



Colorado General Assembly  
Joint Budget Committee

# Joint Budget Committee Staff

## FY 2015-16 Budget Briefing Summary

### Department of Education

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 2014-15 appropriation represents 21.4 percent of statewide operating appropriations and 37.7 percent of statewide General Fund appropriations.

## FY 2014-15 Appropriation and FY 2015-16 Request

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$4,983,060,379	\$3,355,683,787	\$960,419,839	\$30,693,725	\$636,263,028	574.8
HB 14-1292 (Student Success)	179,052,176	0	179,052,176	0	0	0.0
HB 14-1298 (School Finance)	72,000,495	0	44,500,495	27,500,000	0	1.2
Other Legislation	<u>17,086,756</u>	<u>2,212,017</u>	<u>11,914,739</u>	<u>2,960,000</u>	<u>0</u>	<u>6.0</u>
<b>TOTAL</b>	<b>\$5,251,199,806</b>	<b>\$3,357,895,804</b>	<b>\$1,195,887,249</b>	<b>\$61,153,725</b>	<b>\$636,263,028</b>	<b>582.0</b>
<b>FY 2015-16 Requested Appropriation</b>						
FY 2014-15 Appropriation	\$5,251,199,806	3,357,895,804	\$1,195,887,249	\$61,153,725	\$636,263,028	582.0
R1 Increase total program	381,088,678	239,895,415	141,193,263	0	0	0.0
R2 Categorical programs increase	7,792,138	0	7,792,138	0	0	0.0
R3 Field implementation support	1,266,535	1,266,535	0	0	0	7.3
R4 State Review Panel online portal	77,375	77,375	0	0	0	0.0
R5 CSDB strategic plan implementation	1,087,179	1,087,179	0	0	0	11.5
R6 CSDB teacher salary adjustment	102,391	102,391	0	0	0	0.0
R7 BEST statewide priority assessment	3,472,914	0	3,472,914	0	0	6.0
Annualize prior year legislation	6,183,680	(299,323)	6,483,003	0	0	0.0

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Centrally appropriated line item adjustments	1,607,380	469,669	210,961	219,361	707,389	0.0
Annualize prior year budget actions	(991,095)	(1,255,755)	10,708	280,529	(26,577)	1.0
Marijuana tax revenue adjustment	<u>(219,556)</u>	<u>0</u>	<u>(219,556)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,652,667,425</b>	<b>\$3,599,239,290</b>	<b>\$1,354,830,680</b>	<b>\$61,653,615</b>	<b>\$636,943,840</b>	<b>607.8</b>
<b>Increase/(Decrease)</b>	\$401,467,619	\$241,343,486	\$158,943,431	\$499,890	\$680,812	25.8
Percentage Change	7.6%	7.2%	13.3%	0.8%	0.1%	4.4%

## Summary of Issues Presented to the Joint Budget Committee

**School Finance Act Funding Projections:** The General Assembly faces three basic decisions with respect to school finance appropriations in FY 2015-16 and beyond. First, how much should Colorado spend on school finance in FY 2015-16 and beyond? Second, how should the General Assembly manage the balance of the State Education Fund going forward? Third, should the General Assembly target sustainable appropriations and sustainable growth or maximize appropriations in the short term at the risk of not being able to sustain that growth going forward? The Governor is proposing a total increase of \$380.6 million in state spending on total program in FY 2015-16 (including increases of \$239.9 million General Fund and \$144.7 million cash funds from the State Education Fund and a decrease of \$4.1 million cash funds from the State Public School Fund). The Governor's proposal includes a one-time \$200.0 million reduction in the negative factor in FY 2015-16.

**Status of *Dwyer v. State of Colorado* Litigation:** In June 2014, a group of parents of public school students, the Colorado Rural Schools Caucus, the East Central Board of Cooperative Educational Services (BOCES), the Colorado PTA, and six individual school districts filed a complaint in Denver District Court asserting that the negative factor violates Amendment 23 and is therefore unconstitutional. The suit asks the Court to enjoin the State from continuing to implement the negative factor as part of the School Finance Act. The Court denied the State's motion to dismiss the case but has not set a trial date. The future timing of the case is uncertain.

**State Education Fund Status and Total Program Funding:** In FY 2014-15, the General Assembly is spending approximately \$970 million from the State Education Fund (SEF), including appropriations from the SEF and transfers from the SEF to other funds. That level of spending is possible because of the availability of one-time revenues from prior year transfers to the SEF. The FY 2014-15 expenditures include \$670.5 million for school finance, \$136.5 million for categorical programs, and \$162.8 million for other programs. Continuing to spend those amounts outside of school finance will constrain the ability to use the SEF to support school finance when the existing one-time revenues are depleted.

**Eliminating Minimum State Aid:** With the enactment of H.B. 10-1318, the General Assembly suspended minimum state aid for FY 2010-11 through FY 2014-15. Current law will reinstate the statutory minimum state aid provision of the school finance formula in FY 2015-16. Reinstating minimum state aid would increase the dollar value of the negative factor at any given level of total program funding as long as the negative factor is in

place. The General Assembly should consider eliminating the minimum state aid provision or delaying reinstatement of the provision.

**R3 Field Implementation and Support of Educator Effectiveness and the Colorado Academic Standards:**

The Department is requesting an increase of \$1.3 million General Fund in FY 2015-16 (annualizing to \$1.8 million General Fund in FY 2016-17) to continue the Department's support of field implementation of S.B. 10-191 (Educator Effectiveness) and the Colorado Academic Standards adopted pursuant to S.B. 08-212 (CAP4K). The request would continue to fund the following staff and activities that are currently supported with one-time state, federal, and private funding: (1) 7.3 FTE in FY 2015-16 (annualizing to 10.5 FTE in subsequent years) focused on the implementation of educator effectiveness and the statewide standards; (2) ongoing field training and technical assistance provided to local school districts for both initiatives; and (3) ongoing updates and maintenance of educator evaluation systems, including two information technology systems created to support educator effectiveness implementation.

**R5 CSDB Strategic Plan:**

The Department is requesting an increase of \$1.1 million General Fund and 11.5 FTE in FY 2015-16 (annualizing to \$1.2 million and 12.6 FTE in subsequent years) for the Colorado School for the Deaf and the Blind (CSDB) to enhance school services in accordance with the school's strategic plan. The request includes three major components: (1) \$304,489 and 5.9 FTE (annualizing to \$439,438 and 6.0 FTE) to extend the CSDB school year by 10 days (this component does not include new staff but reflects increased work time for the existing staff); (2) \$501,846 and 5.6 FTE (annualizing to \$521,269 and 6.2 FTE) to add *additional* CSDB staff; and \$275,844 (annualizing to \$245,124) to support increased operating expenses, including technology updates and general operating expenses increases.

**Standardized Assessment Update and Options:**

The Department has not submitted a change request associated with standardized assessments in FY 2015-16. The Department's request assumes a continuation of the current assessment system. However, in light of ongoing public and legislative discussions of the State's standardized assessment system (including the Standards and Assessment Task Force established pursuant to H.B. 14-1202), staff has included a discussion of the assessment system under current law and the anticipated budgetary changes associated with a variety of illustrative options to change the system of assessments that the General Assembly may consider during the 2015 Session to change the system of assessments.

**Eliminating Double Line Item Appropriations:**

The Department's FY 2014-15 appropriation includes six programs with dual appropriations (which first appropriate funds into a cash fund in one line item and then appropriate the same funds out of the cash fund as reappropriated funds in a separate line item), four of which were created during the 2014 Session. The use of such dual appropriations is inflating the Department's FY 2014-15 appropriation by \$33.6 million and creating other budgetary complications. The General Assembly should consider eliminating the structure in most cases.

**Consolidating Leased Space Appropriations:**

The Department is currently leasing private space to support a wide variety of programs, and the use of leased space has grown as the General Assembly and the Department have added programs and staff. However, unlike nearly every other state agency, the Department's Long Bill does not include a "Leased Space" line item. Rather, lease costs are included in the line item supporting each program, reducing transparency regarding the Department's leased space expenditures. Staff recommends that the Committee add a "Leased Space" line item to the FY 2015-16 Long Bill to consolidate the Department's private leased space funding in one line item.

## For More Information

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**To read the entire briefing:** [http://www.tornado.state.co.us/gov\\_dir/leg\\_dir/jbc/2014-15/EDUbrf.pdf](http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2014-15/EDUbrf.pdf)