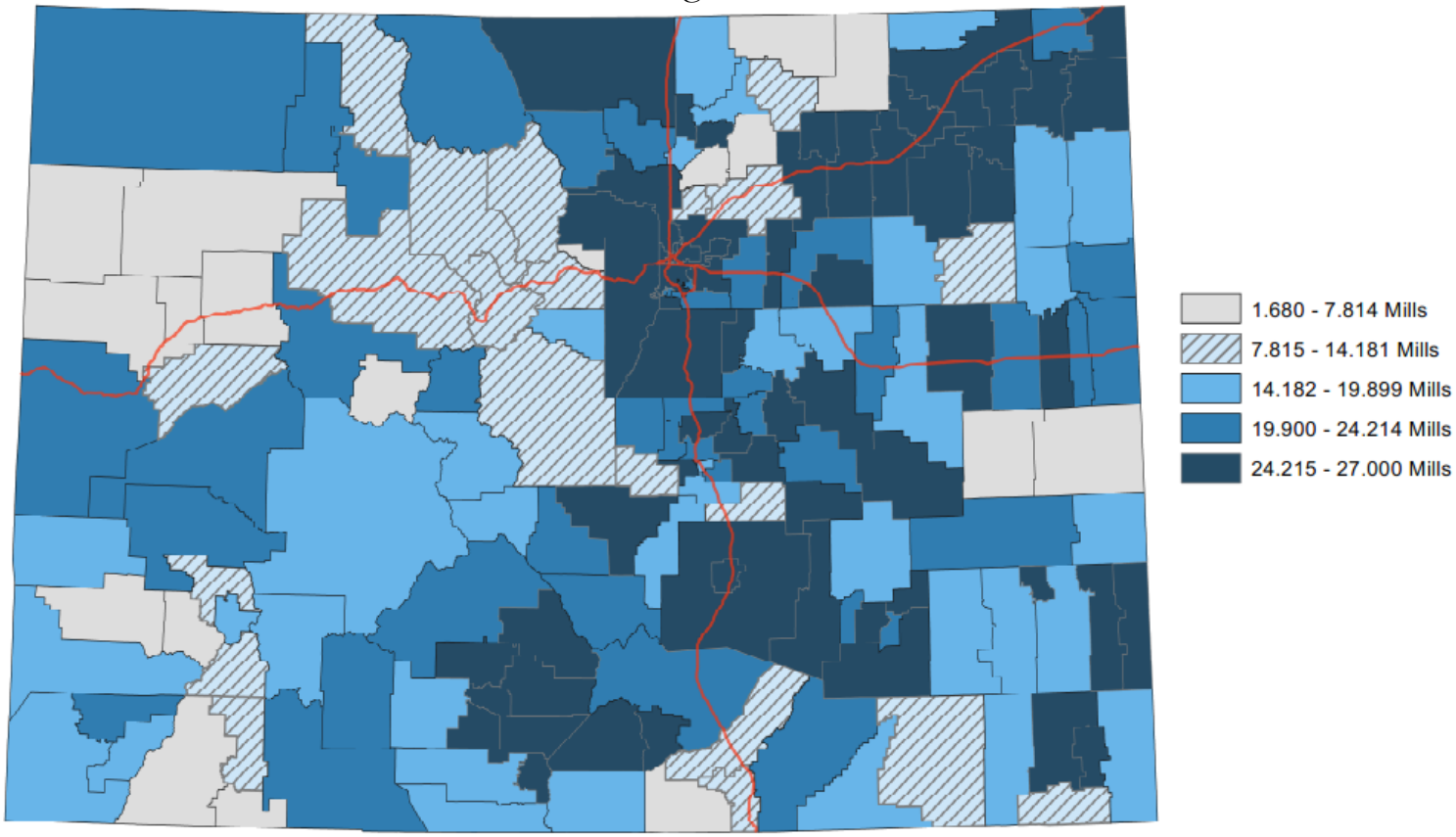
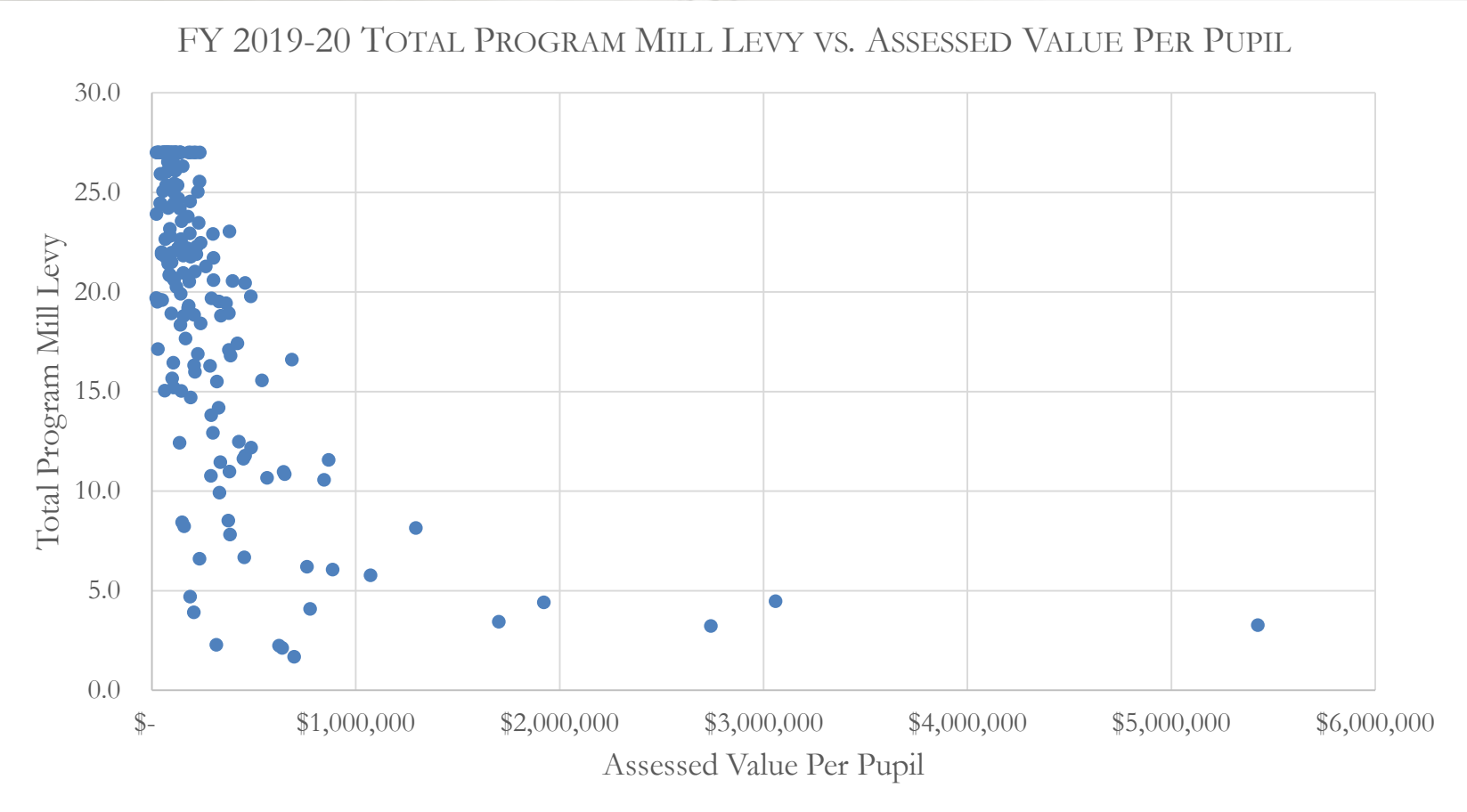
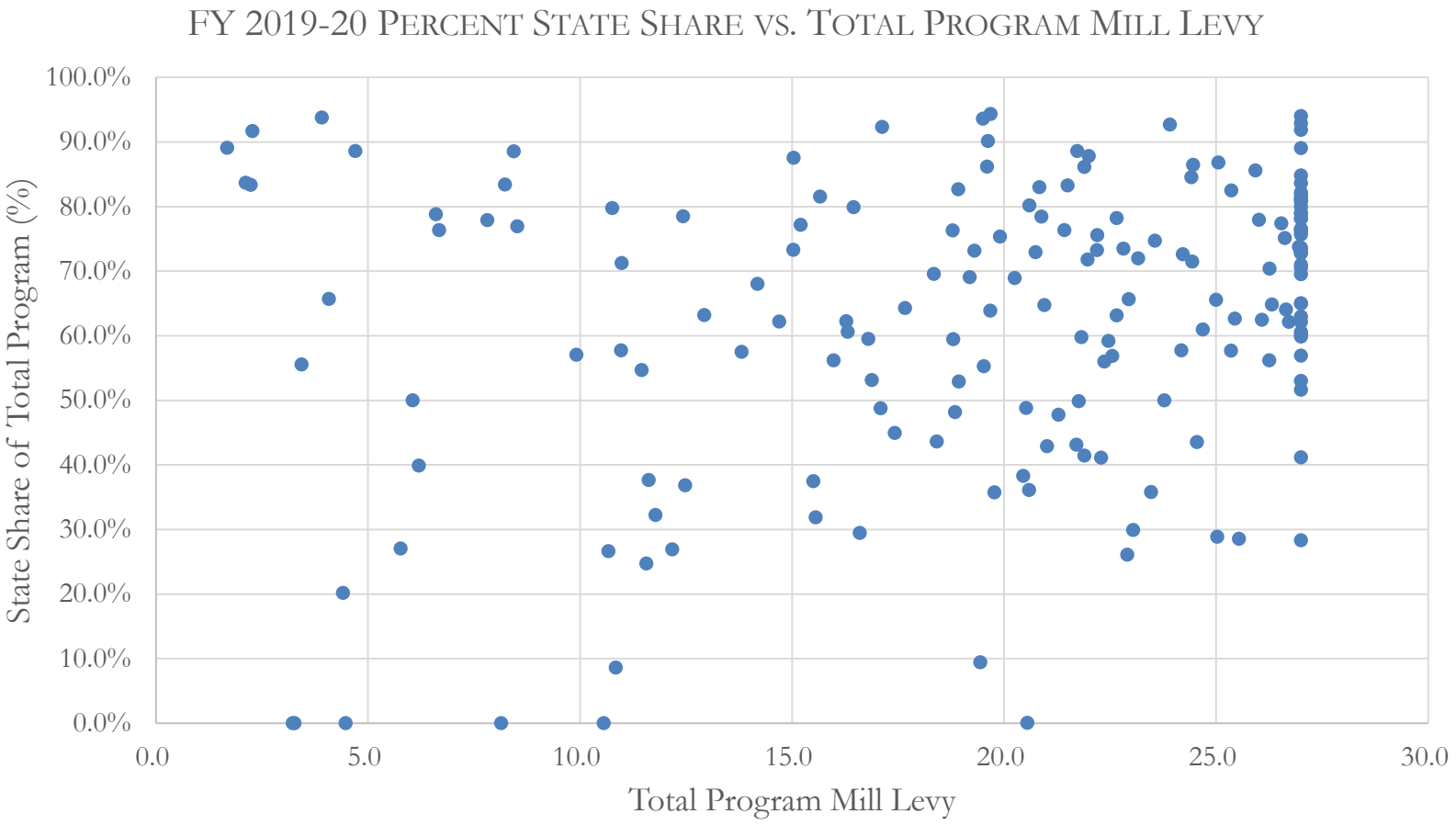
December 5, 2019

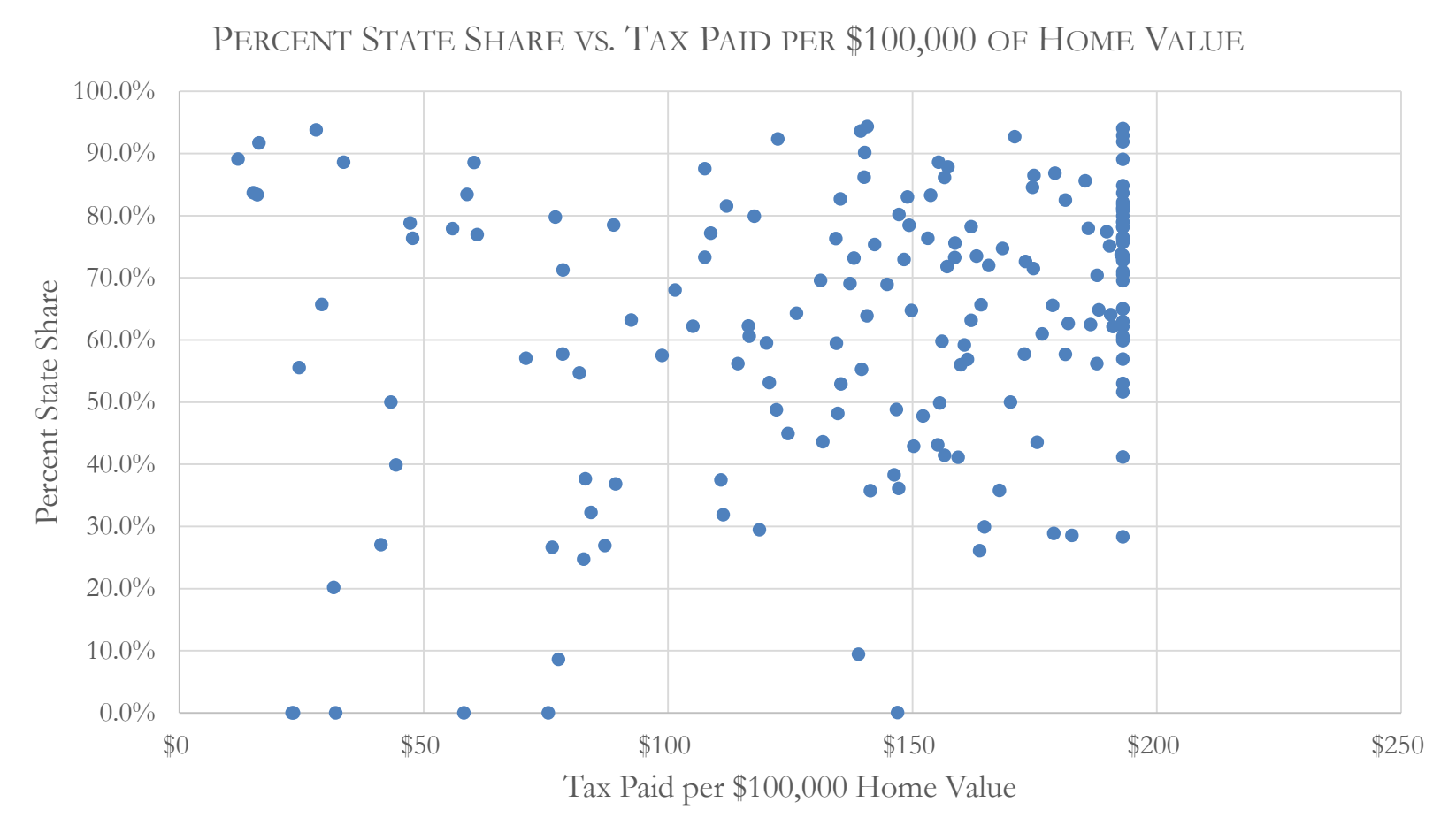
FY 2018-19 Total Program Mill Levies

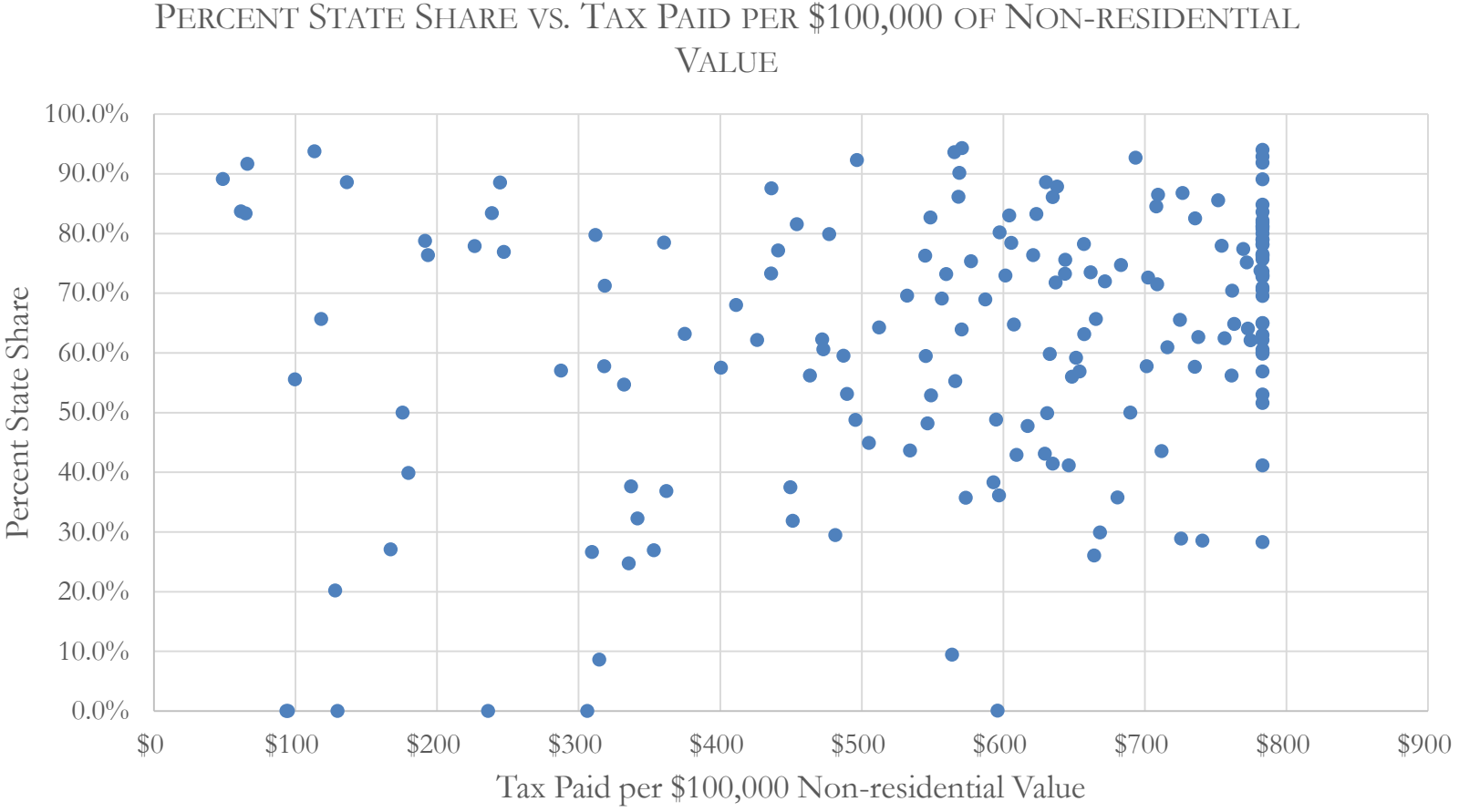


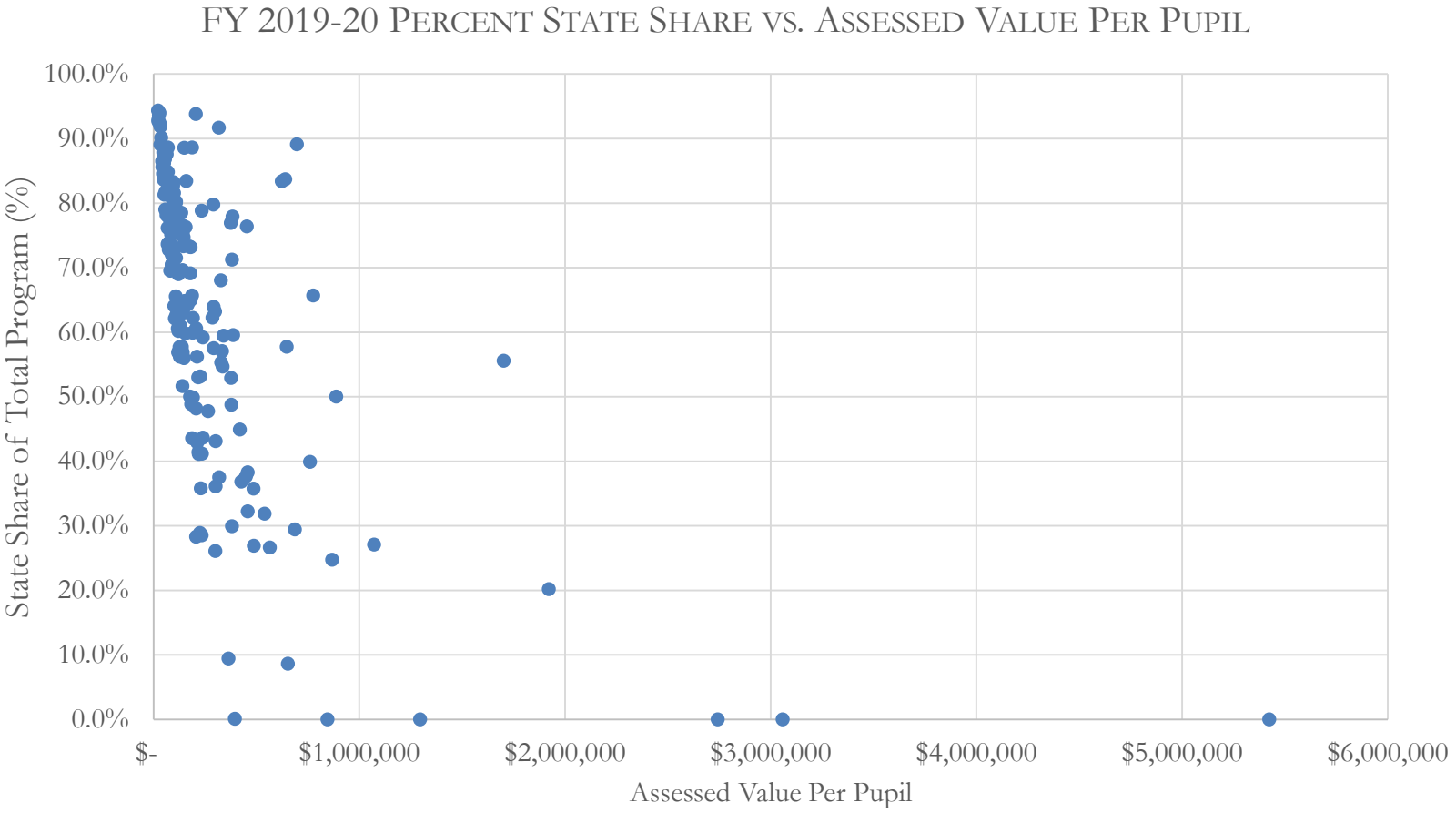
Map prepared by Legislative Council Staff.


FY 2019-20 Total Program Mill Levy vs. Assessed Value Per Pupil
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Total Program Mill Levy
$-
$1,000,000
$2,000,000
$3,000,000
$4,000,000
$5,000,000
$6,000,000
Assessed Value Per Pupil


FY 2019-20 Percent State Share vs. Total Program Mill Levy
State Share of Total Program (%)
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
0.0
5.0
10.0
15.0
20.0
25.0
30.0
Total Program Mill Levy


Percent State Share vs. Tax Paid per $100,000 of Home Value
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Percent State Share
$0
$50
$100
$150
$200
$250
Tax Paid per $100,000 Home Value


Percent State Share vs. Tax Paid per $100,000 of Non-residential Value
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Percent State Share
$0
$100
$200
$300
$400
$500
$600
$700
$800
$900
Tax Paid per $100,000 Non-residential Value

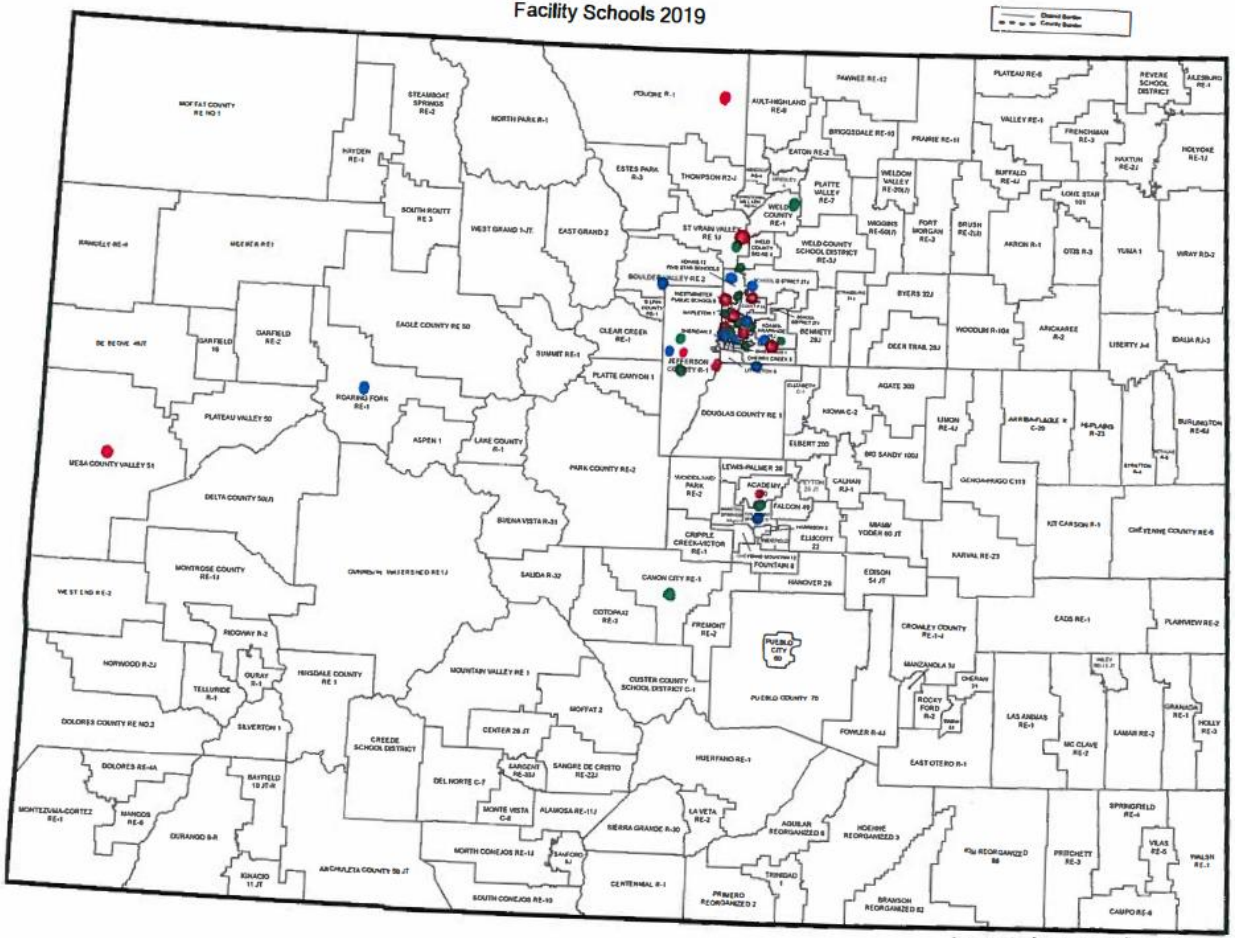

FY 2019-20 Percent State Share vs. Assessed Value Per Pupil
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
State Share of Total Program (%)
$-
$1,000,000
$2,000,000
$3,000,000
$4,000,000
$5,000,000
$6,000,000
Assessed Value Per Pupil

JBC Staff FY 2020-21 Briefing Department of Education

(School Finance Only)

Presented by:
Craig Harper, JBC Staff
December 5, 2019

Facility Schools 2019



Produced by the Colorado Department of Education Web Mapping and Team - June, 2017

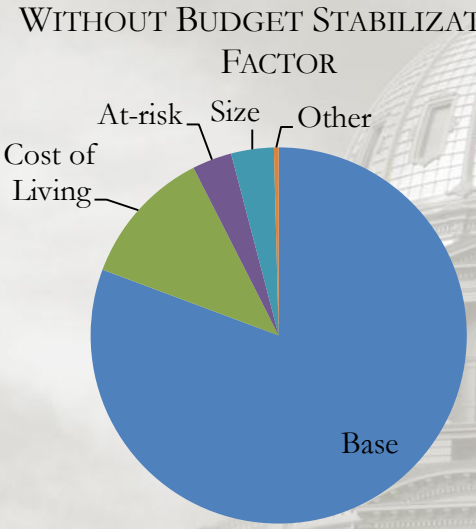
JBC Staff FY 2020-21 Briefing
Department of Education
(Programs Other than School Finance)

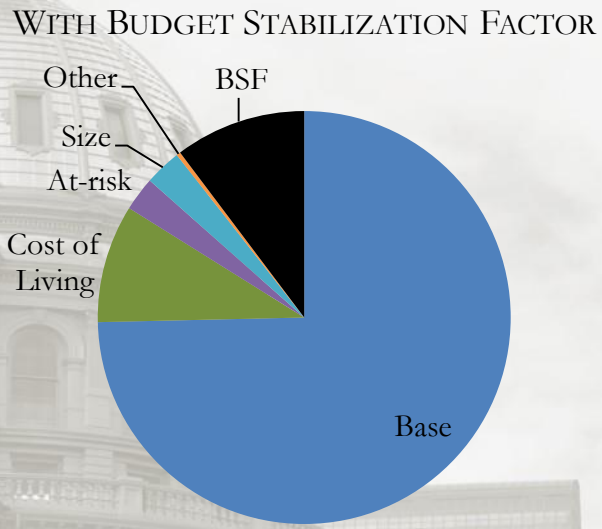
Presented by:
Craig Harper, JBC Staff
November 21, 2019

JBC Staff FY 2019-20 Briefing
Department of Education

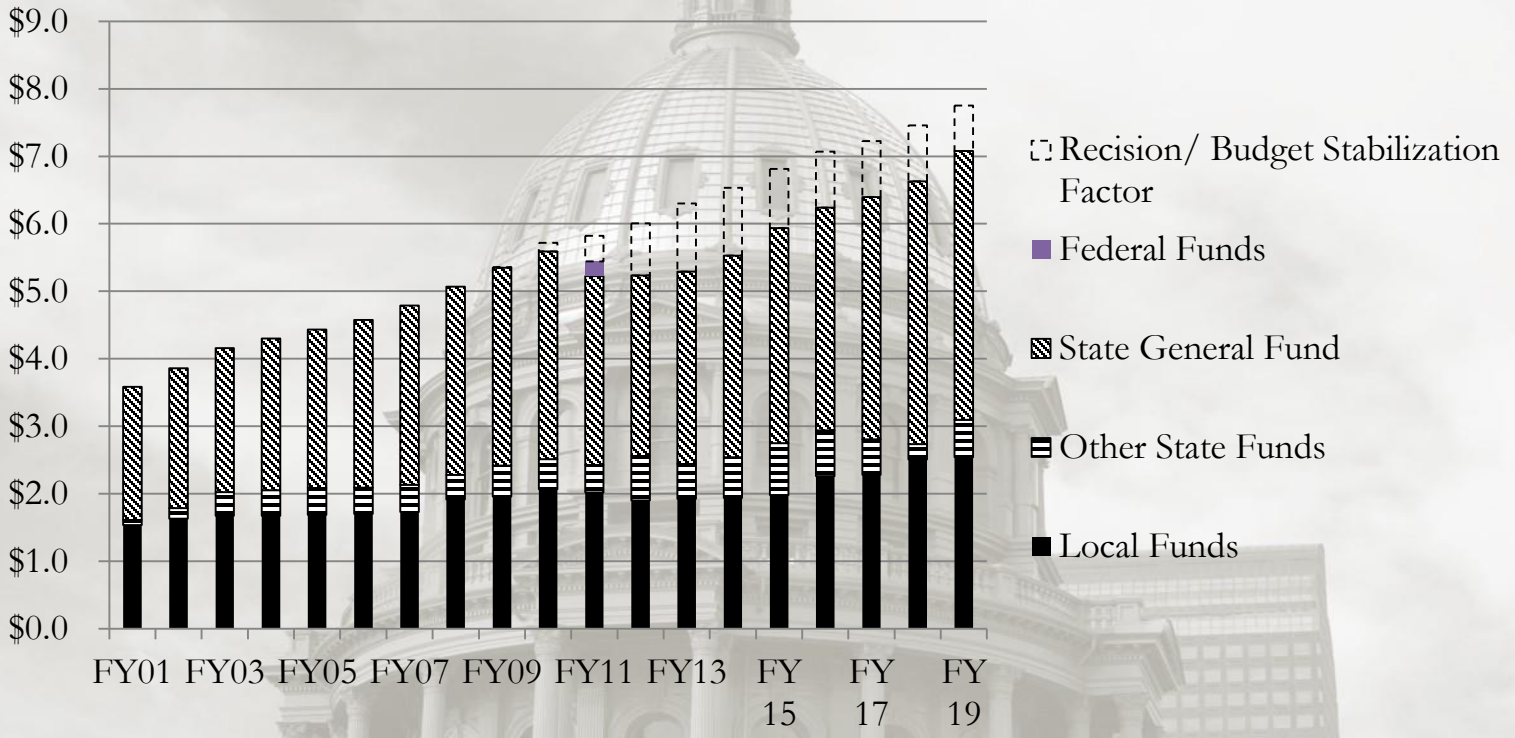
Presented by:
Craig Harper, JBC Staff
December 4, 2018

Total Program Funding in FY 2018-19

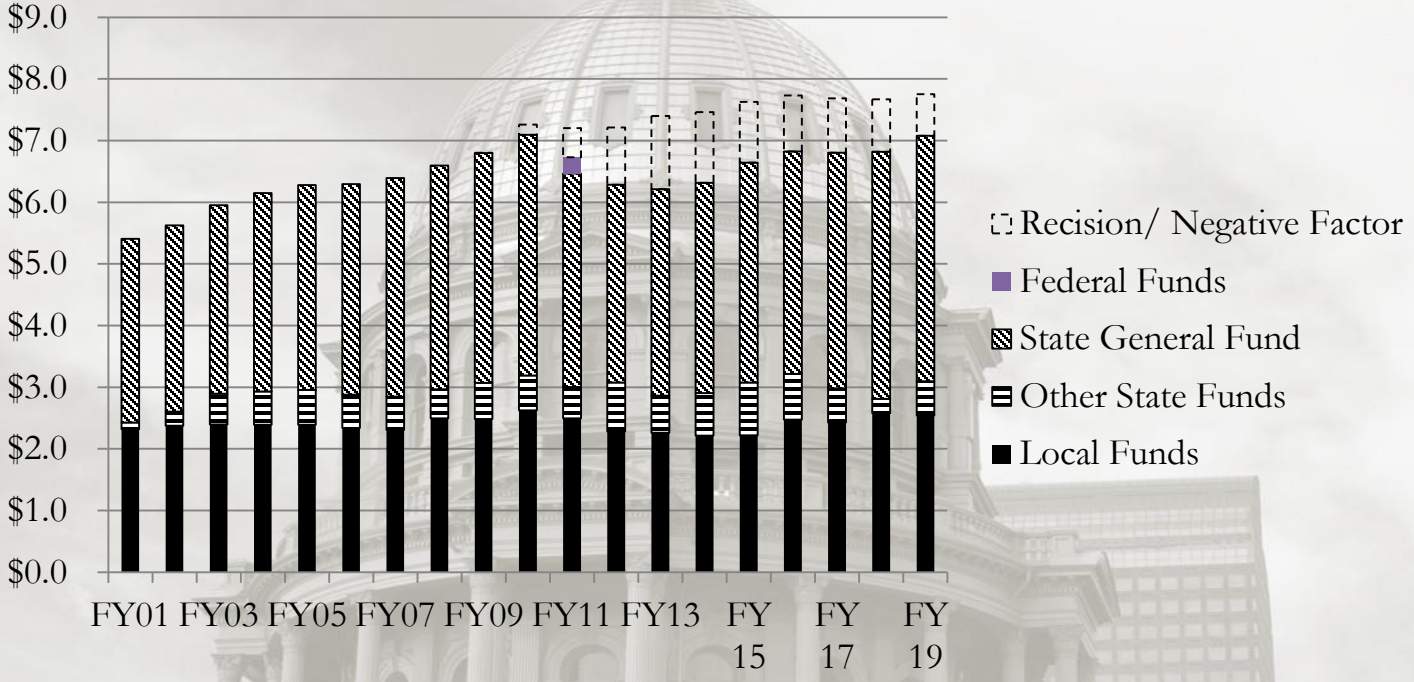




School Districts' Total Program Funding
($ in billions)



Inflation-adjusted School Districts' Total Program Funding
(2019 $ in billions)



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Department of Education

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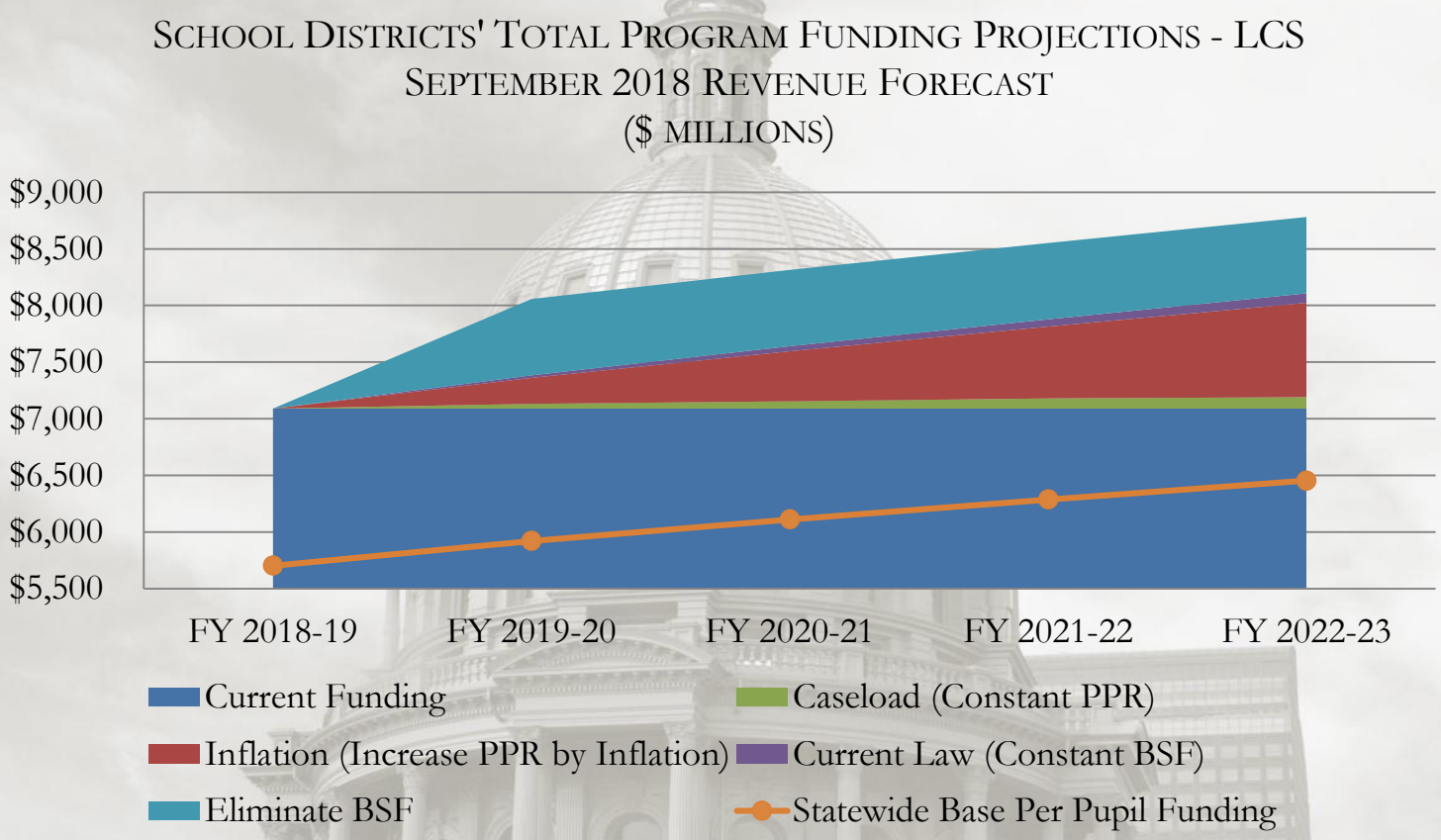
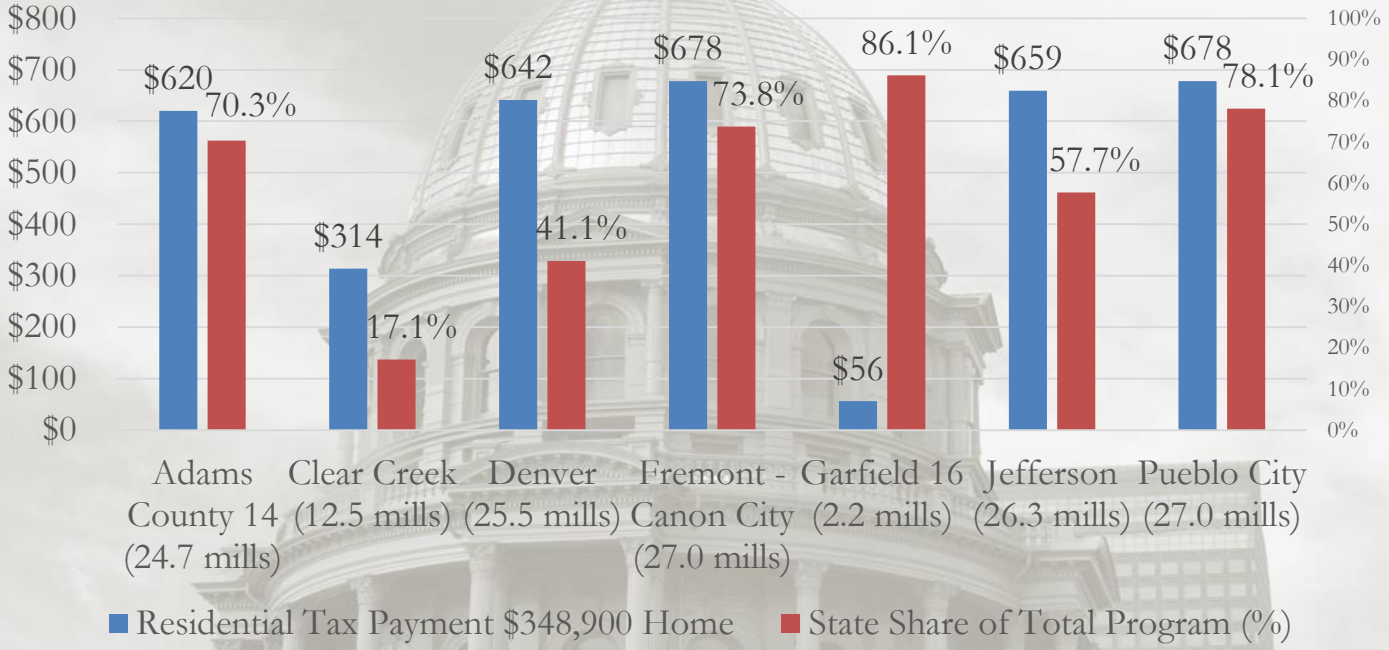

School Districts' Total Program Funding Projections - LCS
September 2018 Revenue Forecast
($ millions)
$9,000
$8,500
$8,000
$7,500
$7,000
$6,500
$6,000
$5,500
FY 2018-19
FY 2019-20
FY 2020-21
FY 2021-22
FY 2022-23
Current Funding
Caseload (Constant PPR)
Inflation (Increase PPR by Inflation)
Current Law (Constant BSF)
Eliminate BSF
Statewide Base Per Pupil Funding

JBC Staff FY 2018-19 Briefing
Department of Education

Presented by:
Craig Harper, JBC Staff
December 4, 2018

FY 2018-19 Residential Property Tax Payment on Statewide Median Value Home vs. *State* Share of Total Program



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Statutory End Goal: School Finance Formula

Statutory Total Program Goal: $7.8 B in FY 2018-19

How We Get There:

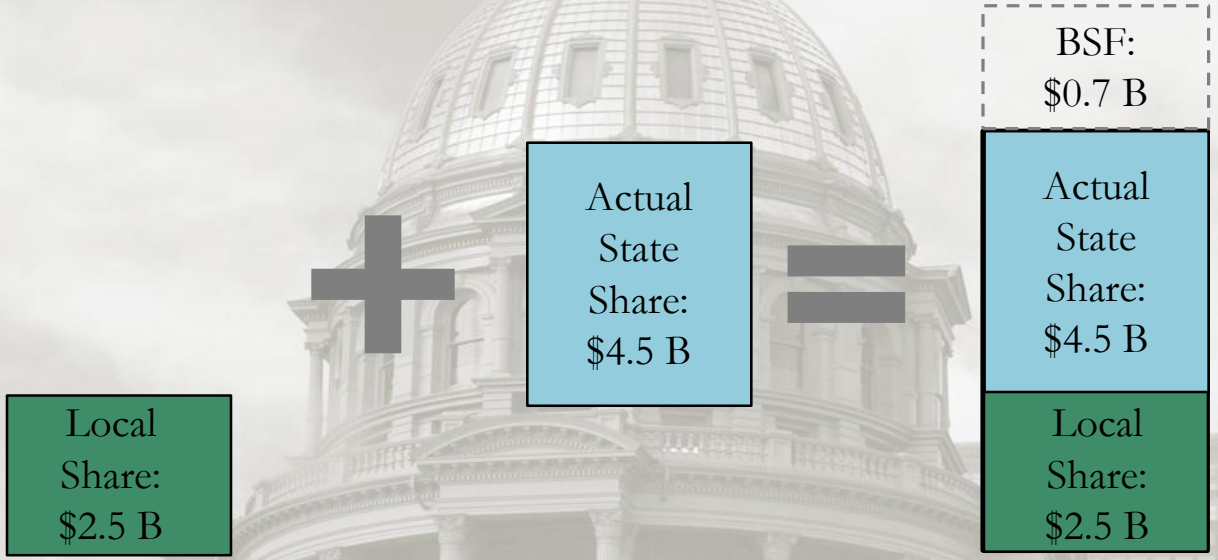
Local Share – The Foundation

How We Get There:

State Share – Fills the Gap

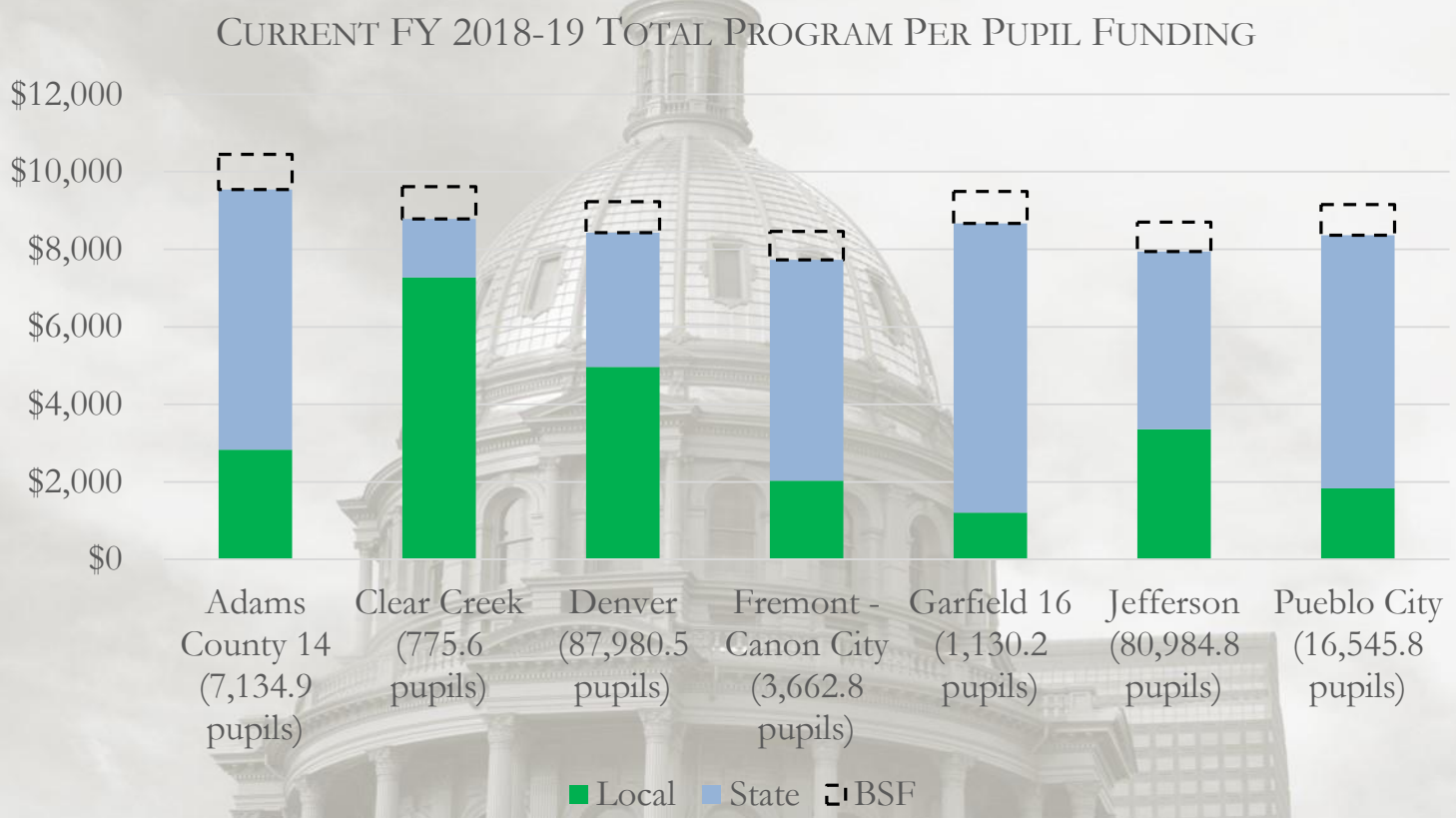
Statutory State Share Goal: $5.2 B

How We Get There: Total Program Funding



Statutory Total Program Goal: $7.8 B

Actual Funding: $7.1 B


Current FY 2018-19 Total Program Per Pupil Funding
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
Adams County 14 (7,134.9 pupils)
Clear Creek (775.6 pupils)
Denver (87,980.5 pupils)
Fremont - Canon City (3,662.8 pupils)
Garfield 16 (1,130.2 pupils)
Jefferson (80,984.8 pupils)
Pueblo City (16,545.8 pupils)
Local
State
BSF

Statewide Local Share:
How We Build the Foundation

Local Share: Property Tax

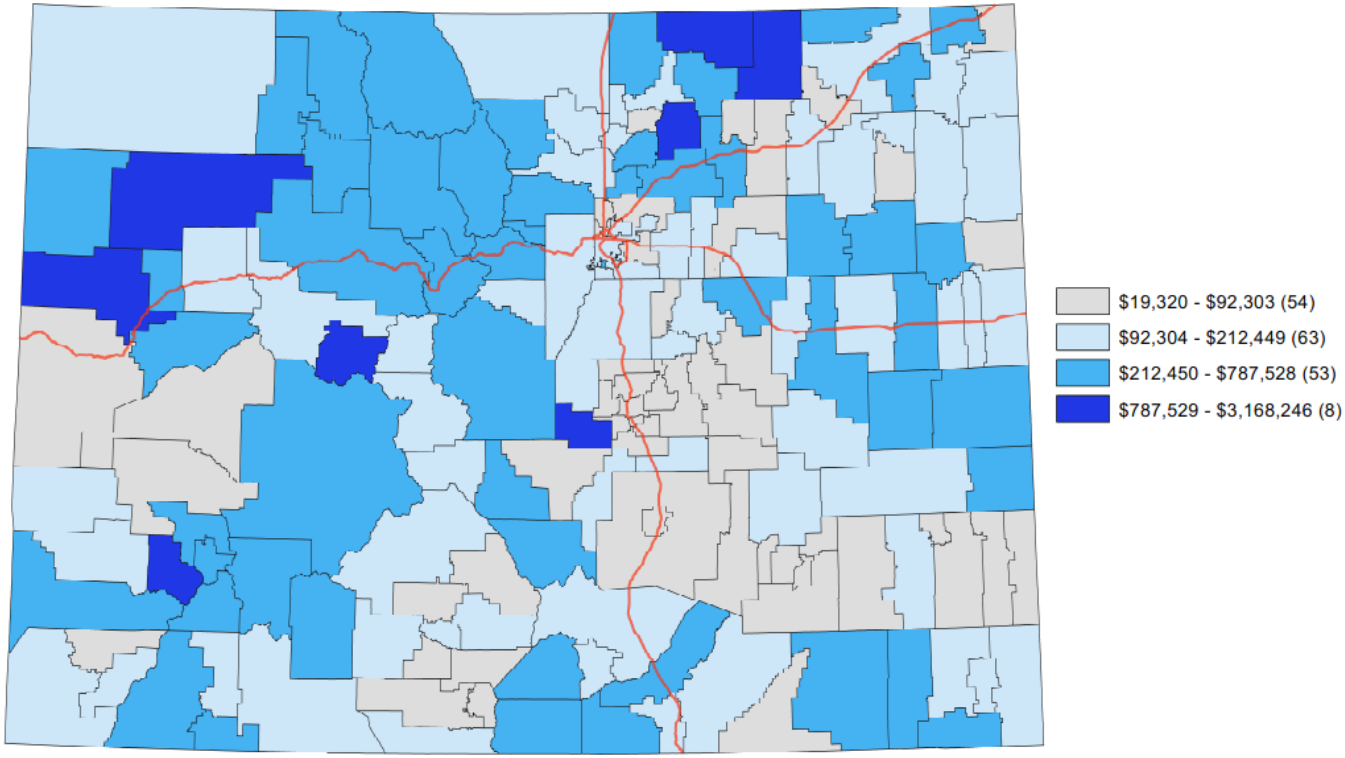
(Whether You are a Taxpayer or a District)

Assessed Property Value

×

Mill Levy (Tax Rate)

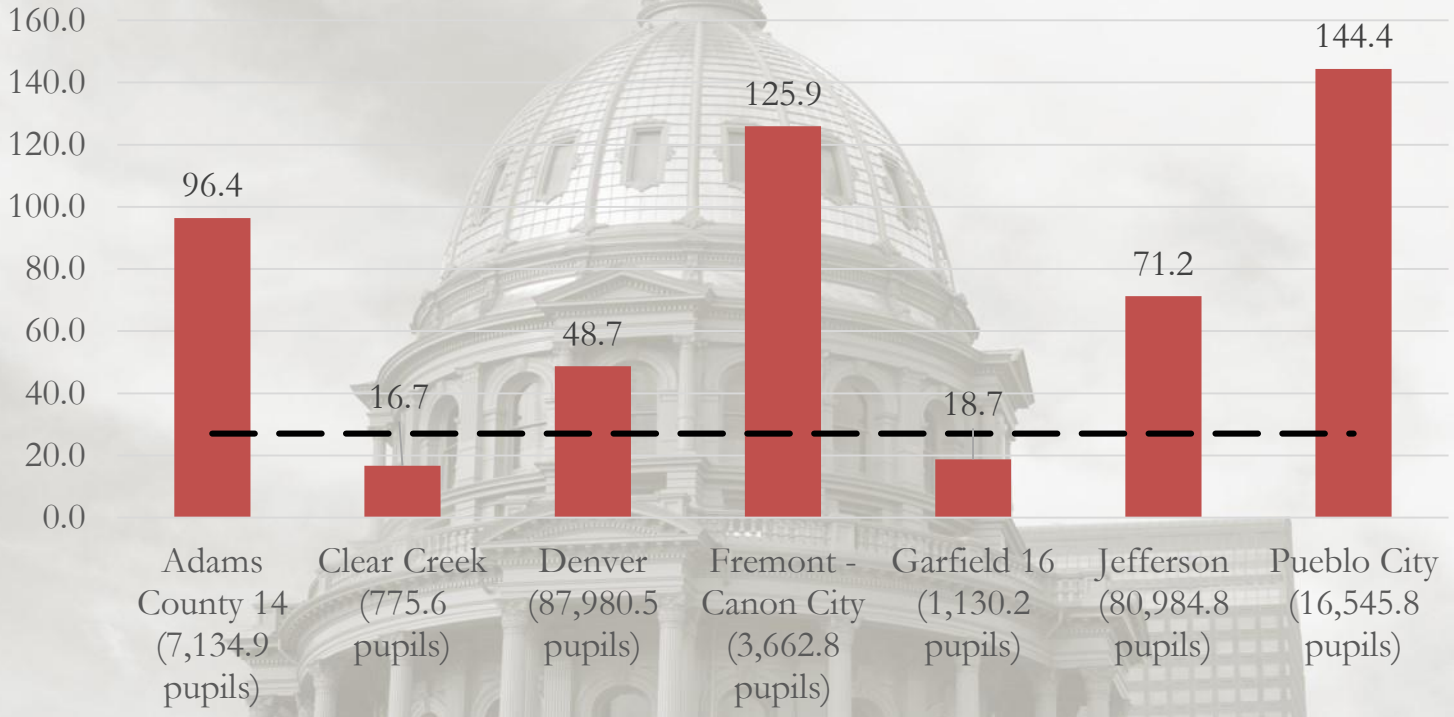
FY 2018-19 Assessed Value Per Pupil

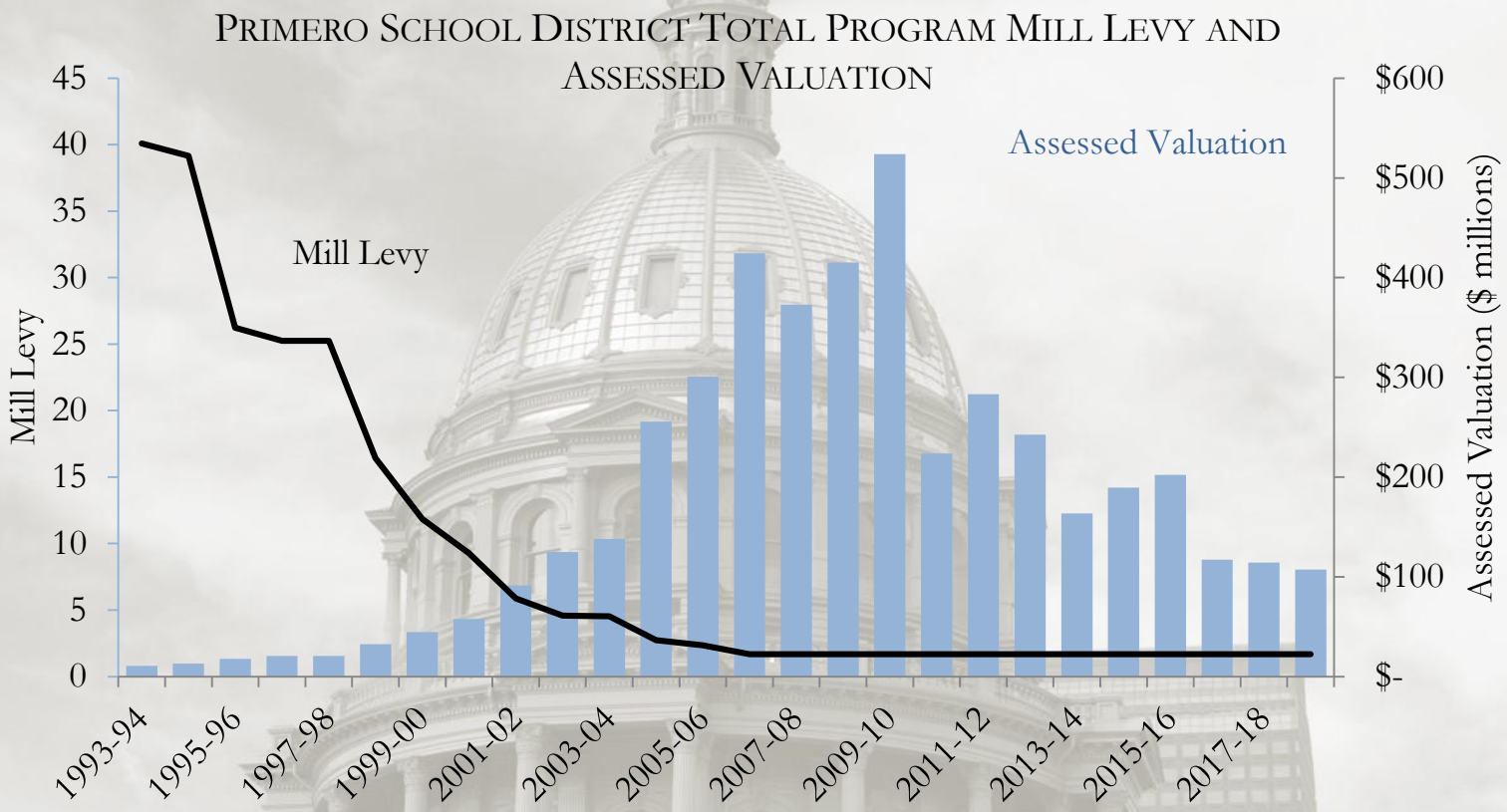


Map prepared by Legislative Council Staff.
Map Date: November 29, 2018

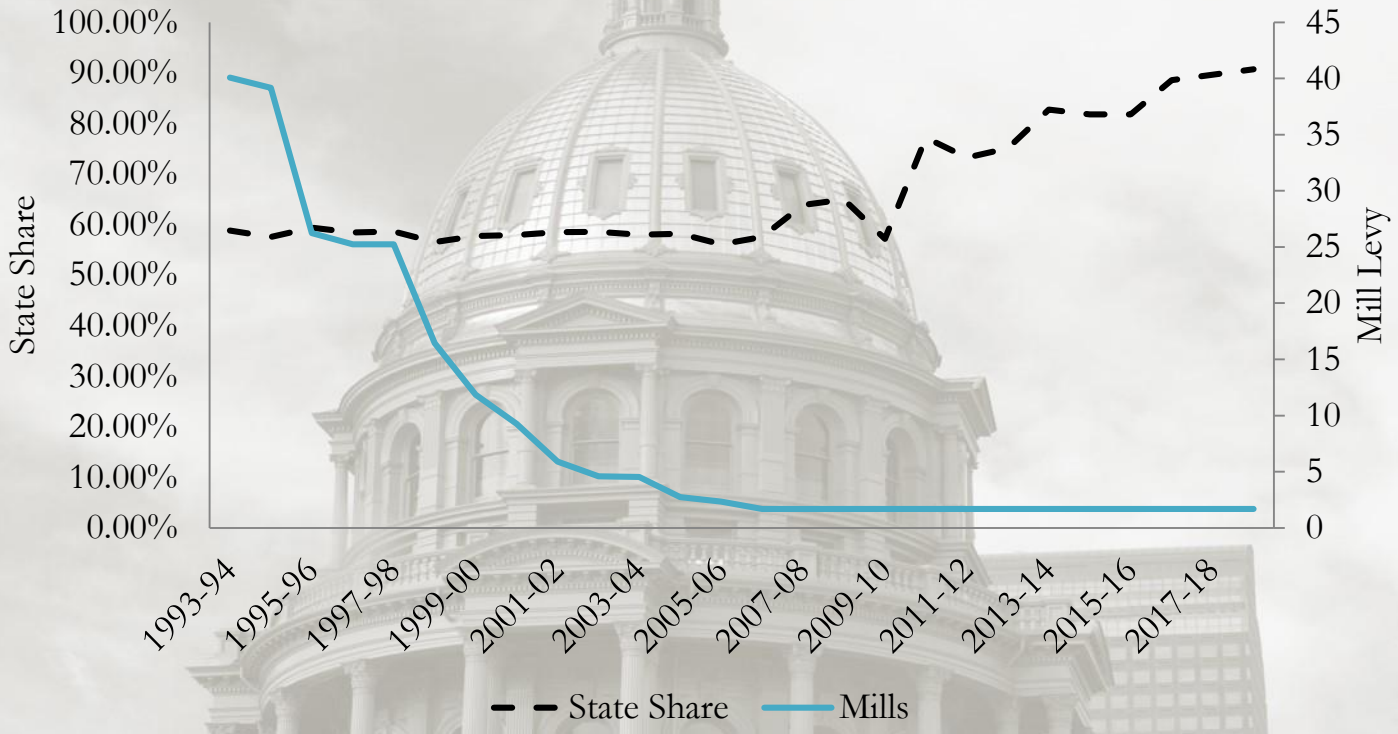
Local Share: Disparities in Capacity

FY 2018-19 Mill Levies Required to Fully Fund Total Program

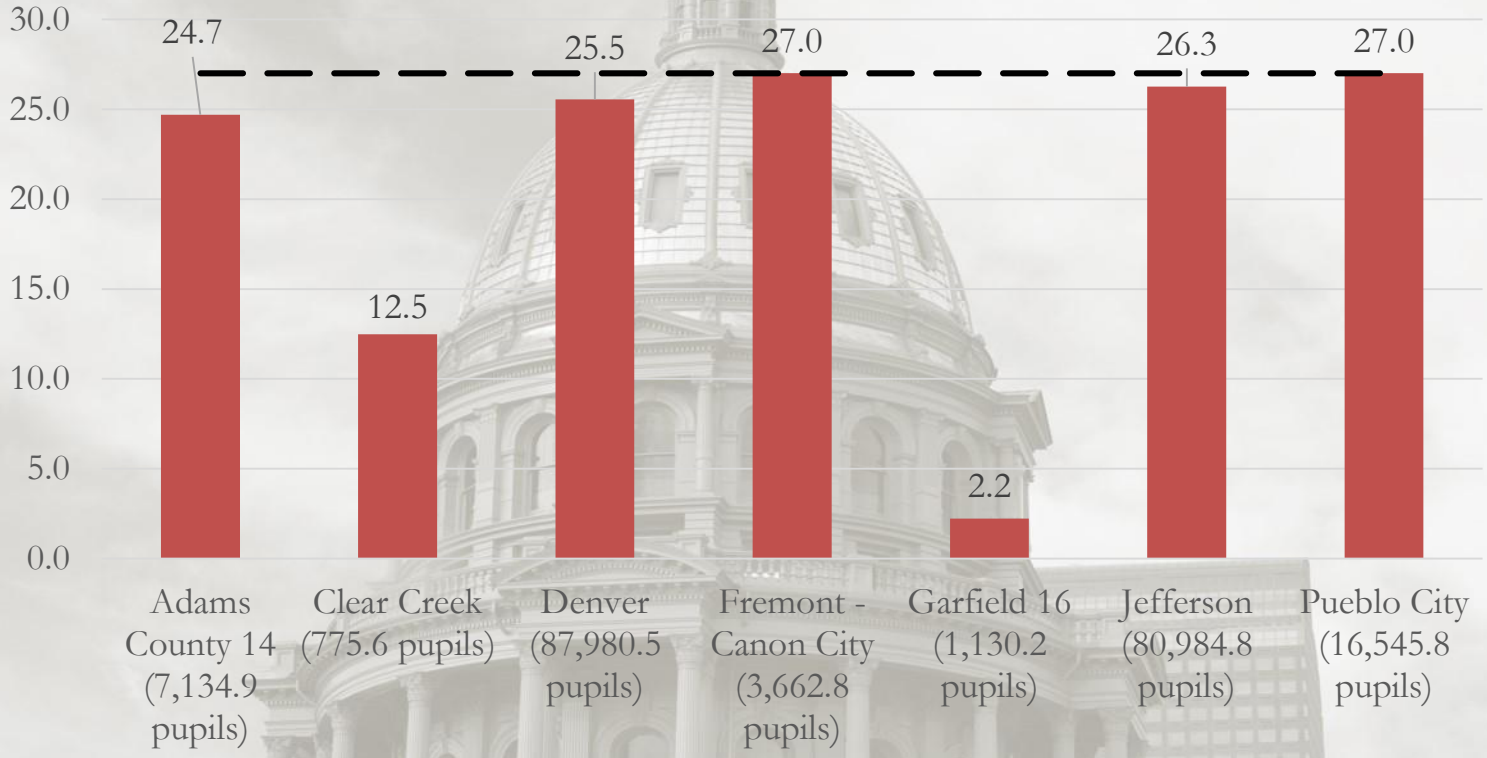



Primero School District Total Program Mill Levy and Assessed Valuation
Assessed Valuation
Mill Levy
Mill Levy
Assessed Valuation ($ millions)
45
40
35
30
25
20
15
10
5
0
$600
$500
$400
$300
$200
$100
$-
1993-94
1995-96
1997-98
1999-00
2001-02
2003-04
2005-06
2007-08
2009-10
2011-12
2013-14
2015-16
2017-18

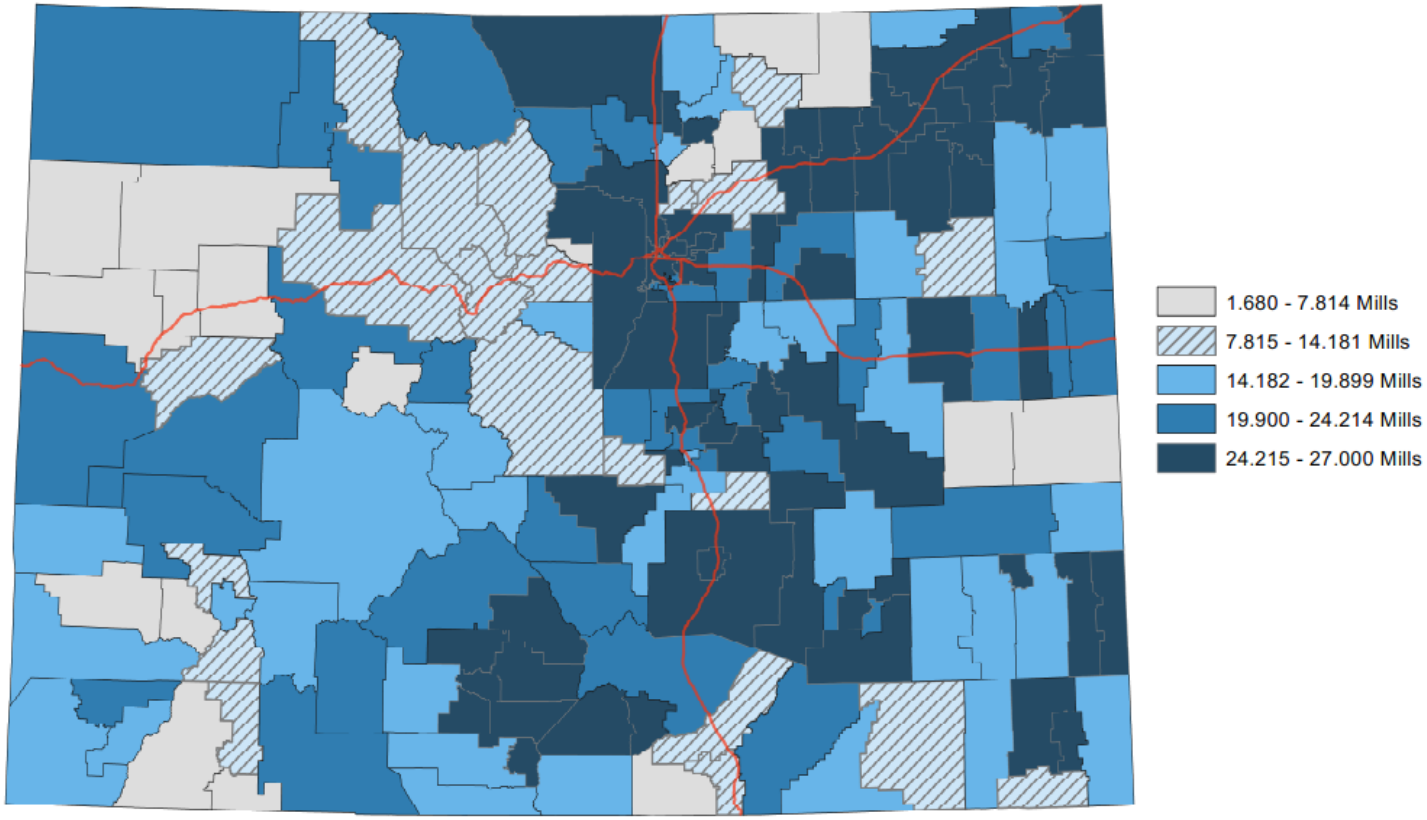
Primero State Share of Total Program and Mill Levy



FY 2018-19 Total Program Mill Levies

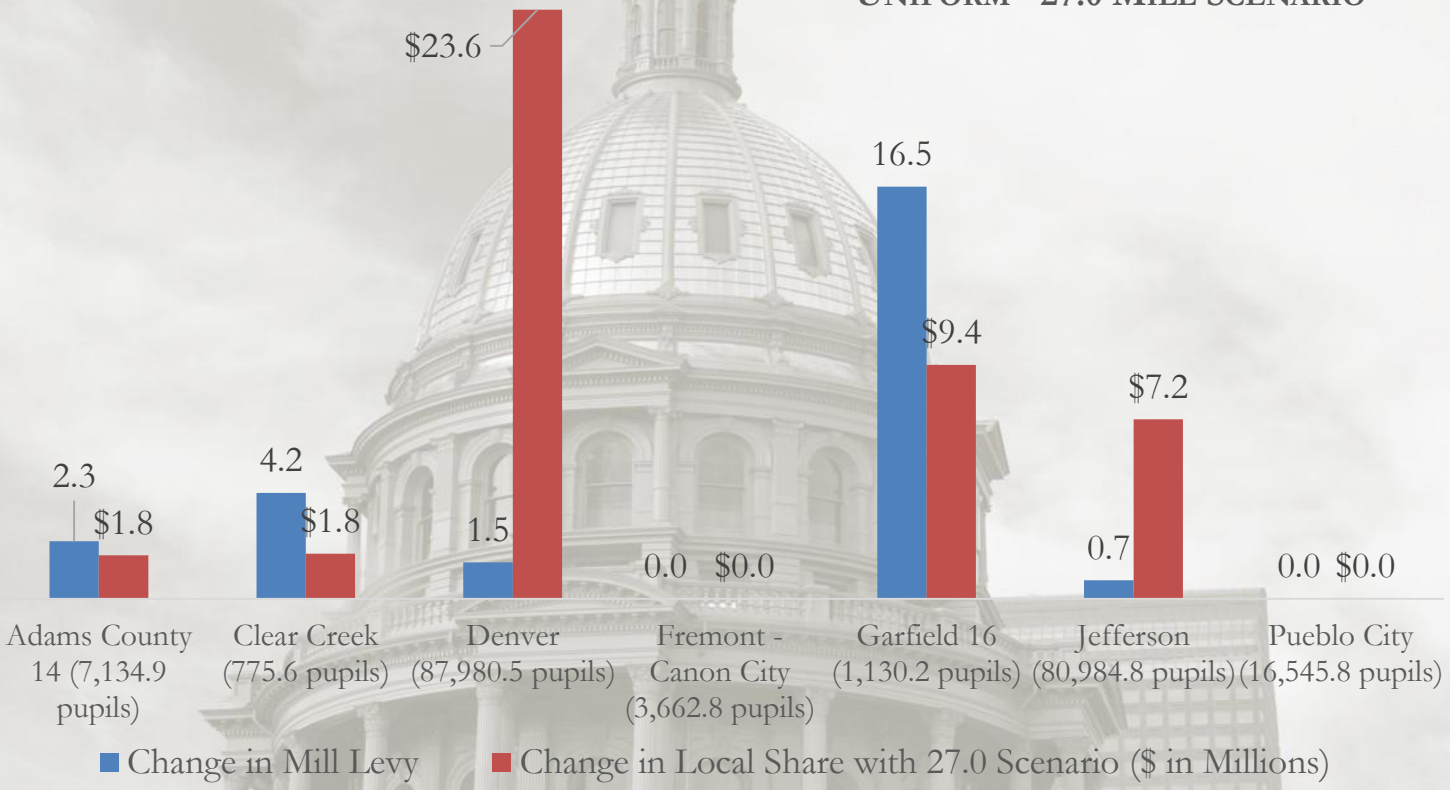


FY 2018-19 Total Program Mill Levies

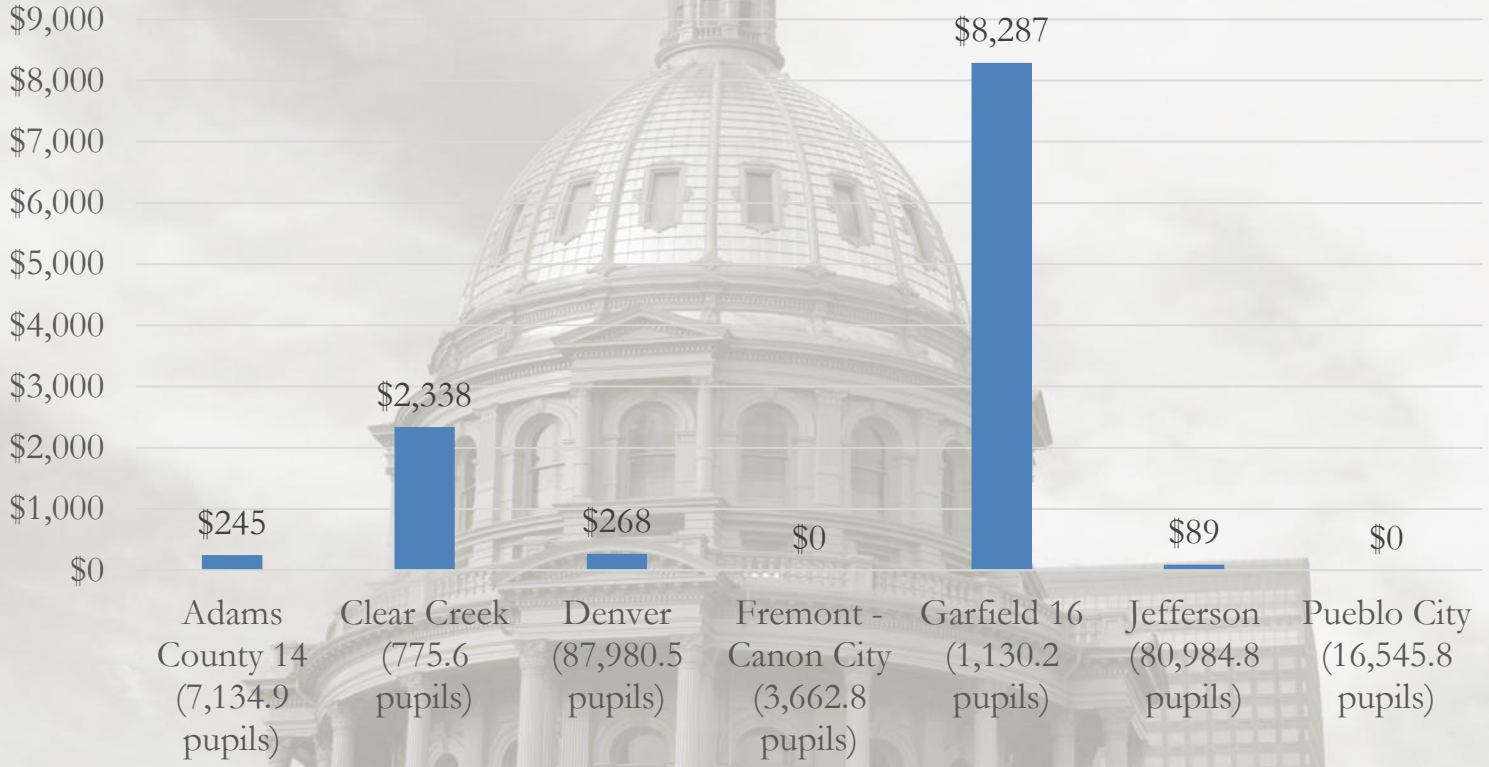


Map prepared by Legislative Council Staff.

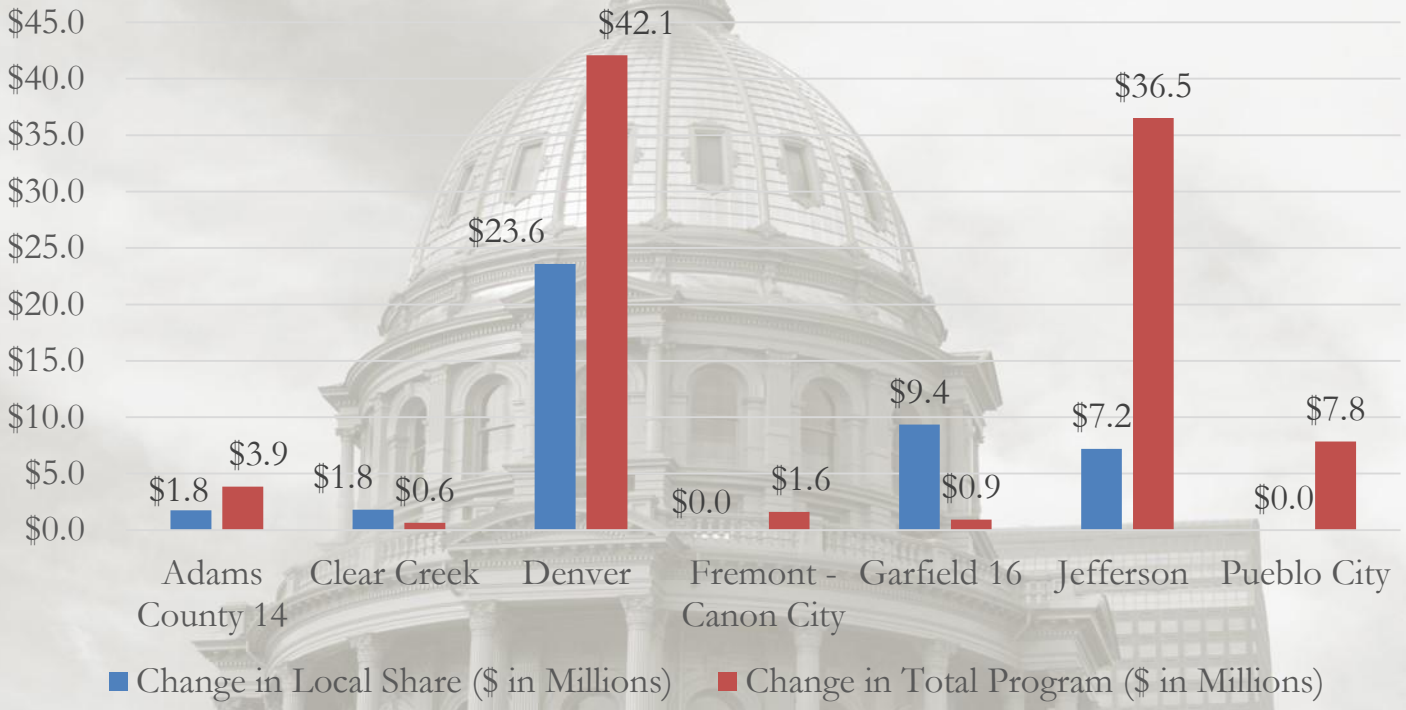
Change in Mill Levy and Change in Local Share ($ in millions)
"Uniform" 27.0 Mill Scenario



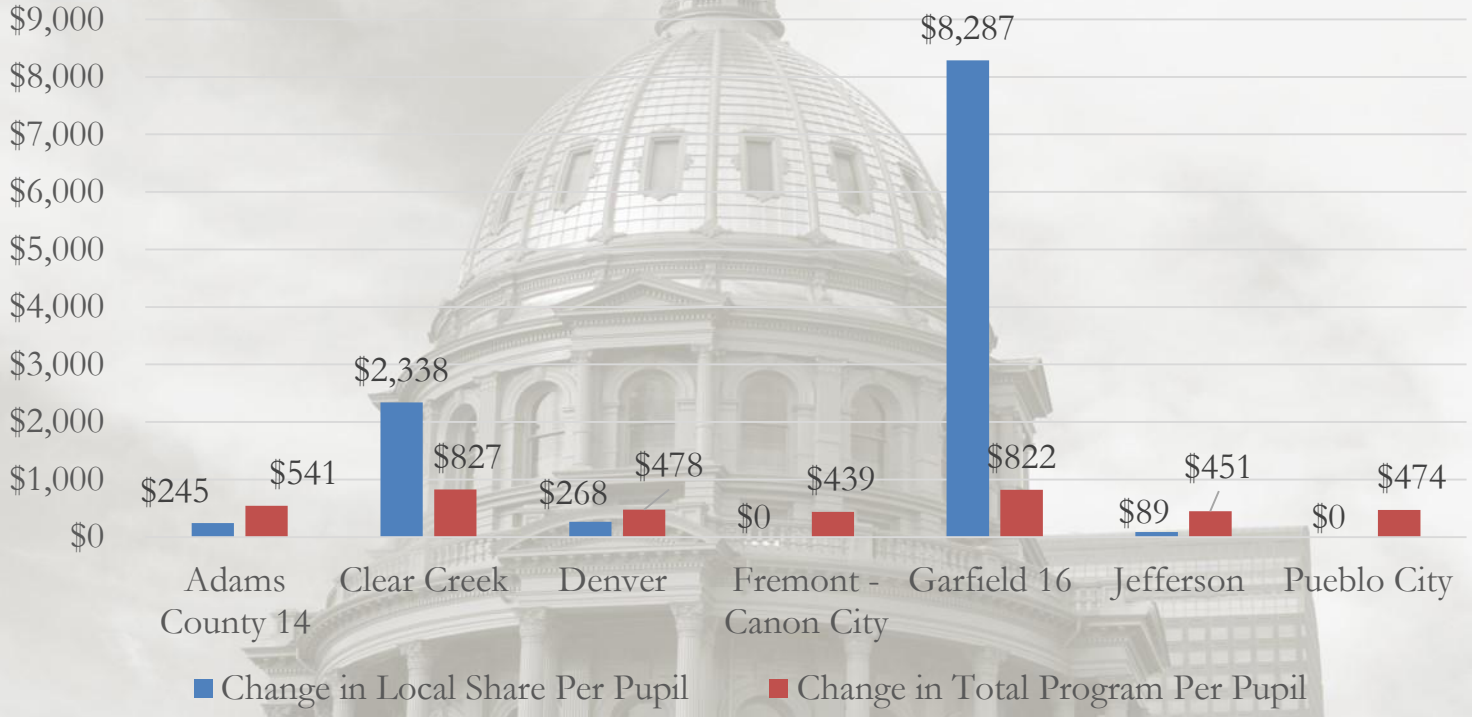
Change in Local Share Per Pupil - 27.0 Mill Scenario



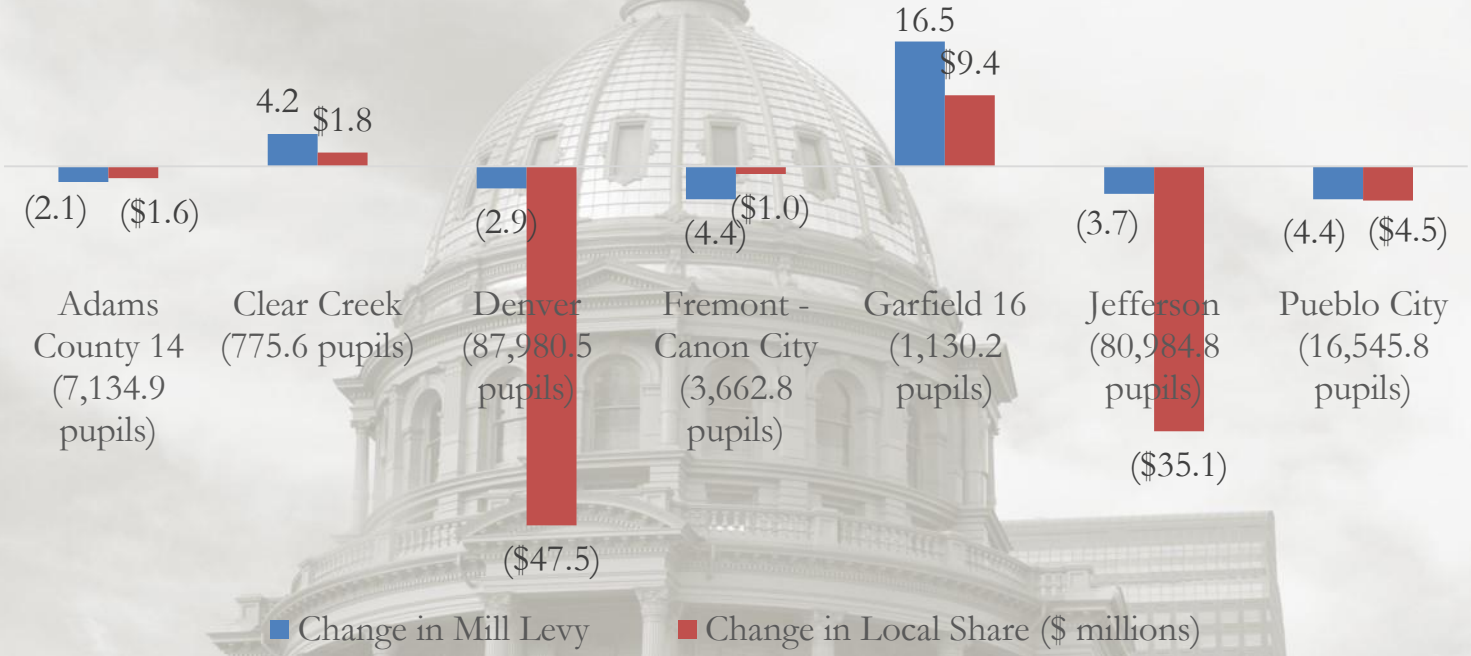
Changes in Local Share and Total Program ($ in Millions)
27.0 Mills Scenario



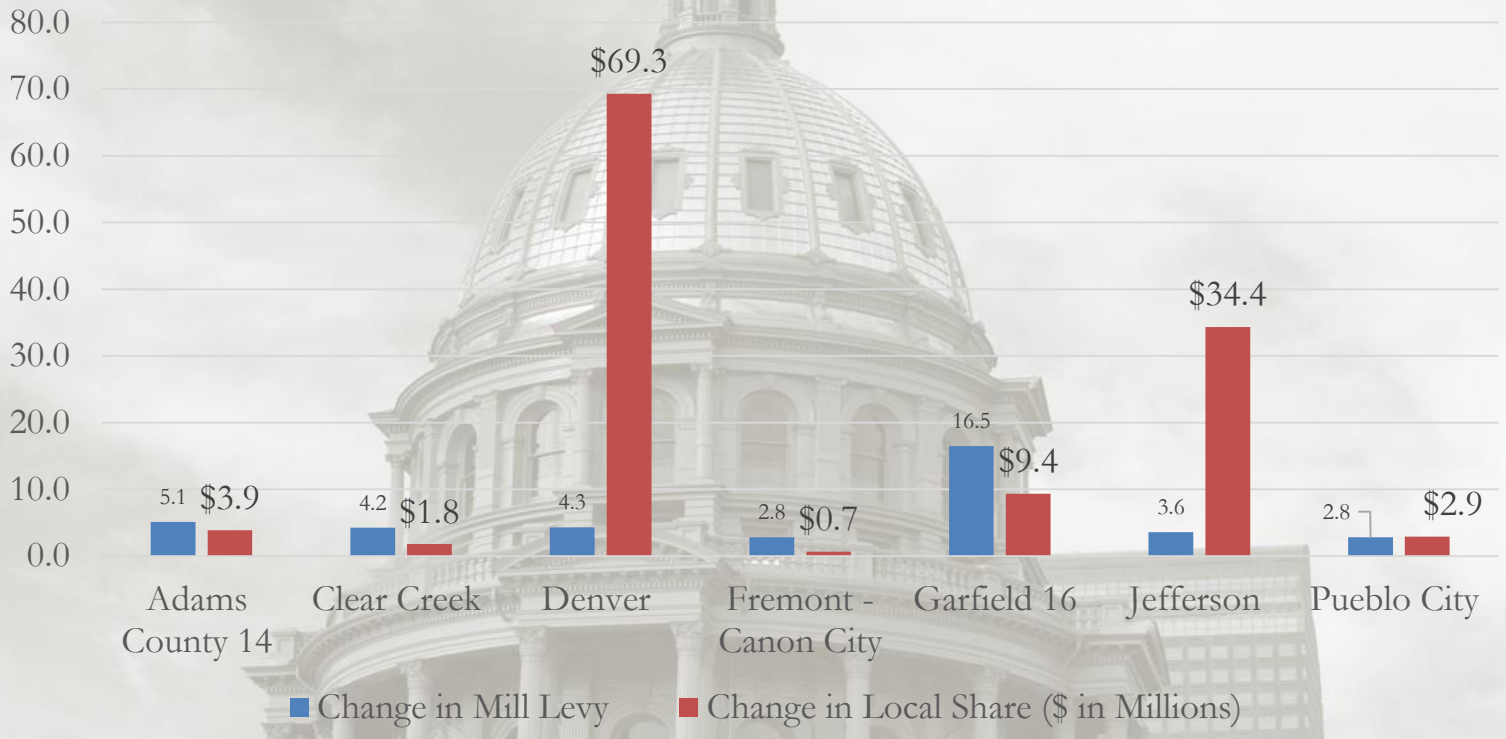
Change in Local Share and Total Program *Per Pupil*
27.0 Mills Scenario



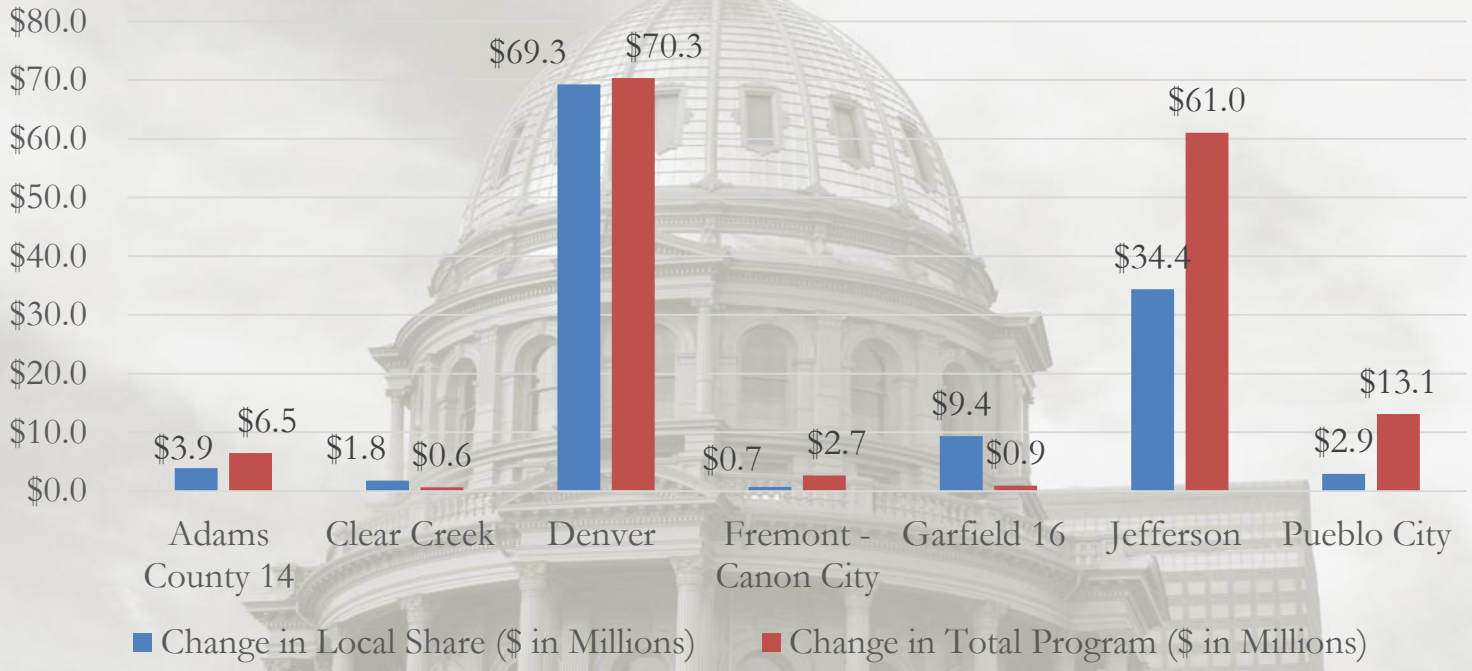
Change in Mill Levy and Local Share - "Revenue Neutral"
22.6 Mill Scenario ($ in millions)



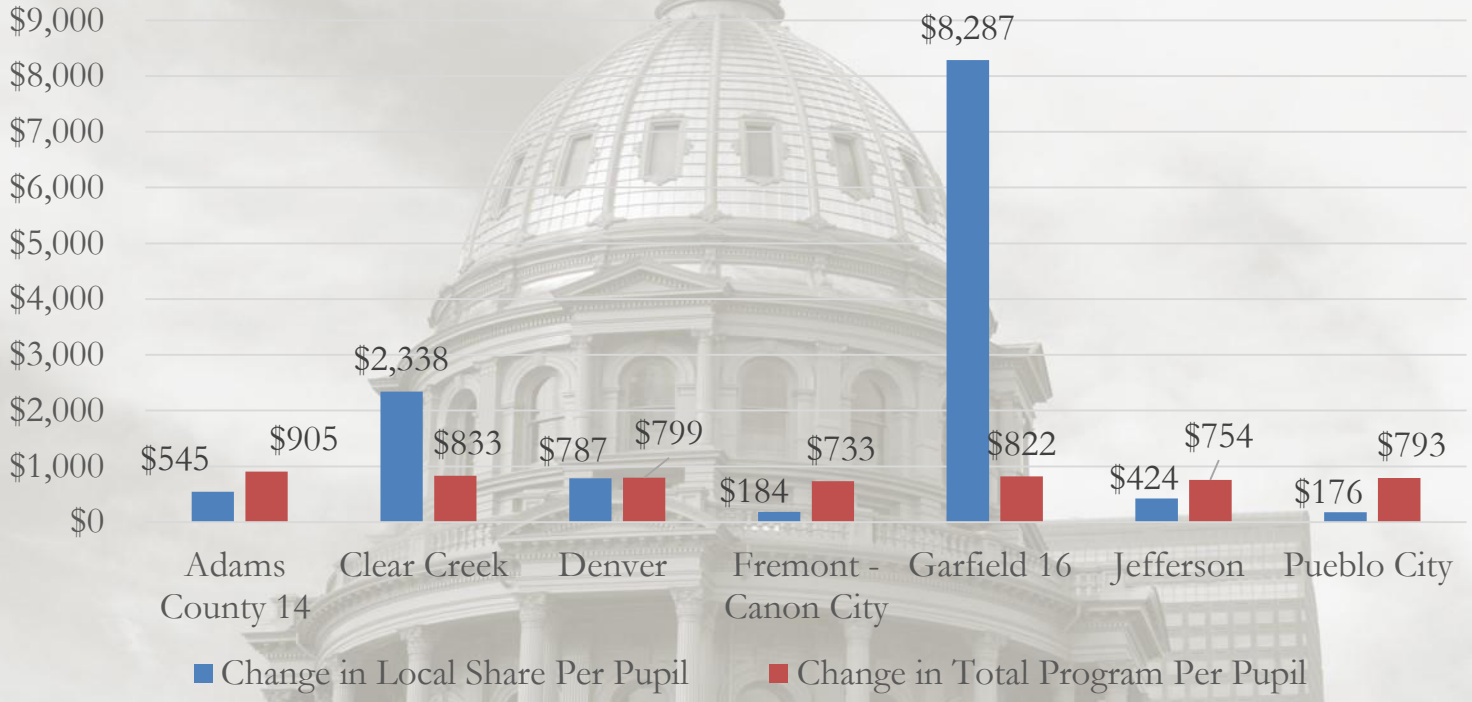
Change in Total Program Mill Levy and Change in Local Share 29.8 mills - Eliminate Budget Stabilization Factor



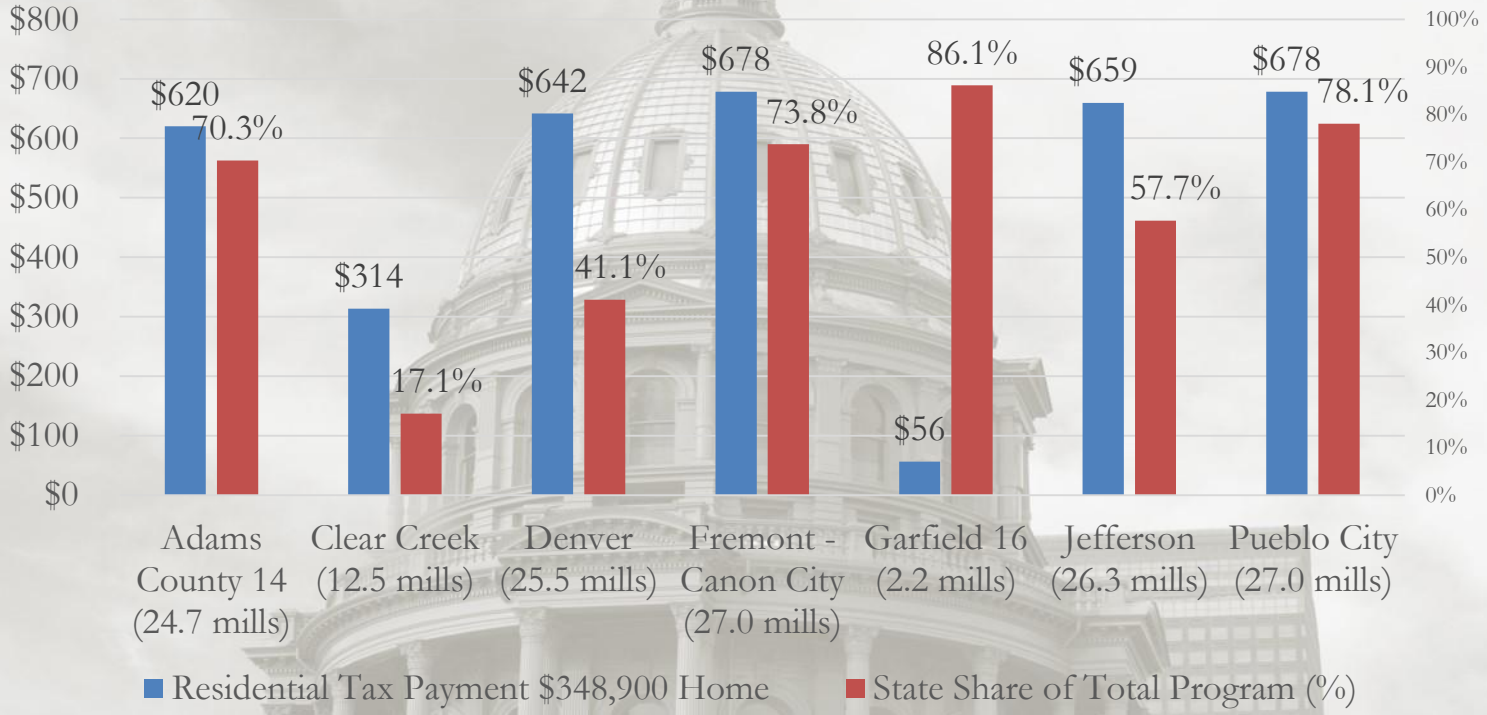
Change in Local Share and Total Program
($ in Millions)
29.8 mills - Eliminate Budget Stabilization Factor

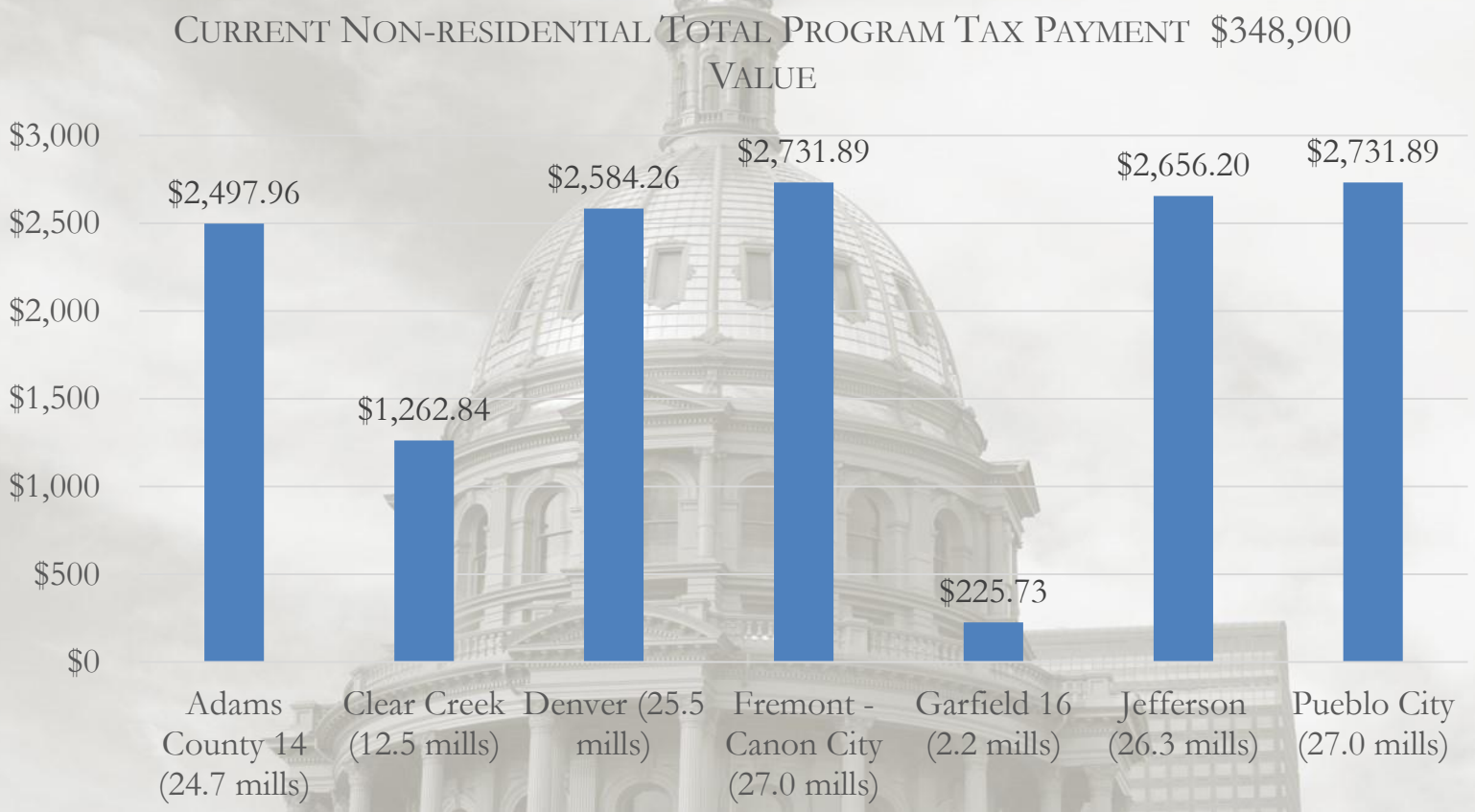


Change in Local Share and Total Program *Per Pupil*
29.8 Mills - Eliminate Budget Stabilization Factor

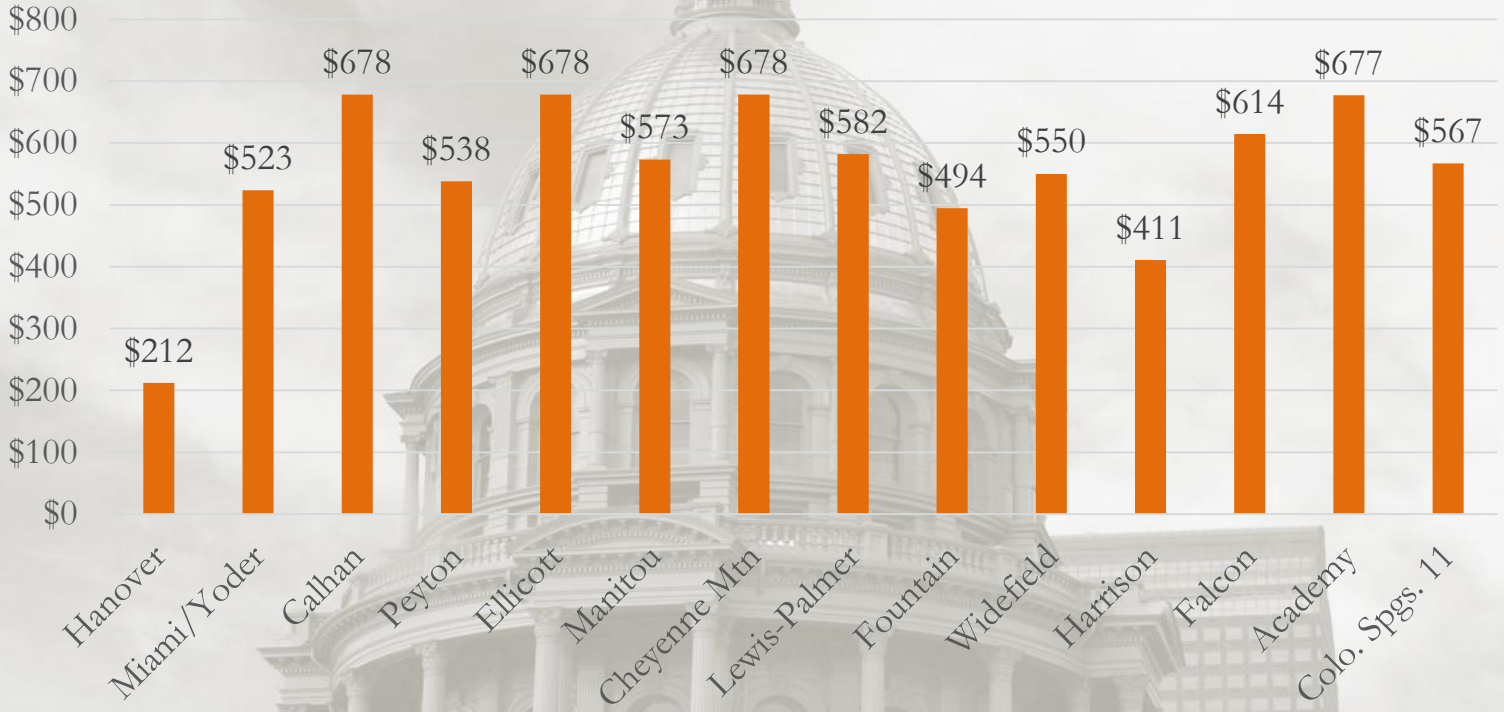


FY 2018-19 Residential Property Tax Payment on Statewide Median Value Home vs. *State* Share of Total Program

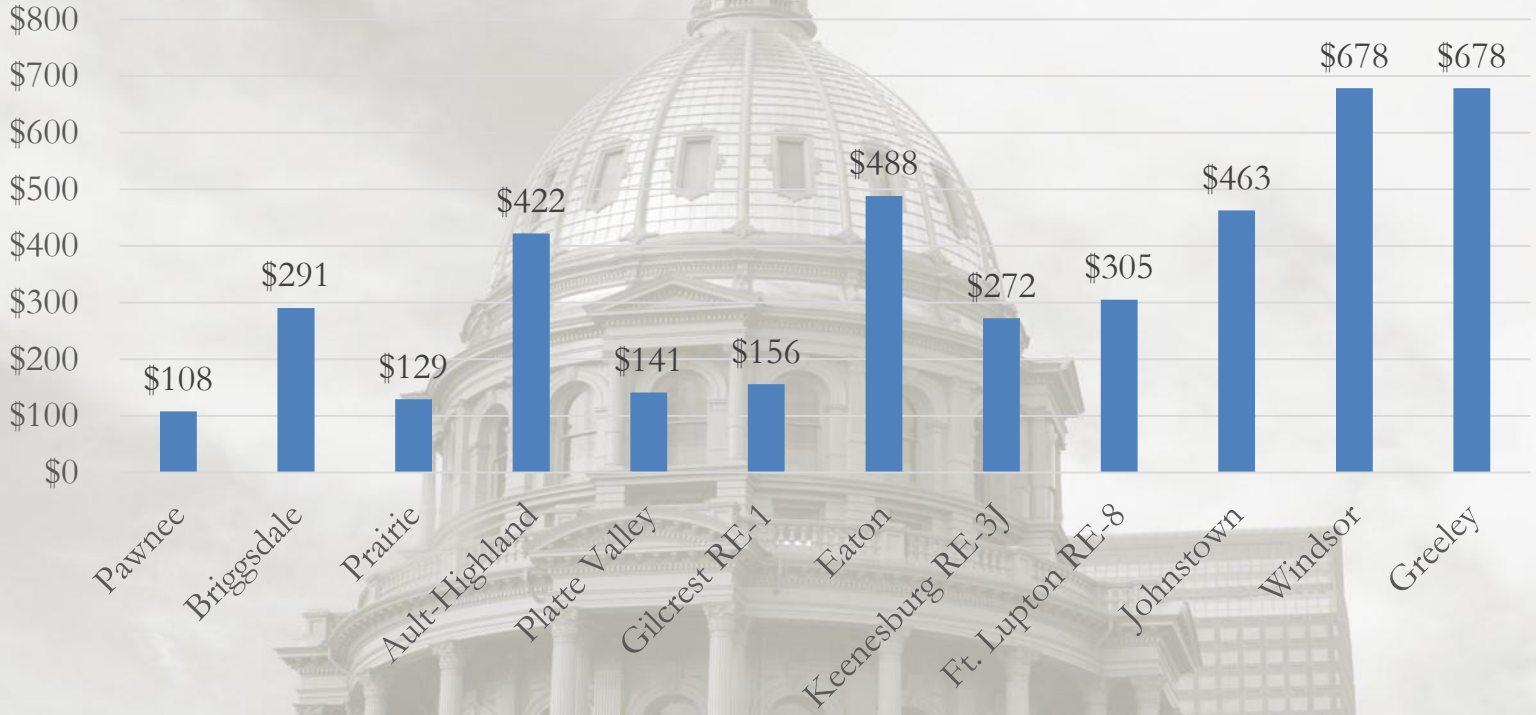



CURRENT NON-RESIDENTIAL TOTAL PROGRAM TAX PAYMENT $348,900 VALUE
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
$2,497.96
$1,262.84
$2,584.26
$2,731.89
$225.73
$2,656.20
$2,731.89
Adams County 14 (24.7 mills)
Clear Creek (12.5 mills)
Denver (25.5 mills)
Fremont - Canon City (27.0 mills)
Garfield 16 (2.2 mills)
Jefferson (26.3 mills)
Pueblo City (27.0 mills)

El Paso County: Median Home Value ($348,900) Property Tax Payment



Weld County: Median Home Value ($348,900) Property Tax Payment



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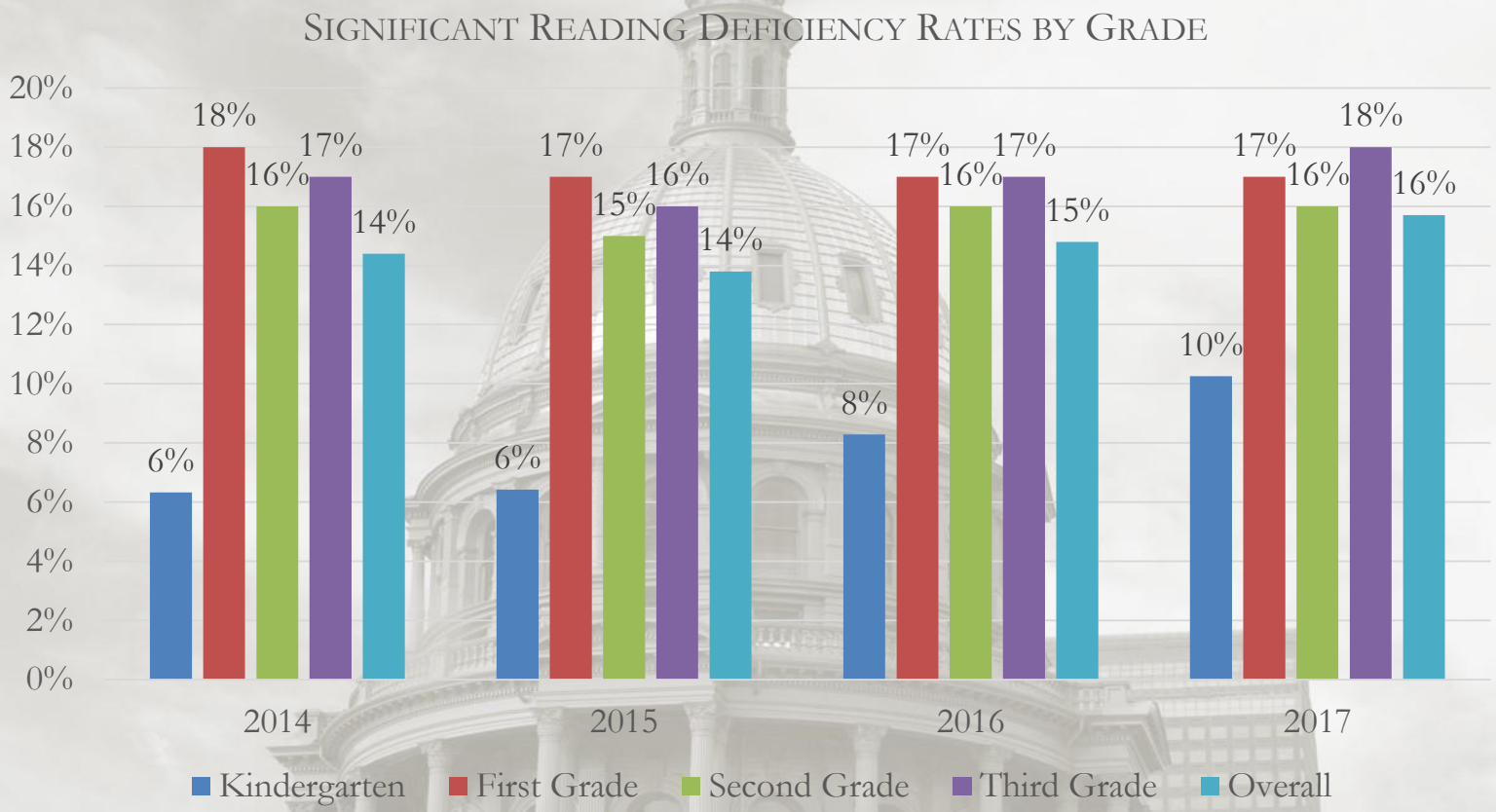
Significant Reading Deficiency Rates by Grade
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
6%
18%
16%
17%
14%
6%
17%
15%
16%
14%
8%
17%
16%
17%
15%
10%
17%
16%
18%
16%
2014
2015
2016
2017
Kindergarten
First Grade
Second Grade
Third Grade
Overall

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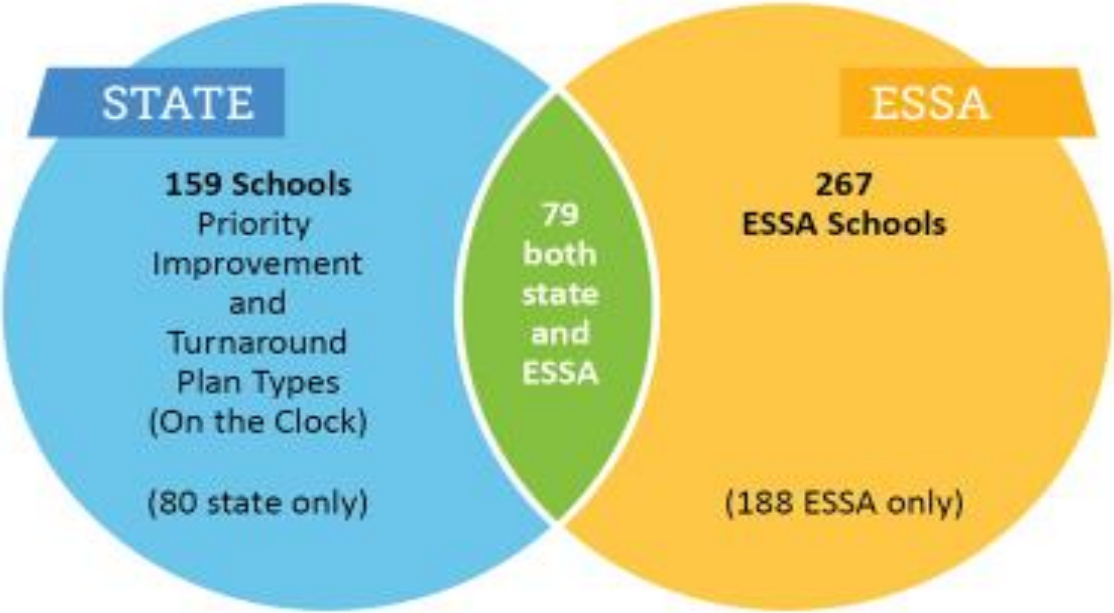
FY 2018-19 Preliminary School Identifications



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