



JOINT BUDGET COMMITTEE STAFF FY 2021-22 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Education
Programs Other than School Finance

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2020-21 appropriation represents approximately 18.1 percent of statewide operating appropriations and 36.2 percent of statewide General Fund appropriations.

FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	\$6,328,385,349	\$4,652,659,058	\$1,015,987,081	\$40,151,896	\$619,587,314	612.0
HB 20-1418 (School Finance)	(532,382,433)	(722,777,639)	32,401,424	0	157,993,782	(3.0)
Other legislation	(1,888,565)	(870,498)	(865,899)	(152,168)	0	0.0
TOTAL	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
R1 Total program increase	810,909,134	578,471,080	232,438,054	0	0	0.0
R2 Categorical programs increase	8,611,834	0	8,611,834	0	0	0.0
R3 State match for Colorado imagination library	410,221	0	410,221	0	0	0.0
R4 Repurpose early intervention funding	0	0	0	0	0	0.0
R5 Maintain FY 2020-21 reductions	(925,255)	(925,255)	0	0	0	(0.4)
R6 Outdated appropriations and additional program suspensions	(1,276,222)	(212,222)	(1,064,000)	0	0	(0.2)
R7 Reduce capital construction assistance	(4,591,038)	0	(4,591,038)	0	0	0.0
R8 Personal services and operating reductions	(1,716,123)	(617,981)	(797,894)	(300,248)	0	(9.8)
R9 Return unused fund balances	(250,000)	0	(250,000)	0	0	0.0
Annualize prior year budget actions	913,216	913,216	0	0	0	0.0
Centrally appropriated items	658,659	(157,225)	(9,652)	686,575	138,961	0.0
Indirect cost assessment	267,274	0	32,502	0	234,772	0.0

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year legislation	(36,052,592)	2,183,569	(1,398,705)	154,738	(36,992,194)	0.4
Non-prioritized items	(143,966)	(67,336)	(23,284)	(53,346)	0	0.0
TOTAL	\$6,570,929,493	\$4,508,598,767	\$1,280,880,644	\$40,487,447	\$740,962,635	599.0
INCREASE/(DECREASE)	\$776,815,142	\$579,587,846	\$233,358,038	\$487,719	(\$36,618,461)	(10.0)
Percentage Change	13.4%	14.8%	22.3%	1.2%	(4.7%)	(1.6%)

R1 TOTAL PROGRAM INCREASE: The request includes a net increase of \$810.9 million total funds (including \$578.5 million General Fund and \$232.4 million cash funds) for the state share of districts' total program funding. Based on the Office of State Planning and Budgeting (OSPB) September 2020 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by \$902 (11.2 percent); and (2) decrease the dollar value of the budget stabilization factor by \$601.1 million (from \$1.17 billion in FY 2020-21 to \$572.4 million in FY 2021-22), returning the dollar value of the budget stabilization factor to the same level as in FY 2019-20. The request does not specify a budget stabilization factor for FY 2022-23 or subsequent years. The Committee should note that this request requires separate legislation. [Staff will address this request in greater detail at the JBC Staff Briefing on School Finance scheduled for December 4, 2020.]

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 2020 (2.5 percent), seeks an increase of \$8.6 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.

R2 Requested Increases in <i>State</i> Funding for Categorical Programs				
Long Bill Line Item	FY 2020-21 Appropriation	FY 2020-21 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$206,223,158	\$211,086,792	\$4,863,634	2.4%
English Language Proficiency Program	24,105,549	25,569,664	1,464,115	6.1%
Public School Transportation	61,582,729	63,093,912	1,511,183	2.5%
Career and Technical Education Programs	27,778,242	28,370,549	592,307	2.1%
Special Education - Gifted and Talented Children	12,844,494	13,021,531	177,037	1.4%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,314,250	1,317,226	2,976	0.2%
Comprehensive Health Education	1,131,396	1,131,978	582	0.1%
Total	\$344,473,378	\$353,085,212	\$8,611,834	2.5%

R3 STATE MATCH FOR COLORADO IMAGINATION LIBRARY PROGRAM: The request includes an increase of \$410,221 cash funds from the Marijuana Tax Cash Fund for FY 2021-22 (increasing to \$907,140 in FY 2022-23) to provide a state match for the Colorado Imagination Library Program created in S.B. 20-185 (the Colorado Imagination Library Program). Subject to available appropriations, S.B. 20-185 requires the State Librarian to contract with a Colorado non-profit organization and operation of the Colorado Imagination Library Program, which would mail one book per month to participating children statewide from birth to age 5. However, the bill did not provide any appropriation to support the program in FY 2020-21. Rather, the bill authorized the Department to seek and accept gifts, grants, and donations to support the program. According to the Department, no external funding has materialized. The request is seeking \$410,221 as a state match to stand up the program in FY 2021-22, with increasing costs in subsequent years as more local affiliates (and children) participate. The Governor's Office estimates that the request would enable 32,305 additional children to participate in FY 2021-22 (above the approximately 11,500 that are currently participating through local affiliates), with increasing numbers in subsequent years. Please note that JBC

Staff questions whether this program qualifies as an authorized use of the Marijuana Tax Cash fund under current law and suggests that the request may require separate legislation.

R4 REPURPOSE EARLY INTERVENTION FUNDING: The request proposes a “technical legislative change” to correspond with a request to transfer authority for special education early intervention evaluations from the Department of Education to the Department of Human Services. As framed, the request would: (1) transfer early intervention evaluation authority to the Department of Human Services; and (2) make \$2.7 million currently dedicated to such evaluations within the Special Education Programs for Children with Disabilities line item available for services provided to students from age 3 to 21 (rather than supporting the evaluations for children between birth and age 2). Staff is aware of concerns among school districts and special education directors about this request. Please note that this request is contingent upon the approval of a corresponding request in the Department of Human Services (R6 – Early Intervention Program Changes). The Committee is scheduled to hear the Department of Human Services request in a briefing by Tom Dermody on December 4, 2020.

R5 MAINTAIN FY 2020-21 REDUCTIONS: Request R5 proposes to continue FY 2020-21 budget balancing actions totaling \$925,255 General Fund and 0.4 FTE. The 2020 School Finance Bill (H.B. 20-1418) suspends both of these programs *for FY 2020-21 only*. As a result, both components of R5 would require statutory change. The proposed General Fund reductions include:

- \$675,255 and 0.4 FTE to further delay implementation of the Local School Food Purchasing Program created in H.B. 19-1132 (School Incentives to Use Colorado Food and Producers). House Bill 19-1132 created two grant programs to promote the use of Colorado food products in school meal programs. As a budget balancing action for FY 2020-21, H.B. 20-1418 delays implementation of the program for one year (until FY 2021-22). Request R5 proposes to extend the suspension of the program.
- \$250,000 for Computer Science Education Grants originally required by H.B. 19-1277 (Computer Science Grant Program). As created in H.B. 19-1277, the program would provide grants to public schools to increase participation of traditionally underrepresented students in computer science education. The bill requires an annual appropriation of \$250,000 General Fund to support the program. House Bill 20-1418 eliminates the requirement to appropriate those funds in FY 2020-21 but would require the appropriation again in FY 2021-22. Again, the request would extend the suspension of the program.

R6 OUTDATED APPROPRIATIONS AND ADDITIONAL PROGRAM SUSPENSIONS: Request R6 includes reductions totaling \$1.3 million total funds (including \$212,222 General Fund and \$1.1 million cash funds) and 0.2 FTE associated with three line items. The Committee should note that all three reductions require statutory change. The proposed reductions include:

- \$212,222 General Fund and 0.2 FTE to eliminate the FY 2021-22 appropriation for the *Workforce Diploma Pilot Program* created in H.B. 19-1236 (Workforce Diploma Pilot Program). The program makes performance payments to qualified providers of dropout recovery services for eligible adult students (residents of Colorado that are at least 21 years old and do not have a high school diploma) who achieve specific education milestones. As discussed in the first issue brief in this document, the General Assembly’s FY 2020-21 balancing actions reduced the appropriation for this program by \$800,000 General Fund (from \$1.0 million in FY 2019-20 to \$212,222 in FY 2020-21). Request R6 would eliminate funding for the program in FY 2021-22 and includes a statutory change to suspend the program for one year.
- \$1,014,000 cash funds from the State Education Fund associated with a proposal to suspend the administration of fourth- and seventh grade *social studies assessments* for FY 2020-21. Under current statute, the Department administers social studies assessments on a sampling basis (one third of fourth- and seventh-grade students take the assessments in a given year). Given current circumstances (budgetary challenges as well as the pandemic), the Department is proposing to suspend administration for one year, which requires statutory change.

- \$50,000 cash funds from the State Education Fund to eliminate funding for the *Basic Skills Placement or Assessment Tests* line item originally authorized in H.B. 12-1345 (School Finance). This line item reimburses schools for the administration of basic skills placement or assessment tests to high school students. However, since the creation of the line item in 2012, the Department has provided a total of \$13,000 in reimbursements (with no payments in most years). The request includes a statutory change to eliminate the requirement that the Department provide reimbursements for the assessments.

R7 REDUCE CAPITAL CONSTRUCTION ASSISTANCE: Request R7 includes reductions to two capital construction-related programs totaling \$4.6 million cash funds from the Public School Capital Construction Assistance Fund (PSCCAF). The Committee should note that the request requires statutory change. The proposed reductions include:

- \$3.0 million from *cash grants under the Building Excellent Schools Today (B.E.S.T.) program* (from \$60.0 million appropriated in FY 2020-21 to \$57.0 million in FY 2021-22, a 5.0 percent reduction). As discussed in the first issue brief in this document, the General Assembly’s FY 2020-21 appropriation reduced B.E.S.T. cash grants by \$100.0 million in FY 2020-21 (from \$160.0 million required under previous law to \$60.0 million in H.B. 20-1418) and transferred \$100.0 million from the PSCCAF to the State Public School Fund to support school finance. The request would further reduce cash grants in FY 2021-22. The reduction does not require statutory change. However, the transfer to the State Public School Fund would require legislation.
- \$1,591,038 from the State Aid to Charter School Facilities line item (also a 5.0 percent reduction below the FY 2020-21 appropriation). This line item provides distributions to charter schools on a formula (per pupil) basis. The reduction in appropriations and the transfer to the State Public School Fund would both require statutory change.

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS: Request R8 includes reductions to 22 line items totaling \$1.7 million total funds (\$617,981 General Fund, \$797,894 cash funds, and \$300,248 reappropriated funds) and 9.8 FTE. In contrast to the other decision items proposing balancing adjustments (R4, R5, R6, R7, and R9), the reductions in request R8 focus on the Department’s internal/administrative funding and FTE rather than distributions outside of the Department. The following table summarizes the proposed reductions by line item. This reduction is discussed in greater depth in the second issue brief in this document.

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Financial transparency system maintenance ^a	(\$387,000)	\$0	(\$387,000)	\$0	0.0
Special education programs for gifted and talented	(226,000)	0	(226,000)	0	(1.0)
School finance administration	(224,905)	0	0	(224,905)	(2.5)
General department and program administration	(176,193)	(100,850)	0	(75,343)	(2.0)
Educator effectiveness unit admin	(130,500)	(118,000)	(12,500)	0	(1.0)
Library programs administration	(100,000)	(100,000)	0	0	(1.0)
Health, life, and dental	(78,847)	(78,847)	0	0	0.0
Accountability and improvement planning	(64,568)	(64,568)	0	0	(1.0)
Statewide assessment program	(50,000)	0	(50,000)	0	(1.0)
Leased space	(37,000)	0	(37,000)	0	0.0
Reprinting and distributing laws concerning education ^a	(35,480)	0	(35,480)	0	0.0
State Board of Education	(35,417)	(35,417)	0	0	0.0
Amortization equalization disbursement (AED)	(33,076)	(33,076)	0	0	0.0
Supplemental amortization equalization disbursement (SAED)	(33,076)	(33,076)	0	0	0.0
Breakfast after the bell	(24,897)	(24,897)	0	0	(0.3)

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
B.E.S.T. financial assistance priority assessment	(15,000)	0	(15,000)	0	0.0
Content specialists	(15,000)	0	(15,000)	0	0.0
ELL technical assistance	(15,000)	(15,000)	0	0	0.0
Information technology services	(10,000)	(10,000)	0	0	0.0
Reimbursement for juveniles held in jail	(10,000)	0	(10,000)	0	0.0
Preschool to postsecondary education alignment	(9,914)	0	(9,914)	0	0.0
Longitudinal analyses of student assessment results	(4,250)	(4,250)	0	0	0.0
TOTAL	(\$1,716,123)	(\$617,981)	(\$797,894)	(\$300,248)	(9.8)

^a These requests may require separate legislation and statutory change.

R9 RETURN UNUSED FUND BALANCES: Request R9 includes three components to assist with budget balancing in FY 2021-22:

- A reduction of \$250,000 cash funds from the State Education Fund to better align the appropriation for At-risk Supplemental Aid with anticipated expenditures in FY 2021-22. This program provides supplemental assistance to charter schools serving increased numbers of at-risk students, and the Department reports that reversions have averaged \$547,410 per year for the past three years. The request would reduce the appropriation by \$250,000 to make those funds available for other uses (such as school finance) in FY 2021-22. This component of the request does not require statutory change and could be accomplished through the Long Bill.
- A statutory transfer of \$2.0 million from the Early Literacy Fund ELF to the State Education Fund to make those funds available for other uses (such as school finance in FY 2021-22). As discussed in the first issue brief in this document, the FY 2020-21 balancing actions included a transfer of \$3.5 million in excess fund balance from the ELF to the State Education Fund. According to the Department, the ongoing pandemic has limited the Department's use of additional funds for in-person activities such as training and the Department anticipates an available balance of at least \$2.0 million at the end of FY 2020-21, making those funds available for transfer to the State Education Fund. This transfer would require separate legislation.
- A proposal to revert \$750,000 in undistributed funds associated with the Comprehensive Quality Physical Education Instruction Pilot Program created in S.B. 19-246 (School Finance) to the Marijuana Tax Cash Fund (MTCF). Senate Bill 19-246 appropriated \$1.1 million from the MTCF to support the program in FY 2019-20 and made those funds available to the Department through FY 2023-24.¹ According to the Department, \$750,000 of that original amount remains undistributed at this time. Based in part on concerns about the Department's ability to ensure fidelity of implementation of the program given the pandemic², the request proposes to return the unspent funds to the MTCF. Given that S.B. 19-246 makes the funds available through FY 2023-24, reverting the funds to the MTCF would require statutory change.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$913,216 General Fund to restore the FY 2020-21 Health, Life, and Dental reduction taken in lieu of a 5.0 percent personal services base reduction.

CENTRALLY APPROPRIATED ITEMS: The request includes a net increase of \$658,659 total funds related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

¹ See section 22-99-105, C.R.S.

² According to the Department, of the three recipient schools, one is operating in-person, one is full-time remote, and one is operating under a hybrid model.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental	\$487,499	\$113,649	\$59,265	\$181,449	\$133,136	0.0
Payment to risk management / property funds	295,955	295,955	0	0	0	0.0
Capitol Complex leased space	163,283	48,985	19,562	31,758	62,978	0.0
PERA direct distribution	37,405	(467,715)	(2,622)	507,742	0	0.0
Vehicle lease payments	10,844	10,844	0	0	0	0.0
Administrative law judges	8,445	0	6,987	1,458	0	0.0
Legal services	2,667	1,542	1,057	68	0	0.0
Leased space	0	0	0	0	0	0.0
AED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
SAED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
Payments to OIT	(64,566)	(27,802)	(9,614)	(27,150)	0	0.0
Workers' compensation	(58,845)	(26,284)	(7,679)	(3,977)	(20,905)	0.0
CORE operations	(55,030)	(21,314)	(21,318)	(12,398)	0	0.0
Shift differential	(30,214)	(30,214)	0	0	0	0.0
Short-term disability	(6,756)	(2,301)	(1,620)	(457)	(2,378)	0.0
TOTAL	\$658,659	(\$157,225)	(\$9,652)	\$686,575	\$138,961	0.0

INDIRECT COST ASSESSMENT: The request includes an increase in the Department's indirect cost assessments.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$36.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, as summarized in the following table. The reduction is largely driven by the elimination of \$37.0 million in one-time federal funding associated with COVID-19 and reflected in H.B. 20-1418 (School Finance).

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 (Suspend PERA DD)	\$1,220,885	\$870,498	\$198,219	\$152,168	\$0	0.0
HB 20-1032 (Timing K12 Education Standards Review)	131,515	131,515	0	0	0	0.0
SB 18-200 PERA unfunded liability	19,753	6,301	3,076	2,570	7,806	0.0
HB 20-1418 (School Finance)	(37,424,745)	1,175,255	(1,600,000)	0	(37,000,000)	0.4
TOTAL	(\$36,052,592)	\$2,183,569	(\$1,398,705)	\$154,738	(\$36,992,194)	0.4

NON-PRIORITIZED ITEMS: The request includes decreases totaling \$143,966 total funds (including \$67,336 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2021-22.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DPA Center for Organizational Effectiveness	\$12,410	\$0	\$0	\$12,410	\$0	0.0
OIT Budget request package	(156,376)	(67,336)	(23,284)	(65,756)	0	0.0
TOTAL	(\$143,966)	(\$67,336)	(\$23,284)	(\$53,346)	\$0	0.0

BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Education.

S1 STATEWIDE BROADBAND INITIATIVES: The stimulus supplemental requests include a statewide increase of \$160.0 million General Fund to improve broadband infrastructure. That total includes \$20.0 million for the Department of Education that is specifically intended to improve broadband access for public school students and teachers. Framed as a second round of the Connecting Colorado Students Grant (CCSG) program (round one was supported by \$2.0 million in federal funds CARES Act funds), the request indicates that the Colorado Broadband Office will work with the Department of Education to distribute the funds. While the first round of the CCSG specifically targeted schools and districts with high populations of low-income students, the request indicates that the second round seeks to improve access for all students with a focus on "innovative solutions for connecting students' homes with reliable, future-proof, sustainable infrastructure" and to "increase the single project dollar value for maximum impact." The request also seeks to address school district connectivity and broadband infrastructure needs. Please note that this request has now been identified as a potential topic in a 2020 special session.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

2020 SESSION BUDGET BALANCING ACTIONS: In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took a actions that reduced appropriations to the Department of Education by \$8.9 million total funds (\$0.9 million General Fund and \$8.0 million cash funds) in FY 2019-20. Fiscal year 2020-21 appropriations to the Department were further reduced by \$568.4 million total funds (\$463.5 million General Fund). The balancing actions in FY 2020-21 included \$112.5 million in reductions to cash funds appropriations to a variety of programs in order to make those revenues available for school finance (and offset a portion of the reduction in General Fund appropriations).

REQUEST R8 – PERSONAL SERVICES AND OPERATING REDUCTIONS: Most of the budget balancing actions for the Department of Education (including those approved by the General Assembly for FY 2020-21 and those proposed by the Department for FY 2021-22) impact discrete programs that distribute funds to schools and school districts. In contrast, request R8 proposes reductions totaling \$1.7 million and 9.8 FTE, spread over 22 line items affecting the Department's internal administration and operations.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.