

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2009-10 STAFF FIGURE SETTING

DEPARTMENT OF EDUCATION

**(Management & Administration / Assistance to Public Schools - Grant Programs,
Distributions, & Other Assistance - *except Capital Construction Programs & Facility
Schools / Library Programs / School for the Deaf & Blind*)**

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

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**DEPARTMENT OF EDUCATION
 FY 2009-10**

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	Actual	Appropriation *	Request †	Recommendation	Requests #

DEPARTMENT OF EDUCATION

Commissioner: Dwight D. Jones

(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, the Facility accountability programs, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund and the primary source of reappropriated funds consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds are from a variety of sources.

NOTE: The line items in this section are reflected in the order of the FY 2008-09 Long Bill (H.B. 08-

(A) Administration and Centrally-Appropriated Line Items

State Board of Education		227,909	225,494		294,991	
FTE		<u>2.0</u>	<u>2.0</u>		<u>2.0</u>	
General Fund		220,283	225,494		294,991	
FTE		2.0	2.0		2.0	
Cash Funds (State Education Fund)		7,626	0		0	
General Department and Program Administration	6,765,685	3,619,883	3,730,893		3,808,761	
FTE	<u>74.2</u>	<u>40.9</u>	<u>41.8</u>		<u>42.0</u>	
General Fund	5,206,496	2,253,857	2,458,317	A	2,203,889	DI #3,DI #NP-5
FTE	57.1	26.9	27.8		26.0	DI #3
Cash Funds	94,582	98,109	101,625		101,625	
FTE	1.0	1.5	1.1		1.5	
Cash Funds Exempt/ Reappropriated Funds	1,464,607	1,267,917	1,170,951		1,503,247	DI #NP-5
FTE	16.1	12.5	12.9		14.5	

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Cash Funds Exempt (State Public School Fund)	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Office of Professional Services - CF	1,502,563	1,727,582 S	1,835,228 A	1,871,931	DI #NP-5, BA-1
FTE	17.7	20.8 S	22.2	23.0	
Teaching and Learning Conditions Survey - CF (SEF)	n/a	85,000	0	0	
Division of On-line Learning c/	228,904	376,817	376,817	376,817	DI #NP-8
FTE	<u>1.9</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	
General Fund	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	376,817	376,817	376,817	
FTE	0.0	3.5	3.5	3.5	
Cash Funds Exempt	228,904	0	0	0	
FTE	1.9	0.0	0.0	0.0	
Health, Life, and Dental	<u>1,154,353</u>	<u>2,493,798</u>	<u>2,661,462</u>	<u>2,661,462</u>	
General Fund	1,041,804	1,353,923	1,444,951	1,444,951	
Cash Funds	64,203	78,978	84,288	84,288	
Cash Funds Exempt/ Reappropriated Funds	48,346	181,181	193,362	193,362	
Federal Funds	0	879,716	938,861	938,861	
Short-term Disability	<u>17,882</u>	<u>38,953</u>	<u>39,440</u>	<u>49,539</u>	
General Fund	15,428	18,917	19,152	22,141	
Cash Funds	1,344	1,259	1,274	3,424	
Cash Funds Exempt/ Reappropriated Funds	1,110	3,711	3,759	4,801	
Federal Funds	0	15,066	15,255	19,173	

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	Actual	Appropriation *	Request †	Recommendation	Requests #
S.B. 04-257 Amortization Equalization Disbursement	<u>162,567</u>	<u>481,492</u>	<u>606,762</u>	<u>634,448</u>	
General Fund	138,453	234,882	295,978	280,926	
Cash Funds	12,402	15,501	19,538	44,174	
Cash Funds Exempt/ Reappropriated Funds	11,712	45,677	57,582	61,950	
Federal Funds	0	185,432	233,664	247,398	
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement c/	<u>29,736</u>	<u>221,066</u>	<u>379,226</u>	<u>393,553</u>	
General Fund	24,724	105,468	180,890	172,603	
Cash Funds	2,584	7,266	12,477	27,609	
Cash Funds Exempt/ Reappropriated Funds	2,428	21,411	36,747	38,718	
Federal Funds	0	86,921	149,112	154,623	
Salary Survey and Senior Executive Service	<u>560,078</u>	<u>1,044,492</u>	<u>0</u>	<u>157,279</u>	
General Fund	487,114	521,835	0	157,279	
Cash Funds	39,407	35,413	0	0	
Cash Funds Exempt/ Reappropriated Funds	33,557	100,530	0	0	
Federal Funds	0	386,714	0	0	
Performance-based Pay Awards	<u>166,238</u>	<u>403,242</u>	<u>0</u>	<u>0</u>	
General Fund	134,965	165,482	0	0	
Cash Funds	16,467	14,928	0	0	
Cash Funds Exempt/ Reappropriated Funds	14,806	44,261	0	0	
Federal Funds	0	178,571	0	0	
Workers' Compensation	<u>47,443</u>	<u>252,848</u>	<u>253,232</u>	<u>Pending</u>	
General Fund	27,160	123,120	123,307		DI #NP-3
Cash Funds	7,871	10,013	10,028		DI #NP-3
Cash Funds Exempt/ Reappropriated Funds	12,412	19,588	19,618		DI #NP-3
Federal Funds	0	100,127	100,279		DI #NP-3

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Legal Services	<u>329,748</u>	<u>497,776</u>	<u>482,263</u>	<u>Pending</u>	
General Fund	168,562	179,489 S	79,489 A		BA #13
Cash Funds	130,689	218,287 S	302,774 A		BA #1
Cash Funds Exempt/ Reappropriated Funds	30,497	100,000 S	100,000 A		BA #13
Hours c/	4,865.7	6,628.2 S	6,421.6	7,528.2	
Administrative Law Judge Services	<u>44,357</u>	<u>46,498</u>	<u>49,391</u>	<u>Pending</u>	
Cash Funds	9,314	17,076	18,138		DI #NP-4
Cash Funds Exempt/ Reappropriated Funds	35,043	29,422	31,253		DI #NP-4
Payment to Risk Management and Property Funds	<u>79,193</u>	<u>131,213</u>	<u>131,213</u>	<u>Pending</u>	
General Fund	70,412	114,999	114,999		
Cash Funds	3,613	5,987	5,987		
Cash Funds Exempt/ Reappropriated Funds	5,168	10,227	10,227		
Federal Funds	0	0	0		
Leased Space	<u>0</u>	<u>11,500</u>	<u>0</u>	<u>11,500</u>	
General Fund	0	0	0	0	
Cash Funds (State Education Fund)	0	0 S	0	0	
Cash Funds Exempt/ Reappropriated Funds	0	11,500 S	0	11,500	
Federal Funds	0	0	0	0	
Capitol Complex Leased Space	<u>230,947</u>	<u>557,256</u>	<u>589,383</u>	<u>Pending</u>	
General Fund	161,857	168,066	177,756		DI #NP-2
Cash Funds	43,720	60,986	64,501		DI #NP-2
Cash Funds Exempt/ Reappropriated Funds	25,370	38,870	41,112		DI #NP-2
Federal Funds	0	289,334	306,014		DI #NP-2
Reprinting and Distributing Laws Concerning Education - CF (State Public School Fund)	35,019	35,480	35,480	35,480	
Emeritus Retirement - GF	12,273	10,875 S	12,793	10,875	

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	Actual	Appropriation * †	Request	Recommendation	Requests #
(B) Information Technology					
Information Technology Services		1,423,203	1,489,697	1,477,012	
FTE		<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	
General Fund		810,617 S	862,551 A	849,866	BA #13
FTE		10.1 S	11.3	10.1	
Cash Funds Exempt/ Reappropriated Funds		612,586 S	627,146 A	627,146	BA #13
FTE		6.9 S	5.7	6.9	
School Accountability Reports and State Data Reporting System	1,366,441	1,318,735	1,304,138	1,304,138	
FTE	<u>2.8</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	
General Fund	1,274,795	1,318,735	1,304,138	1,304,138	DI #11
FTE	2.8	3.0	3.0	3.0	
Cash Funds Exempt (State Public School Fund)	91,646	0	0	0	
Purchase of Services from Computer Center - GF	648	47,628	47,628	47,628	
Multiuse Network Payments - GF	34,639	35,952	35,952	35,952	
Information Technology Asset Maintenance	<u>306,813</u>	<u>90,697</u>	<u>303,830</u>	<u>303,830</u>	
General Fund	140,697	90,697	303,830	303,830	DI #6
Cash Funds (State Public School Fund)	0	0	0	0	
Cash Funds Exempt (State Public School Fund)	166,116	0	0	0	
Disaster Recovery - GF	15,667	19,722	19,722	19,722	
Communication Services Payments - GF	See CSDB		0	0	

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	Actual	Appropriation *	Request †	Recommendation	Requests #
(C) Assessments and Data Analyses					
Colorado Student Assessment Program	20,765,557	20,312,396	20,332,451	20,332,451	BA #20
FTE	<u>7.6</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	14,909,506	15,719,422	0 A	15,727,544	
FTE	5.5	5.0	0.0 A	5.0	
Cash Funds (State Education Fund)		0	15,727,544 A	0.0	
FTE		0.0	5.0 A	0.0	
Federal Funds	5,856,051	4,592,974	4,604,907	4,604,907	
FTE	2.1	2.0	2.0	2.0	
Federal Grant for State Assessments and Related Activities - FF	164,148	2,140,496	2,161,644	2,161,644	
FTE	1.6	5.7	5.7	5.7	
Longitudinal Analyses of Student Assessment Results - GF	271,659	286,732	292,820	292,820	
FTE	2.0	3.0	3.0	3.0	
Preschool to Postsecondary Education Alignment - CF (SEF)	n/a	534,827	577,883	573,707	
FTE		5.0	5.0	5.0	
Postsecondary and Workforce Readiness Assessments Pilot Program - CF (SEF)	n/a	250,000	0	0	
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management - CFE/RF (via SCSI)	829,433	1,738,844	1,764,044	1,764,044	
FTE	4.6	13.0	15.0	16.5	DI #8

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	Actual	Appropriation *	Request †	Recommendation	Requests #
Direct Administrative and Support Services Provided by the Department to the State Charter School Institute - CFE/RF (from above line item)	0	99,686	0	0	DI #8
FTE	0.0	2.0	0.0	0.0	DI #8
Other Transfers to Institute Charter Schools - CFE/RF (via SCSF Fund)	936,015	2,013,615 S	3,151,137	2,013,615	DI #10
Transfer of Federal Support to Institute Charter Schools - CFE/RF	0	0	0	5,200,000	DI #8
FTE	0.0	0.0	0.0	6.0	DI #8
Department Implementation of Section 22-30.5-501 et seq., C.R.S. - CFE/RF (transfer from State Share line item)	351,480	734,458	743,436	743,436	
FTE	2.9	5.0	5.0	5.0	
Other					
Civic Education - CFE (SEF)	199,881			See Assistance to Public Schools Section	
Financial Literacy - CFE (SEF)	22,645				

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	Actual	Appropriation *	Request †	Recommendation	Requests #
SUBTOTAL - MANAGEMENT AND ADMINISTRATION					
ADMINISTRATION	36,409,486	43,834,239	43,633,459	46,576,635	
FTE	<u>115.3</u>	<u>130.9</u>	<u>130.2</u>	<u>138.7</u>	
General Fund	24,136,859	23,800,701	7,999,767	23,169,155	
FTE	67.4	50.0	47.1	49.1	
Cash Funds	1,963,778	4,104,703	19,173,582	3,119,055	
FTE	18.7	33.8	36.8	33.0	
<i>CF - State Education Fund (included above)</i>	0	1,401,021	16,305,427	573,707	
<i>CF - State Public School Fund (included above)</i>	35,019	35,480	35,480	35,480	
Cash Funds Exempt/ Reappropriated Funds	4,288,650	7,073,484	7,950,374	12,161,819	
FTE	25.5	39.4	38.6	48.9	
<i>CFE - State Education Fund (included above)</i>	n/a	n/a	n/a	n/a	
<i>CFE - State Public School Fund (incl. above)</i>	n/a	n/a	n/a	n/a	
Federal Funds	6,020,199	8,855,351	8,509,736	8,126,606	
FTE	3.7	7.7	7.7	7.7	

(C) Grant Programs, Distributions, and Other Assistance

NOTE: The line items in this subsection are reflected in the order of the FY 2008-09 Long Bill (H.B.)

(I) Health and Nutrition

Federal Nutrition Programs	led staff included in GDP&A	96,122,947	108,638,251	108,638,251
FTE	Appropriated Sponsored	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
General Fund	Programs line item	79,936	82,896	82,896
FTE		0.9	0.9	0.9
Federal Funds		96,043,011	108,555,355	108,555,355
FTE		7.1	7.1	7.1

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State Match for School Lunch Program - CF (State Public School Fund)	2,472,644	2,472,644	2,472,644	2,472,644	
Child Nutrition School Lunch Protection Program - CF (SEF)	n/a	850,000	850,000	850,000	
School Breakfast Program - GF	442,142	500,000	500,000	500,000	
Start Smart Nutrition Program Fund - GF	700,000	700,000	700,000	700,000	
Start Smart Nutrition Program - CFE/RF	536,272	670,000	670,000	670,000	
S.B. 97-101 Public School Health Services a/ - CFE/RF	136,490	207,747	210,984	211,311	
FTE	1.4	1.4	1.4	1.4	
(III) Reading and Literacy			0		
Federal Title I Reading First Grant - FF	10,574,499	10,918,897	10,962,813	10,962,813	
FTE	12.9	15.4	15.4	15.4	
Read-to-Achieve Grant Program	4,479,589	6,524,508	6,675,177	6,675,000	
FTE	<u>0.2</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds	0	6,524,508 S	6,675,177	6,675,000	
FTE	0.0	1.0	1.0	1.0	
Cash Funds Exempt/ Reappropriated Funds	4,479,589	0	0	0	
FTE	0.2	0.0	0.0	0.0	

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Family Literacy Education Fund	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	200,000	0 A	0	
Cash Funds (State Education Fund)	0	0	0	0	
Cash Funds Exempt / Reappropriated Funds (State Education Fund)	200,000	0	0	0	
Family Literacy Education Grant Program - CFE/RF	200,000	200,000	200,000	130,000	
Reading Assistance Grant Program Fund - CFE/RF	0	0	0	0	
(IV) Professional Development and Instructional Support					
Closing the Achievement Gap	n/a	<u>1,701,000</u>	<u>1,800,000</u>	<u>1,701,000</u>	BA #15
General Fund		0 S	0 A	0	
Cash Funds (State Education Fund)		1,701,000 S	1,800,000 A	1,800,000	
Content Specialists	n/a	433,480	448,250	448,250	BA #14
FTE		<u>4.6</u>	<u>5.0</u>	<u>5.0</u>	
General Fund		0 S	0 A	0.0	
FTE		0.0 S	0.0 A	0.0	
Cash Funds (State Education Fund)		433,480 S	448,250 A	433,480	
FTE		4.6 S	5.0 A	4.6	
School Leadership Academy Program	n/a	137,983	152,650	150,000	
FTE		<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	
Cash Funds (State Education Fund)		87,983	152,650	0	
FTE		1.5	1.5	0.0	
Cash Funds (gifts, grants, and donations)		50,000	0	150,000	
FTE		0.0	0.0	1.5	

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Stipends for Nationally Board Certified Teachers - CF (SEF)	n/a	0 S	1,312,997	0	
National Credential Fee Assistance	<u>70,000</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	
Cash Funds (State Education Fund)	0	125,000	0 A	0	
Cash Funds Exempt / Reappropriated Funds (State Education Fund)	70,000	0	0	0	
Science and Technology Education Fund - CF (SEF)	0	0 S	0 A	0	
Science and Technology Center Grant Program - CFE/RF	0	0 S	300,000	0	
Boards of Cooperative Services - GF	210,000	210,000	0 A	0	
Civic Education - CF (SEF)		ided in Mgmt. and Admin. ser 2,305 S	0 A	0	
Financial Literacy - CF (SEF)		ided in Mgmt. and Admin. ser 40,000	40,000	40,000	
Colorado History Day	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	
Cash Funds (State Education Fund)	0	10,000	10,000	10,000	
Cash Funds Exempt / Reappropriated Funds (State Education Fund)	10,000	0	0	0	
(V) Summer and After-school Programs					
Summer School Grant Program	998,715	27,105 S	1,000,000	0	
FTE	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	
Cash Funds (State Education Fund)	0	27,105 S	1,000,000	0	
FTE	0.0	0.3	0.3	0.0	

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Cash Funds Exempt / Reappropriated Funds (State Education Fund)	998,715	0	0	0	
FTE	0.3	0.0	0.0	0.0	
STEM After-school Education Pilot Grant Program - CF (SEF)	n/a	0 S	0	0	DI #9
Dropout Prevention Activity Grant Program	<u>0</u>	<u>159,131</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	159,131	0	0	
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	
(VII) Other Assistance			0		
Appropriated Sponsored Programs	See subsection (D), below	220,537,698	223,611,615	223,611,615	
FTE		<u>73.3</u>	<u>73.3</u>	<u>73.3</u>	
Cash Funds		1,237,000	1,237,000	1,237,000	
FTE		0.0	0.0	0.0	
Cash Funds Exempt / Reappropriated Funds		4,471,580	4,484,871	4,484,871	
FTE		6.0	6.0	6.0	
Federal Funds		214,829,118	217,889,744	217,889,744	
FTE		67.3	67.3	67.3	
Hold-harmless Full-day Kindergarten Funding - CF (SEF)	n/a	7,356,409		See Public School Finance subsection	
School Counselor Corps Grant Program - CF (SEF)	n/a	5,000,000	5,000,000	0	
FTE		1.0	1.0	0.0	

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation * †	Request †	Recommendation	Requests #
Contingency Reserve Fund	<u>156,248</u>	<u>4,770,988</u>	<u>2,385,494</u>	<u>500,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	4,770,988	2,385,494	500,000	
Cash Funds Exempt/ Reappropriated Funds	156,248	0	0	0	
Alternative Teacher Compensation Plan Grants - CF (SEF)	n/a	0 S	0	0	
Military Dependent Supplemental Pupil Enrollment Aid - GF	1,818,517	1,818,517		See Public School Finance subsection	
Regional Service Cooperatives - CF (SEF)	n/a	198,545	1,067,182	1,067,182	
FTE		1.0	1.0	1.0	
First Responder School Mapping System - CF (SEF)	n/a	150,000	0	0	
Supplemental On-line Education Services	<u>480,000</u>	<u>480,000</u>	<u>0</u>	<u>0</u>	
Cash Funds (State Public School Fund)	0	480,000	0 A	0	
Cash Funds Exempt / Reappropriated Funds (State Public School Fund)	480,000	0	0	0	
Supplemental On-line Education Grant Program	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	
Cash Funds (State Public School Fund)	0	50,000	0 A	0	
Cash Funds Exempt / Reappropriated Funds (State Public School Fund)	50,000	0	0	0	
Aid for Declining Enrollment Districts with New Charter Schools	<u>0</u>	<u>0</u>			
General Fund	0	0			

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation *	Request †	Recommendation	Requests #
Cash Funds (State Education Fund)		0		See Public School Finance subsection	
Cash Funds Exempt / Reappropriated Funds (State Education Fund)	0	0			
Interstate Compact on Educational Opportunity for Military Children - CF (SEF)	n/a	32,185	30,185	30,185	
Subtotal - Grant Programs, Distributions, and Other Assistance	71,898,654	409,642,394	412,630,146	359,467,251	
FTE	16.8	112.5	116.9	106.6	
General Fund	23,170,659	3,508,453	1,282,896	1,282,896	
FTE	0.0	5.5	5.9	5.9	
Cash Funds	2,472,644	78,793,588	68,073,483	15,280,261	
FTE	0.0	9.8	13.8	3.5	
CF - State Education Fund (included above)		40,211,772	34,389,576	4,245,617	
CF - State Public School Fund (included above)	2,472,644	3,002,644	2,472,644	2,472,644	
Cash Funds Exempt/ Reappropriated Funds	35,680,852	5,549,327	5,865,855	5,496,182	
FTE	3.9	7.4	7.4	7.4	
CFE - State Education Fund (included above)	0				
CFE - State Public School Fund (incl. above)	530,000				
Federal Funds	10,574,499	321,791,026	337,407,912	337,407,912	
FTE	12.9	89.8	89.8	89.8	

a/ Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. Generally, these moneys are transferred from the Department of Health Care Policy and Financing, where about half of the dollars are appropriated as General Fund. However, pursuant to Section 26-4-531, C.R.S., school districts may elect to contract with the Department of Health Care Policy and Financing to receive federal Medicaid funds for amounts the districts spend in providing health care services through the public schools to students who are eligible for Medicaid benefits. Thus, in lieu of state General Fund, school districts' funds are used to match federal Medicaid funds; neither the federal Medicaid funds nor the local match are reflected in the appropriation to this department.

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation * †	Request †	Recommendation	Requests #

b/ The Department reports administrative expenses of \$162,310 and \$171,653 for FY 2006-07 and FY 2007-08, respectively.

(D) Appropriated Sponsored Programs	327,869,032	See subsection C, above			
FTE	<u>94.7</u>	above			
Cash Funds	459,425				
FTE	0.0				
Cash Funds Exempt/ Reappropriated Funds	5,089,933				
FTE	5.7				
Federal Funds	322,319,674				
FTE	89.0				

(3) LIBRARY PROGRAMS

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

Administration	Included in General Department	871,430	895,669	895,669
FTE	Program Administration line item	<u>12.8</u>	<u>12.8</u>	<u>12.8</u>
General Fund		743,128	767,367	767,367
FTE		11.8	11.8	11.8
Cash Funds		128,302	128,302	128,302
FTE		1.0	1.0	1.0
Federal Library Funding - FF	Included in	3,008,688	3,061,505	3,061,505
FTE		23.8	23.8	23.8
Colorado Library Consortium - GF		1,000,000	1,000,000	1,000,000

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation *	Request †	Recommendation	Requests #
Colorado Virtual Library	<u>359,728</u>	<u>1,379,796</u>	<u>1,379,796</u>	<u>1,379,796</u>	
General Fund	359,728	1,359,796	1,359,796	1,359,796	
Cash Funds	0	20,000	20,000	20,000	
Cash Funds Exempt/ Reappropriated Funds	0	0	0	0	
Colorado Talking Book Library, Building Maintenance and Utilities Expenses - GF	61,023	70,660	70,660	70,660	
Reading Services for the Blind	<u>200,000</u>	<u>550,000</u>	<u>200,000</u>	<u>250,000</u>	
General Fund	0	300,000	0	0	
Cash Funds Exempt/ Reappropriated Funds	200,000	250,000	200,000	250,000	
SUBTOTAL - LIBRARY PROGRAMS	1,620,751	6,880,574	6,607,630	6,657,630	
FTE	<u>0.0</u>	<u>36.6</u>	<u>36.6</u>	<u>36.6</u>	
General Fund	1,420,751	3,473,584	3,197,823	3,197,823	
FTE	0.0	11.8	11.8	11.8	
Cash Funds	0	148,302	148,302	148,302	
FTE	0.0	1.0	1.0	1.0	
Cash Funds Exempt/ Reappropriated Funds	200,000	250,000	200,000	250,000	
Federal Funds	0	3,008,688	3,061,505	3,061,505	
FTE	0.0	23.8	23.8	23.8	

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation *	Request †	Recommendation	Requests #
(4) SCHOOL FOR THE DEAF AND THE BLIND					
This section provides operational funding for the Colorado School for the Deaf and the Blind, which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is General Fund. For each student eligible for funding under the School Finance Act, the CSDB receives funding from each student's "home" school district. Reappropriated funds reflects program funding that would otherwise be paid to the home school district (from the Public School Finance, Categorical Programs, and Appropriated Sponsored Programs sections above), as well as federal funds transferred from local school districts. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.					
(A) School Operations					
Personal Services	8,379,932	8,713,574	9,105,745	9,105,745	
FTE	<u>139.8</u>	<u>141.3</u>	<u>141.3</u>	<u>141.3</u>	
General Fund	7,140,622	7,423,103	7,815,274	7,665,092	
FTE	119.1	120.4	121.3	120.4	
Cash Funds Exempt/ Reappropriated Funds	1,239,310	1,290,471	1,290,471	1,440,653	
FTE	20.7	20.9	20.0	20.9	
Early Intervention Services	1,109,146	1,146,468	1,178,934	1,178,934	
FTE	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	
General Fund	1,109,146	1,146,468	1,178,934	1,178,934	
FTE	10.0	10.0	10.0	10.0	
Cash Funds Exempt/ Reappropriated Funds	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Shift Differential - GF	82,047	84,932	94,572	65,638	
Operating Expenses - GF	388,967	417,277	417,277	417,277	
Vehicle Lease Payments - GF	22,744	19,151	24,461	19,151	DI #NP-6

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation *	Request †	Recommendation	Requests #
Communication Services Payments - GF	0	0	See Management & Administration, IT		
Utilities - GF	489,223	493,875 S	567,471	554,810	DI #5
Allocation of State and Federal Categorical Program Funding - CFE/RF	147,797	150,000	150,000	150,000	
FTE	0.2	0.4	0.4	0.4	
Medicaid Reimbursements for Public School Health Services - CFE/RF	81,580	85,000	85,000	85,000	
FTE	1.1	1.5	1.5	1.5	
Subtotal - School Operations	10,701,436	11,110,277	11,623,460	11,576,555	
FTE	<u>151.1</u>	<u>153.2</u>	<u>153.2</u>	<u>153.2</u>	
General Fund	9,232,749	9,584,806	10,097,989	9,900,902	
FTE	129.1	130.4	131.3	130.4	
Cash Funds Exempt/ Reappropriated Funds	1,468,687	1,525,471	1,525,471	1,675,653	
FTE	22.0	22.8	21.9	22.8	
(B) Special Purpose					
Fees and Conferences - CF	71,137	120,000	120,000	120,000	
Federal Funds Transferred from School Districts					
Outreach Services [new]	489,223	269,000	1,024,836	1,024,836	
FTE	<u>2.8</u>	<u>2.8</u>	<u>5.4</u>	<u>5.4</u>	
Cash Funds	0	0	755,836	755,836	DI #7
FTE	0.0	0.0	2.6	2.6	DI #7
Cash Funds Exempt/ Reappropriated Funds	489,223	269,000	269,000	269,000	
FTE	2.8	2.8	2.8	2.8	

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	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Appropriation *	Request †	Recommendation	Requests #
Tuition from Out-of-state Students	56,836	200,000	200,000	200,000	
Cash Funds	56,836	200,000	200,000	200,000	
Cash Funds Exempt/ Reappropriated Funds	0	0	0	0	
Summer Olympics Housing - CF	800	10,000	10,000	10,000	
Grants - CFE/RF	844,746	1,403,608	1,403,608	1,403,608	
FTE	6.9	9.0	9.0	9.0	
Subtotal - Special Purpose	1,462,742	2,002,608	2,758,444	2,758,444	
FTE	9.7	11.8	14.4	14.4	
Cash Funds	128,773	330,000	1,085,836	1,085,836	
FTE	0.0	0.0	2.6	2.6	
Cash Funds Exempt/ Reappropriated Funds	1,333,969	1,672,608	1,672,608	1,672,608	
FTE	9.7	11.8	11.8	11.8	
SUBTOTAL - SCHOOL FOR THE DEAF AND THE BLIND	12,164,178	13,112,885	14,381,904	14,334,999	
FTE	160.8	165.0	167.6	167.6	
General Fund	9,232,749	9,584,806	10,097,989	9,900,902	
FTE	129.1	130.4	131.3	130.4	
Cash Funds	128,773	330,000	1,085,836	1,085,836	
FTE	0.0	0.0	2.6	2.6	
Cash Funds Exempt/ Reappropriated Funds	2,802,656	3,198,079	3,198,079	3,348,261	
FTE	31.7	34.6	33.7	34.6	

* "S" indicates that the FY 2008-09 Appropriation amount reflects a supplemental funding adjustment approved by the Committee.

† "A" indicates that the amount requested for FY 2008-09 has been amended since the original November 1, 2008 budget submittal.

In the Change Requests column: the "DI" refers to the priority of a decision item request; "NP" refers to non-prioritized decision items; and "BA" refers to a budget amendment.

FORMAT NOTES: Individual line items appear in **bold underlined** font, decision items and policy options appear in ***bold italic*** font, and summary descriptions of staff recommendations appear in **bold** font.

(1) MANAGEMENT AND ADMINISTRATION

(A) Administration and Centrally-Appropriated Line Items

State Board of Education.

In FY 2008-09, in an effort to reorganize the Long Bill to group like line items, this program line was created and was appropriated \$220,283 General Fund and 2.0 FTE, including \$140,283 for personal services, \$50,000 for operating expenses, and \$30,000 for travel expenses. The State Board was appropriated an additional \$7,626 cash funds (SEF) for Board Meeting expenses related to S.B. 08-212. The State Board of Education is staffed with a Director and assistant, pursuant to Section 22-2-107 (1) (b), C.R.S., which authorizes the SBE to employ personnel as may be necessary for the performance of powers and duties delegated to the Board, Commissioner, and the Department.

Prior to the creation of this new line item in FY 2008-09, funding was provided for the State Board of Education (SBE) in the Long Bill within the much larger consolidated and still extant program line named "General Department and Program Administration" (see below). In FY 2007-08, this consolidated program line item was appropriated \$7.0 million (including \$5.2 General Fund), supporting 82.0 FTE performing a myriad of functions related to the following: (1) supporting the State Board of Education; (2) the administration of a variety of education- and library-related programs; and (3) general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. Because prior to FY 2008-09 funding for the State Board was within a much larger general administration line item, the Department was given significant latitude with which it had authority to fund all of the functions within the large "General Department and Program Administration" appropriation. As a consequence of this flexibility, and due to a lack of accounting consistency of the SBE's expenses over time, it has been difficult for current Department staff to accurately determine how much the SBE has historically expended, but staff indicates that the SBE has likely expended on average \$300,000 per annum. This estimate indicates that the current appropriation is approximately one-fourth less than was historically expended by the SBE.

There are six (6) key SBE expenditure drivers, which include the following:

1. Requirement to Meet. The SBE is required to meet quarterly, however in practice the SBE must meet monthly or more to accommodate the need for rulemaking and decision-making as a result of significant volume and complexity of legislation;
2. Necessary Expenses. SBE members are required to serve without compensation but are entitled to reimbursement for any necessary expenses incurred by them in the performance

of their duties as members. The expenses for which the state board members seek reimbursement on a monthly basis fall into three general categories: (1) travel (in state and out of state, mileage, meals and lodging); (2) attendance at official functions; and (3) reimbursement for office related expenses;

3. Distance from Elected Official's Domicile to Denver SBE Office. The costs from board member to board member vary primarily based on the location of the board member's domicile. SBE members representing the 3rd and 5th Congressional Districts must travel further and thus their expenditures are higher than those of the 1st and 2nd because of the proximity to Denver where most meetings are held;
4. Member Discretion. Some members have substantial involvement with SBE-related activities, some other members do not. Thus, those members whom participate in more SBE-related events have in turn greater expenses than those whom choose to participate less. In addition, some members do not submit reimbursable expenses, while others do. Due to the discretionary nature of expenditures, the amount reimbursed depends on individual members, which makes estimating future Board expenses difficult as new member may opt to participate heavily and thus have a commensurate level of reimbursable expenditures;
5. SBE Role in Education Policy. In the case of *The Board of Education, Dist. No. 1 v. Booth*, (Colorado 1999), the Supreme Court held that the framers of the Colorado Constitution intended the State Board serve as both a conduit of and a source for educational information and policy. Thus, it has been argued that the State Board of Education must have the ability to inform itself on a local and national level by involvement in various educational organizations to receive necessary information and training to assist the State Board in serving as a conduit and source of educational information and policy; and
6. National Organizations. The SBE's primary duty is to exercise general supervision over the public schools of the state and the educational programs maintained and operated by all state governmental agencies for persons who have not completed the twelfth-grade level instruction, pursuant to Section 22-2-106 (1) (a), C.R.S. As a result of this authority, the SBE has historically participated in several professional affiliations to better inform itself on a local and national level by being involved with the leading organizations that drive education policy. The two primary organizations the SBE participated with include the National Association of State Boards of Education (NASBE) and the National Organization of State School Trust Lands.

Request: The Department's November 1, 2008 budget submission requested continuation funding. However, in the comparison of budget initiatives submitted as part of the Governor's official November 1 budget request and those approved by the State Board of Education (i.e., the "side-by-side"), the State Board has requested an increase of \$95,693 General Fund for FY 2009-10.

The SBE staff has indicated that the Board has struggled to operate within its current appropriation and thus has taken several steps to do so. Some of the cost-avoidance measures taken by the State Board include: (1) ending reimbursement for out-of-state travel and have limited in-state activities; (2) resigned leadership in national organizations to avoid costs that are incurred as a result of associated responsibilities; (3) cancelled board meetings and also have used teleconferencing for a board meeting; (4) notified NASBE and CLASS that it will not renew its membership in 2009; (5) withheld salary increases for the office director; (6) declined to host the CSAP press conference; (7) declined to contribute to the recognition event for perfect scores on the ACT exam; and (8) deferred replacement of computer equipment.

On February 27, 2009, staff received a letter from the Director of State Board Relations which indicated that a member of the SBE whom is also a member of the National Association of State Boards of Education (NASBE) Board of Directors must withdraw as a director if the SBE can not pay the dues required to attend a legislative conference held in mid-March in Washington, D.C. The purpose of the conference is intended to shape decisions regarding the federal stimulus package and other national policy issues. In addition, the SBE Chairman has sent a letter to the NASBE to request that the membership dues of \$26,582 be reduced to \$13,000 as a result of the SBE's lack of resources. Staff is unaware of the result of this petition.

Recommendation: Over the course of FY 2008-09, the State Board of Education has had discussions with staff concerning the need for additional resources. As a result of these discussions, staff has requested and received documentation of actual and estimated SBE operating and travel expenses which would satisfy the Board's statutory and constitutional requirements. As a result of the data presented, staff was convinced that the SBE required additional resources to cover these responsibilities. Staff's recommendation is \$289,780 General Fund and 2.0 FTE, which includes an increase of \$69,497 General Fund.

The recommendation consists of four parts: (1) personal services; (2) operating expenses; (3) travel expenses; and (4) membership dues, which are described in greater detail below.

- Personal Services. Staff recommends continuation funding.
- Operating Expenses. Staff recommends \$35,773 for various operating expenses, including \$13,500 for monthly board meetings, \$7,350 for new board member costs, \$7,000 for electronic agenda contract costs, \$6,740 for basic operating costs (approximately \$561 per month), and \$1,183 for printing, reproduction services, and postage used primarily for costs related to public meetings.
- Travel Expenses. Staff recommends \$81,581 for travel expenses, including \$40,400 for costs for Board Members' to attend national policy conferences and associated registration fees, \$40,181 for Board Members' attendance at Board Meetings and other in-state educational events, and \$1,000 to provide audio and visual support for three conferences per year.

- Membership Dues. Staff recommends \$26,932 for annual membership dues, including \$26,582 for membership to the National Association of School Board Executives (NASBE) and \$350 for membership to Colorado chapter of the National Association of State School Trust Lands.

Summary of Recommendation: State Board of Education		
Description	General Fund	FTE
FY 2008-09 Long Bill personal services appropriation	\$140,283	2.0
Salary survey awarded in FY 08-09	3,853	
80% of Performance-based pay awarded in FY 08-09	<u>1,358</u>	
<i>Subtotal: Personal Services</i>	145,494	2.0
Operating expenses appropriation	35,773	
Travel expenses appropriation	81,581	
Membership dues	26,932	
Recommended FY 2009-10 Appropriation	\$289,780	2.0

General Department and Program Administration.

Description: This line item provides funding and staff for the management and administration of a variety of education and library-related programs, and for general department administration, including human resources, budgeting, accounting, and information management. This line item supports both personal services and operating expenses. Sources of cash funds for this line item include general education development (GED) program fees, indirect cost recoveries, and transfers from various cash- and federally-funded line items in other sections of the budget.

Request: The Department has requested a total of \$3,730,898 (including \$2,458,317 General Fund) and 41.8 FTE for this line for FY 2009-10, including \$3,666,197 and 40.0 FTE in continuation funding and \$142,686 and 1.8 FTE in new funding. The latter amount, requested through two initiatives, represents a 3.9 percent funding increase for this line item. The request related to postage will be presented to the JBC during the figure setting presentation for the Department of Personnel and Administration. Staff will ultimately reflect JBC action for this change request.

Decision Item #3 (Increase of 2.0 FTE for Department Budget Office). The Department is requesting \$127,889 General Fund and 1.8 FTE for its Budget Unit to address increases in workload. The Department reports that it has witnessed high turn-over within its Budget Unit during the last two fiscal years and cites demanding workload and stress levels as key contributors to this problem. The Department is requesting the two additional budget staff with the intent that one position would primarily provide internal management budget reporting and the other position would primarily assist the existing budget staff with accounting system maintenance and budget submissions to the Joint Budget Committee and the Office of State Planning and Budgeting. Positions funded with

General Fund must account for the pay-date shift, thus the Department's request is for 11 months of funding and 1.8 FTE which would annualize to \$145,119 and 2.0 FTE in FY 2010-11. The Department reports that the Budget Unit has experienced turnover in excess of 100 percent during the last two fiscal years. During exit interviews, departing staff cited workload and stress levels that were unmanageable as two significant factors for leaving. The Department anticipates that the requested additional staff would assist with these burdens.

Currently the Budget Unit employs one full time FTE entirely devoted to the budget and also employs the part-time services of the Budget Director, whom also oversees Human Resources, Accounting, and Grants.

"Forward Thinking" is an improvement initiative for increasing and strengthening the state support for schools and districts. The initiative's number five objective is to make efficient, effective use of federal, state and private funds. The Department has recognized that over the course of the fiscal year, mid-year adjustments are made offering cost redistribution possibilities (formally made through change requests), however in order to maximize these cost redistributions, staff is needed to analyze programmatic resources and needs and be able to document and explain the necessity for these changes. The Department believes that opportunities to use money that could have otherwise been applied to other purposes have been missed, due to the maxed out capacity of the Department's current budget staff. Further, a recent examination of state and federal resources allocated to the Department determined that the agency requires increased budgetary transparency, reporting, planning, and improved processes -- findings that indicate a need for more budgetary staff.

Recommendation: Staff recommends the Committee approve the Department's request to increase its budgetary staff due to the substantial workload that is demanded of this unit. However, staff recommends that these new positions be funded with increased indirect cost recoveries the Department anticipates collecting from cash- and federal-funded programs. **Staff recommends \$145,119 reappropriated funds and 2.0 FTE to fund additional budgetary staff.**

The following table details staff supported by this line item, by function or duty. Given the reorganization of resources and staff and several staffing changes initiated by the new Commissioner and the availability of better data, the staffing summary for FY 2007-08 is not comparable.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Commissioner		1.0	1.0	1.0
Deputy Commissioner		1.9	1.9	1.9
Assistant Commissioner		0.1	0.1	0.1
Chief of Staff		0.7	0.7	0.7
Executive Unit Director		1.0	1.0	1.0
Unit Director		0.2	0.2	0.2

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Executive Assistant		1.0	1.0	1.0
Communications Unit		1.5	1.5	1.5
Controller		1.0	1.0	1.0
Accountants		3.0	3.0	3.0
Accounting Technicians		4.0	4.0	4.0
Purchasing		2.0	2.0	2.0
Budget		1.6	3.4	3.6
Human Resources		2.0	2.0	2.0
Research and Evaluation		4.3	4.3	4.3
Regional Service Teams		0.8	0.8	0.8
Exceptional Student Services -- Gifted & Talented		0.5	0.5	0.5
Prevention Initiatives		0.7	0.7	0.7
English Language Proficiency		0.5	0.5	0.5
GED Program		1.5	1.5	1.5
Legislative Liaison		0.9	0.9	0.9
Consultants / Other		10.7	9.8	9.8
General Department and Program Administration	<i>Not Comparable</i>	40.9	41.8	42.0

Staff's overall recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy with one exception (noted below). A discussion of each decision item and budget amendment referenced in the table, as well as staff-initiated adjustments and transfers, are described in the narrative that follows the table.

Staff Recommendation: General Department and Program Administration					
Item	Total Funds	General Fund	Cash Funds	Reapprop riated Funds	FTE
FY 2008-09 Long Bill Appropriation	\$3,539,338	\$2,173,312	\$98,109	\$1,267,917	39.9
S.B. 08-130 (Innovative Schools Act)	80,545	80,545	0	0	1.0
<i>Subtotal: FY 2008-09 Appropriation</i>	<u>3,619,883</u>	<u>2,253,857</u>	<u>98,109</u>	<u>1,267,917</u>	<u>40.9</u>
Salary survey awarded in FY 08-09	92,034	62,221	2,691	27,122	0.0

Staff Recommendation: General Department and Program Administration					
Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
80% of Performance-based pay awarded in FY 08-09	29,572	20,539	825	8,208	0.0
Budget Staff (DI #3)	145,119	0	0	145,119	2.0
Annualize 2008 change requests	143	143	0	0	0.1
Eliminate funding for Innovative Schools Act (BA #12)	(77,990)	(77,990)	0	0	(1.0)
Indirect cost recoveries to offset General Fund	0	(54,881)	0	54,881	0.0
Recommended FY 2009-10 Appropriation	\$3,808,761	\$2,203,889	\$101,625	\$1,503,247	42.0

Office of Professional Services.

Description: This office is responsible for administration of the Colorado Educator Licensure Act. This Office is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Pursuant to Section 22-60.5-112, C.R.S., the State Board of Education is to annually adjust fees charged for licensing purposes, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Fee revenues are deposited into the Educator Licensure Cash Fund. Following is a staffing summary for the Office of Professional Services.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Director / Supervisors	2.0	3.0	3.0	3.0
Consultants/ General Professionals/ Program Assistants	12.5	13.3	14.0	14.0
Administrative Support	<u>3.1</u>	<u>4.5</u>	<u>6.0</u>	<u>6.0</u>
TOTAL	18.2	19.0	29.0	23.0

Request: The Department requests a total of \$1,881,467 and 23.0 FTE for FY 2009-10. The Department includes two change requests related to the Implementation of Budget Amendment #1 (Implementation of H.B. 08-1344), described below, and postage. Postage rate increases will be addressed in a separate figure setting presentation. Staff will ultimately reflect JBC action for this change request.

Budget Amendment #1 (Implementation of H.B. 08-1344). House Bill 08-1344 required the Department to provide criminal history information for education employees however, the bill did not include an appropriations clause enabling the Department to implement the provisions of the bill. The Department requested and the JBC approved supplemental funding for FY 2008-09 to begin

implementing the bill. The Department is requesting \$150,203 cash funds and 3.0 FTE to implement the bill in FY 2009-10. Of this amount, \$46,239 and 0.8 FTE were appropriated in FY 2008-09 and thus are built into the base. Staff recommends the JBC approve the Department's request.

Staff's overall recommendation for this line item is detailed in the following table, and is calculated in accordance with Committee policy.

Summary of Recommendation: Office of Professional Services		
Description	Cash Funds	FTE
FY 08-09 Long Bill appropriation	\$1,635,963	19.0
S.B. 08-17 (Occupational Education Teachers)	45,380	1.0
S.B. 09-185 Implement H.B. 08-1344 (Educator Background Checks)	46,239	0.8
Eliminate one-time appropriations (S.B. 08-17)	(3,455)	
Salary survey awarded in FY 08-09	32,722	
80% of Performance-based pay awarded in FY 08-09	11,118	
Implement H.B. 08-1344 (BA #1)	<u>103,964</u>	<u>2.2</u>
Recommended FY 2009-10 Appropriation	1,871,931	23.0

Teaching and Learning Conditions Survey.

House Bill 08-1384 (Teacher Quality Recruitment and Retention Program) requires that the Department design and administer a biennial teaching and learning conditions survey to all teachers in state public schools. The bill also required that on or before August 30, 2010, the Department shall contract with a professional evaluator to conduct two studies concerning the effectiveness of the stipends. One study would evaluate the effectiveness of the stipend on encouraging teachers to seek National Board for Professional Teaching Standards (NBPTS) certification, and on encouraging teachers to teach in low-performing schools. Further, this same study would evaluate the effects of certification on teacher retention and the effect NBPTS certified teachers have on school culture. The other study is to evaluate the effect of NBPTS certification on student achievement. On or before January 30, 2011, the results of both studies are to be reported to the Education Committees of the General Assembly, the Governor, and the Commissioner of Education. Staff does not recommend funding this line item for FY 2009-10.

Division of On-line Learning.

Senate Bill 07-215 changed the oversight, structure, and funding of public school on-line education. This act required the State Board of Education to establish quality standards for on-line programs, and it created the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. The act also created a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and to provide policy recommendations. The act created the On-line Education Cash Fund, and it transferred to this cash fund \$830,000 of audit recoveries credited to the State Public School Fund. The act requires the General Assembly to annually appropriate moneys from this fund to support the Division of On-line Learning. The act appropriated \$418,861 from this fund and 3.5 FTE to the Department for FY 2007-08. Thus, the bill essentially provided for two years of funding for the new division, but it did not provide an ongoing source of revenue to support the required activities after FY 2008-09.

House Bill 09-1182 (to be heard next by the Senate on Second Reading), repeals the On-line Education Cash Fund at the end of FY 2009-10 and formally authorizes the On-line Division as a valid recipient of State Education Fund moneys. The intent of this bill is provide an ongoing source of funding for the division and will eliminate the duplicative appropriation in the FY 2010 Long Bill.

Request: The Department requests through Budget Amendment, a General Fund transfer of \$376,817 into the On-line Education Cash Fund. The November 1 budget submission includes a request for a continuation cash funds appropriation of \$376,817 and not a request for a General Fund appropriation. Thus, this request for a General Fund transfer does not appear to be within the statutory six percent limit on General Fund appropriations, pursuant to Section 24-75-201.1, C.R.S.

Recommendation: **Staff recommends \$376,817 cash funds and 3.5 FTE for FY 2009-10.** Of this amount, \$280,368 shall be from the Online Education Cash Fund and \$96,449 shall be from the State Education Fund. Staff recommends that the remaining balance in the Online Education Cash Fund be exhausted given that the fund will be repealed at the end of FY 2009-10. This recommendation is calculated in accordance with Committee policy.

Facility Schools Unit and Facility Schools Board. See Assistance to Public Schools section. This line item will be presented by Carolyn Kampman in a separate packet.

Health, Life, and Dental.

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees. The Department is requesting \$2,661,462 (including \$1,444,951 General Fund) for FY 2009-10. **Staff recommends approving the request, consistent with Committee policy.**

Short-term Disability.

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums. The Department requests \$39,440 for this purpose for FY 2009-10. **Staff**

recommends \$49,539 (including \$22,141 General Fund), which is consistent with the Committee policy of applying a rate of 0.155 percent to base salaries (including salary increases for FY 2009-10 as well as shift differential payments).

S.B. 04-257 Amortization Equalization Disbursement.

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA). The Department requests a total of \$606,762 (including \$295,978 General Fund). **Pursuant to Committee policy** [1.8 percent of base salaries for CY 2008 and 2.2 percent of base salaries for CY 2010], **staff recommends an appropriation of \$634,448** (including \$280,926 General Fund.)

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

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA). The Department requests a total of \$379,226 (including \$180,890 General Fund). **Pursuant to Committee policy** [1.0 percent of base salaries for CY 2009, and 1.5 percent of base salaries for CY 2010], **staff recommends an appropriation of \$393,553** (including \$172,603 General Fund.)

Salary Survey and Senior Executive Service.

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions. The Department, through a budget amendment submitted in January 2009, is requesting no increase for FY 2009-10.

Colorado School for the Deaf and Blind Teacher Compensation. In 1996, the General Assembly passed H.B. 96-1354 which determined that teachers at the Colorado School for the Deaf and Blind (CSDB) be paid on the same salary scale as do the teachers in which the main campus is located (El Paso District 11). The intent was to for CSDB to be able to recruit and retain teachers with the special skills necessary for teaching students who are deaf, hard of hearing, blind, or visually impaired. However, the bill required that the teachers be compensated in accordance with the salary scale adopted by District 11 as of January 1 of the previous fiscal year. It was determined at that time that the one year lag in compensation was adequately competitive. The statutorily required increases for teachers are ordinarily included in the Department's request for Salary Survey and Performance-based Pay appropriations, however the Department is not requesting any increases for CSDB teachers. For FY 2008-09, this amounts to an average increase of 3.87 percent, or a total of \$157,279. **As a result of this statutory requirement, staff is recommending \$157,279 General Fund to cover salary increases for the CSDB in FY 2009-10. This recommendation is not in accordance with Committee common policy.** Please see the policy option below which would assist the JBC with eliminating this General Fund appropriation.

Policy Option. The JBC could sponsor legislation that would modify statute by adding permissive language such that if the JBC does not approve a salary survey or performance-based pay increase common policy, the statutory increase to CSDB teacher compensation would not be required. Given that all other state personnel will be not receive salary increases or performance-based pay bonuses,

eliminating the pay increase requirement would enable an equitable pay system within the statewide personnel system. It is estimated that if this legislation were enacted, it would save approximately \$157,279 General Fund. Staff recommends the Committee sponsor legislation to remove this requirement. Staff made the Department aware of this policy option and they have indicated that this statutory change would put the CSDB at risk of not being perceived as providing competitive compensation to its current and prospective teaching staff as compared to the school district in which it operates.

Performance-Based Pay Awards.

This line item funds awards relating to employee performance. The Department, through a budget amendment submitted in January 2009, is requesting no funding for performance-based pay awards for FY 2009-10. **Staff recommends approving the request, which is consistent with Committee policy.**

Workers' Compensation.

This line item is used to pay the Department's estimated share for inclusion in the state's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration. The Department, through a budget amendment submitted in January 2008, is requesting a total of \$253,515 (including \$123,937 General Fund). **Staff's recommendation for workers' compensation is pending a Committee common policy for workers' compensation.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Legal Services.

This line item provides funding for the Department to purchase legal services from the Department of Law. Prior to FY 2007-08, funding for the purchase of legal services was provided as part of a larger, consolidated line item ("General Department and Program Administration"). The FY 2007-08 Long Bill included a separate line item for this purpose.

Request: The Department requests \$482,263 (including \$79,489 General Fund) to purchase 6,422 hours of legal services.

Recommendation: Staff's write-up related to the supplemental request (dated February 2, 2009), provides a great deal of background information and it more fully describes both the Department's request. In summary, the Department provided data concerning legal services expenditures for the last two fiscal years as well as FY 2008-09. Based on a detailed analysis of fiscal year-to-date expenditures, the Department indicates that approximately \$100,000 of legal services relate to administration of the School Finance Act. The Department thus requested that the General Fund appropriation for this line item be refinanced off-the-top. However, based on year-to-date expenditure information, the Department projects that it will exceed its FY 2008-09 General Fund appropriation by approximately \$100,000. The Department's need for legal services has increased significantly, due primarily to general administrative requirements such as open records requests,

rule reviews, etc. The JBC approved staff's recommendation to leave the existing General Fund appropriation intact, and appropriating an additional \$100,000 from reappropriated funds.

The following table summarizes Staff's calculation of the FY 2009-10 legal services recommendation:

Item	Legal Services				Hours
	Total	GF	CF	RF	
FY 08-09 Long Bill Appropriation	\$348,464	\$179,489	\$168,975	\$0	4,640
H.B. 08-1335 (BEST)	32,414	0	32,414	0	450
S.B. 09-185 Supplemental Bill	116,898	100,000	16,898	0	1,557
S.B. 09-215 School Finance Modifications	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
<i>Subtotal: FY 08-09 Appropriation</i>	497,776	179,489	218,287	100,000	6,628
Implement H.B. 08-1344 (BA #1)	67,590	0	67,590	0	900
Staff Recommendation for FY 2009-10 Legal Services Hours					7,528

Consistent with staff's recommendation in February 2009, staff recommends requiring the Department to utilize a portion of its appropriation for "off-the-top" funding for school finance to cover \$100,000 of legal services expenditures related to the administration of school finance. Staff thus recommends an appropriation for this line item sufficient for the Department to purchase a total of 7,528 hours. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.

Administrative Law Judge Services.

This line item provides funding for the Department to purchase services from the Department of Personnel and Administration, Administrative Hearings Division. The FY 2008-09 appropriation for this line item, totals \$46,498 for the purchase of administrative law judge services. The Department requests \$49,391 (including \$18,138 General Fund) for the purchase of administrative law judge services for FY 2009-10. The request includes an increase of \$2,893 (including \$1,062 General Fund related to a statewide increase. This increase will be addressed in the figure setting presentation for the Department of Personnel. **Staff's recommendation for this line item is pending Committee policy for these services.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Payment to Risk Management and Property Funds.

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents. The Department requests a total of \$131,213 (including \$114,999 General Fund) for this

purpose for FY 2009-10. **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Leased Space.

This line item funds leased space needs for the Department. House Bill 08-1388 (School Finance Act) appropriated \$11,500 for leased space for Public School Finance Administrative staff. The Department did not recommend funding for this line item as it currently includes these moneys in a separate line item. However, staff believes that because the moneys were explicitly appropriated in the bill for leased space, this expenditure should be reflected in this line item. **Staff recommends continuation funding of \$11,500 reappropriated funds.** These moneys are transferred from the Administration line item in the Public School Finance section of the budget.

Capitol Complex Leased Space.

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex. The Department, through a budget amendment submitted in January 2008, requests a total of \$589,383 (including \$177,756 General Fund). **Staff recommends providing funding sufficient to cover the leased space costs for office space at the building located at 201 E. Colfax Avenue in Denver (44,433 square feet). Staff's dollar recommendation is pending a determination of lease rates. Staff will ultimately reflect Committee policy in the appropriation for this line item.**

Communication Services Payments.

Staff has recommended including this line item here, along with most other centrally-appropriated line items. For further details, see the narrative for the School for the Deaf and the Blind section of the Long Bill, below.

Reprinting and Distributing Laws Concerning Education.

Pursuant to Section 22-2-112 (1) (i), C.R.S., the Department is required to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." All publishing costs are to be paid out of the State Public School Fund. The Department's practice for a number of years has been to reflect this as an expenditure of rental income earned on state education trust lands that is credited to the State Public School Fund. The Department requests a continuation level of funding (\$35,480). **Staff recommends approving the request.** Please see the policy option which follows.

Policy Option. The JBC could sponsor legislation eliminating the requirement to annually publish laws enacted by the General Assembly concerning education. The legislation would simply make this provision permissive as this information can now be disseminated through via the internet at significant savings.

Emeritus Retirement.

The Emeritus line item provides supplemental retirement payments to eligible K-12 and higher education teachers, as required pursuant to Section 22-64-119, C.R.S. Eligibility is based on, but not exclusive to, serving 20 years in Colorado school districts or the office of Colorado county superintendent of schools or the Department of Education, are at least 65 years of age, and other requirements. Based on current monthly payments for three individuals totaling \$906.25, including the statutory requirement to increase these payments by the average salary survey percentage increase (0.0 percent for FY 2009-10), this maintains the appropriation at \$10,875. Staff recommends continuation funding.

(B) Information Technology

Information Technology Services.

This line item reflects consolidated funding and staff associated with information technology services. The Department requests, through a budget amendment submitted in January 2009, \$1,489,697 (including \$862,551 General Fund) and 17.0 FTE for FY 2009-10. Senate Bill 09-215 (School Finance Act Modifications), included a refinancing of \$100,000 General Fund with a like amount of reappropriated moneys from moneys "off-the-top" of State Share of Districts' Total Program Funding line item in the Assistance to Public Schools section of the Long Bill. **Staff recommends continuation of the total dollar amount of \$1,477,012 and 17.0 FTE (including \$849,866 General Fund), however recommends the continuing the financing changes made by S.B. 09-215.**

School Accountability Reports and State Data Reporting System.

Senate Bill 00-186 required the Department of Education to establish a state data reporting system, including computer capabilities and procedures, to produce school report cards (later renamed school accountability reports). The act established the format of the school accountability reports and specified how the school academic performance and school improvement grades and the designations of school improvement would be calculated. The Department is required to annually deliver school accountability reports to each school by January 15 of each year, providing a sufficient number of copies for each student enrolled in the school and each teacher in the school. The Department is also to establish and maintain a web site that provides access to each school's accountability report (plus reports for the previous three years).

Request: The Department's request is for \$1,304,138 General Fund and 3.0 FTE for FY 2009-10. The request includes a budget reduction of \$27,500 (Decision Item #11), which is discussed in more detail below.

Decision Item #11 (Printing Reduction for School Accountability Reports). The Department is requesting a reduction of \$27,500 General Fund for the printing of School Accountability Reports (SARs) in FY 2009-10 and anticipates requesting a reduction of \$90,000 General Fund in FY 2010-11. The Department is required to issue a SAR for each public school in the state. The

Department intends to reduce the number of SARs that are printed and thus will also reduce associated mailing and other distribution costs incurred related to the printing of SARs. Staff recommends the Department's change request.

The FY 2009-10 appropriation will cover the costs of preparing, printing, and distributing SARs in January 2010.

The following table provides staff's recommendation:

Summary of Recommendation: School Accountability Reports and State Data Reporting System		
Description	General Fund	FTE
Personal services portion of FY 08-09 Long Bill appropriation	\$258,141	3.0
Salary survey awarded in FY 08-09	10,041	
80% of Performance-based pay awarded in FY 08-09	2,862	
Base reduction (0.0% for lines with 20.0+ FTE)	<u>0</u>	
Subtotal: Continuation personal services for FY 09-10	271,044	3.0
<u>Contractual Services:</u>		
Information technology / programming services related to formatting the cards and building/maintaining the data warehouse	300,000	
<u>Operating Expenses:</u>		
Printing and reproduction services	290,000	
Information technology software and equipment purchases	181,594	
Software maintenance and technical support contracts	250,000	
Supplies / postage	19,500	
Communications / telephone / fax	5,000	
Registrations	11,000	
Travel	3,500	
Printing Reduction (DI #11)	<u>(27,500)</u>	
Subtotal	733,094	
Recommended FY 09-10 appropriation	1,304,138	3.0

Purchase of Services from Computer Center.

This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology. The Department requests \$47,628 General Fund for this purpose for FY 2009-10. **Staff's recommendation for the purchase of services from the computer center is pending Committee policy.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Multiuse Network Payments.

This line item is used to pay the Department's share of the statewide multi-use network. The Department requests \$35,952 General Fund for multi-use network payments for FY 2009-10. **The Committee policy is pending for this decision item, so staff's recommendation for this purpose is pending.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Information Technology Asset Maintenance.

This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment. Moneys are used to pay for critical hardware and software maintenance contracts, as well as a relatively small amount of funding to cover necessary replacements of equipment at risk of failing (e.g., servers, switches, printers, or personal computers). The Department requests \$303,830 General Fund, which includes \$90,697 continuation funding and \$213,133 for Decision Item #6 (Asset Maintenance Information Technology), which is described in more detail below.

Decision Item #6 (Asset Maintenance Information Technology). The Department is requesting an increase of \$213,133 General Fund as a result of the Department's discovery of various asset maintenance costs related to two specific computer systems being unsuitably billed to federal funds. Federal requirements dictate that a clear and distinct benefit must be quantifiable in order to properly assign federal moneys to program direct and indirect costs, pursuant to the federal Office of Management and Budget, Circular A-87. The Department has identified costs related to server maintenance and software license renewals for hardware and software that provide a "general" benefit to various programs as costs once assigned to federal programs that should instead be funded with General Fund.

As was presented to the JBC in a supplemental request for FY 2007-08, current Department staff do not believe there is an alternative equitable and reasonable basis to continue to direct charge federal funds for these IT asset maintenance costs. The Department initiated the termination of this billing practice, beginning with FY 2007-08 (\$216,116 funded with from overpayments recovered by the Department pursuant to school district audits and moneys that would have otherwise reverted to the General Fund). The Department intends to begin including these expenses with other indirect costs and recover an appropriate amount of federal funds through an indirect cost rate or allocation plan. Due to the time lag associated with calculating indirect cost rates, the federal share of expenses incurred in FY 2007-08 will not be recovered until FY 2009-10. The Department thus seeks an increase in the state funds appropriated for IT Asset Maintenance for FY 2009-10 to avoid an over expenditure of General Fund moneys for this line item and to maintain its course to be in compliance with federal billing guidelines. **Staff recommends approving the Department's request.**

Disaster Recovery.

This line item provides funding for the equipment, disks, and tapes necessary to implement a disaster recovery plan. In FY 2001-02 and FY 2002-03, funding for this line item was reduced by \$7,464 (27.5 percent). Funding is currently used for: equipment and supplies; offsite tape rotation; and

server lease payments. The Department's request for this line item for FY 2009-10 represents a continuation level. **Staff recommends approving the request for \$19,722.**

Communication Services Payments.

This line item provides funding to pay to the Department of Personnel and Administration the Department of Education's share of the costs associated with operating the public safety communications infrastructure. The Department requests \$3,598 for this purpose for FY 2009-10. **The staff recommendation on this line items is pending a Committee common policy for communications services.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

(C) Assessments and Data Analyses

Colorado Student Assessment Program (CSAP).

Background Information. Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring of the exam, and reporting exam scores. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 23 assessments currently required by statute, as well as the ACT.

Please note that the federal *No Child Left Behind Act*, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third grade and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado chose tenth grade). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*. The following table provides a summary of the assessments administered pursuant to state law, and those now required by federal law.

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

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

Department Request. The Department requests a total of \$20,332,451 and 7.0 FTE, which includes \$15,727,544 cash funds from the State Education Fund and 5.0 FTE and \$4,604,907 federal funds and 2.0 FTE for this line item for FY 2009-10. This request includes an increase of \$20,055 compared to FY 2008-09; this increase is solely related to salary increases awarded in FY 2008-09.

Staff Recommendation. The majority of funding in this line item supports three contracts: (1) Colorado Student Assessment Program - CSAP; (2) Colorado English Language Assessment - CELA; and (3) the American College Testing Program Test - ACT.

The following table lists recent contract amendments for FY 2008-09. The FY 2009-10 contract amendments were not available at this time.

Recent <u>Amendments</u> to CTB - McGraw Hill CSAP and CELA Contracts		
Description	FY 08-09 Original	FY 08-09 Amended
<i>CSAP Contract:</i>		
Non-embedded field test design	(\$2,925,350)	\$0
Colorado parent network	683,032	0
Science standard setting	0	0
Translations of oral transcripts	104,000	104,000
CTB Navigator On-line training	46,800	46,800
Planning meetings	20,740	20,740
Provide pre-CVAS augmented item review documentation and reporting	16,224	16,224
Technical Advisory Committee (TAC) membership stipend increase	15,600	15,000
Vision impaired printing enhancements	15,600	15,600
District Assessment Coordinators (DAC) Management meetings	9,672	9,672
Increase TAC meetings from two to three per year	6,240	6,240
Script and product updated video on assessment accommodations	0	67,758
Teacher Read Directions	0	12,000
Move parts of SFY 2010 CSAP development and assessments to SFY 2009	0	240,000
Move post-test management analysis of data and reporting of SFY 2009 to SFY 2010	0	(445,437)
Navigator e-mail history	5,200	5,200
<u>Descope contract requirements as a result of the change to the EFT plan:</u>	<u>0</u>	<u>(2,925,350)</u>
Development of assessment materials	0	(445,437)
Production assembly of test materials	0	(513,967)
Manufacturing: printing and distribution	0	(1,621,251)
Test administration	0	(17,133)
Scoring and reporting of assessments	0	(121,975)

Recent Amendments to CTB - McGraw Hill CSAP and CELA Contracts		
Description	FY 08-09 Original	FY 08-09 Amended
Post-test management analysis of data and reporting	0	(205,587)
Subtotal	(2,002,242)	(2,811,553)
<i>CELA Contract:</i>		
Test materials printing, distribution, collection and scoring	0	102,400
Post-test workshops	0	1,622
Colorado parent network (phases 1A, 1B, and 1C)	157,676	0
CELAplace (student screener) tests and online data collection	146,068	107,500
Standard setting FY09	86,400	86,400
Validation study	37,500	0
Project management meetings	21,570	21,570
TAC meetings	14,316	14,316
CTB Navigator On-line training for DACs	10,000	2,500
Create and maintain a secure site on Navigator to store Department e-mails to DACs	5,200	5,200
Training video for speaking portion of CELA Pro	0	133,635
Post test workshops	<u>1,622</u>	<u>0</u>
Subtotal	480,352	475,143
Total	(1,521,890)	(2,336,410)

Staff Analysis of Contract Amendments: Most of the above amendments are technical, including a significant reduction associated with a descoping contract requirements as a result of the change to the embedded field test (EFT). Embedded field tests are carried out during the operational administration either embedded within or appended to the operational test. These types of test tend to provide the most reliable information. Examinees tend to be motivated to complete the field test because they are often unaware of which items are field tested and which are operational. Apparently, based on the advise of its technical advisory panel (TAC) in 2005, the Department planned to embed new items into CSAPs to test the items' validity. The Department included this requirement in its 2005 request for proposals. Subsequently, the TAC reversed this advice, due to the Department's previous experience without embedded field tested items, as well as concerns over the length of the assessments. As a result of this change, the contract was modified to exclude the EFT, decreasing costs by \$2.9 million.

A large decrease is related to the removal of \$840,708 for the Colorado Parent Network from the contract. For more information see Staff's figure setting document for FY 2008-09,

Another large decrease (\$445,437) is associated with moving post-test management analysis of data and reporting from school fiscal year 2009 to school finance year 2010. However this decrease is offset with moving parts of the school fiscal year 2010 CSAP into school fiscal year 2009 (\$240,000). This yields a net decrease of \$205,437 for FY 2008-09, however yields a net increase of the same amount for FY 2009-10.

Fiscal Impact of Descoping Requirements of the CSAP Contract. Staff inquired what the fiscal impact would be if the General Assembly opted to *fund only the assessments that are not specifically required by federal law*. The tests to be removed from the Colorado Student Assessment Program (CSAP) would include the writing tests for grades 3 through 8 for CSAP and CSAP-A; the CSAP and CSAP-A assessments for reading, writing and mathematics in grade 9; and reading, writing, mathematics and science in grade 10.

Staff learned that there were several aspects to consider related to defunding the implementation of these assessment tests. These aspects include the following:

- Jeopardize Title 1 Funding and Retooling Costs. The required NCLB assessments for high school in reading, mathematics and science must be administered once in grades 10, 11 or 12. In the absence of an approved NCLB assessment for high school, between \$4 million and \$8 million of federal Title 1 funding is jeopardized. If the state relies solely on ACT for Colorado for grade 11 as the replacement for grades 9 and 10 CSAP, the state must develop augmented standards based assessments in reading, math and science in order to meet federal requirements.
- Stimulus Package Funding. Defunding these tests could impair the state's ability to obtain federal funds made available through the American Reinvestment and Recovery Act. That act includes state stabilization grants the receipt of which is dependent upon a state's ability to demonstrate compliance with the America Competes Act. One component of America Competes is *annual test data on all* students Removing existing assessments for grades 9 & 10 and writing for all grades is directly contrary to the provisions of America Competes and will therefore negatively impact Colorado's application for more than \$600 million in state stabilization and incentive grants.
- Timing Complications. In order to have a revised assessment system approved, state's Title I Accountability Workbook must be completed and submitted to the USDoE for by late February 2009. However, the review process and possible approval of the revised Accountability Workbook would most likely not be completed until Spring 2010. This timeline will not support having a revised assessment system in place for the 2009-10 assessment.

- Necessary State Expenditures. The elimination of the CSAP writing assessment in grades 3-10 and elimination of the mathematics, science and reading assessments in grades 9 and 10 are estimated to generate cost savings of \$2,029,521. The elimination of the CSAP tests will also require elimination of the CSAP-A tests for special needs students. The CSAP-A elimination is valued at \$181,097 bringing the total cost savings for CSAP / CSAP-A elimination to \$2,210,618. This amount is offset by personal services costs associated with descoping the CSAP and CSAP-A (\$329,443), and after factoring other operating costs and offsetting savings, the total net savings of \$1,856,263 is achieved in FY 2009-10.

However, In order for the department to fulfill the NCLB requirements and, therefore, remove the federal funding from jeopardy (\$4 to \$8 million), the Department would be required to develop three new content area tests (reading, mathematics and science) for grade 11 to augment the ACT for Colorado, generating costs. An alternate for significantly cognitively disabled students would be required as well. The Department's best estimates without an official RFP process, is that at a minimum, each test would cost \$12.00 per student annually for each content area assessment, for a total of \$36 for the augmented assessments. Based on \$12.00 per student, 57,000 students, three content area tests, this estimate is \$2,052,000 for the comprehensive development through reporting of a standards based augmented assessment. There will also be \$1.0 million in additional costs associated with the production of large print tests, Braille tests, oral scripts, translated oral scripts, teacher read directions, new training materials, new standard setting (establishing the cut scores for the various proficiency levels), new data layout development, and revised report formatting. Personal services for carrying out these changes are estimated to cost \$321,408 and 4.0 FTE. Finally, the data structure of the data warehouse would need to be modified at a cost of \$30,000. After other expenditures are accounted for, the total cost of these modifications would be \$3,489,942 in FY 2010-11.

The total two year cost of eliminating the assessment tests is estimated to be \$658,545, or approximately 3.2 percent of its FY 2008-09 appropriation. These savings would be short lived as the new assessment would be in place for only one year, as SB 08-212 calls for the new assessments aligned with the new Colorado Model Content Standards to be implemented beginning in 2011-12.

The following table summarizes these changes:

Summary of Savings and Costs of Defunding Assessments that are Not Specifically Required by Federal Law			
Description	FY 2009-10	FY 2010-11	2-Year Total
<u>Personal Services</u>	<u>(\$1,881,175)</u>	<u>\$1,192,790</u>	<u>(\$688,385)</u>
At-will principal consultant, including benefits ¹ (GF)	321,408	321,408	642,816
At-will principal consultant, including benefits ¹ (FF)	8,035	0	8,035
Contracted services - ACT augmented assessment	0	2,052,000	2,052,000

Summary of Savings and Costs of Defunding Assessments that are Not Specifically Required by Federal Law			
Description	FY 2009-10	FY 2010-11	2-Year Total
Contracted services - additional vendor costs	0	1,000,000	1,000,000
Contracted services - data warehouse	0	30,000	30,000
Contracted services - test eliminations: CSAP	(2,029,521)	(2,029,521)	(4,059,042)
Contracted services - test eliminations: CSAP-A	(181,097)	(181,097)	(362,194)
Operating Expenditures	24,912	4,928	29,840
Total	(\$1,856,263)	\$1,197,718	(\$658,545)

¹ Including Medicare (1.45%) and PERA (10.15%).

Due to the negligible expense of removing assessments that are not specifically required by federal law (3.2 percent) and the short-lived savings (one year at \$658,545), staff recommends continuation level funding of \$20,332,451 and 7.0 FTE (including \$15,727,544 General Fund). Staff's recommendation differs from the Department's request. Given concerns about the near-term insolvency of the State Education Fund, if this line item were supported with moneys from this fund, it would expedite the insolvency of the State Education Fund. Although Legislative Council Staff's December 2008 forecast anticipates a General Fund revenue shortfall in FY 2009-10, given the apparently perpetual requirement to provide statewide student assessments to maintain and receive significant federal grants and to support the data necessary to provide valid data for the Colorado Growth Model, staff recommends that funding be provided from the General Fund.

Federal Grant for State Assessments and Related Activities.

Beginning with the FY 2002-03 Long Bill, the General Assembly has reflected federal funds anticipated to be available to Colorado annually pursuant to the federal *No Child Left Behind Act*, passed by Congress in December 2001. This funding is provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a state has already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results, such as the following:

- Developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation;
- Developing or improving assessments of English language proficiency necessary to comply with other provisions of the federal legislation;

- Ensuring the continued validity and reliability of state assessments;
- Refining State assessments to ensure their continued alignment with the state's academic content standards and to improve the alignment of curricula and instructional materials;
- Developing multiple measures to increase the reliability and validity of state assessment systems;
- Strengthening the capacity of local educational agencies and schools to provide all students the opportunity to increase educational achievement, including carrying out professional development activities aligned with state student academic achievement standards and assessments;
- Expanding the range of accommodations available to students with limited English proficiency and students with disabilities to improve the rates of inclusion of such students, including professional development activities aligned with state academic achievement standards and assessments; and
- Improving the dissemination of information on student achievement and school performance to parents and the community, including the development of information and reporting systems designed to identify best educational practices based on scientifically based research or to assist in linking records of student achievement, length of enrollment, and graduation over time.

Request: The Department requests \$2,161,644 federal funds and 5.7 FTE.

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

Longitudinal Analyses of Student Assessment Results.

Background Information - Statutory Requirements. Since 2000, the General Assembly has passed several bills¹ concerning longitudinal analyses of student assessment results, and the provision of diagnostic information to districts and schools for the purpose of improving instruction. The Department has accomplished the following tasks to date:

- The Department has implemented a state data reporting system, which stores individual student assessment results.
- The Department has developed a process for assigning individual student identifiers to all students in public schools, including preschool children participating in the Colorado Preschool and Kindergarten Program and disabled preschool children receiving special education

¹ Bills concerning longitudinal assessment have included the following: S.B. 00-186, S.B. 01-129, S.B. 02-59, H.B. 02-1349, S.B. 03-248, H.B. 04-1433, H.B. 05-1217, H.B. 06-1109, and H.B. 07-1048.

services. In addition, pursuant to S.B. 06-24, the Department has worked with the Colorado Commission on Higher Education to ensure that these unique identifiers will be used by Colorado higher education institutions.

- As required by Section 22-7-604, C.R.S., the Department now assigns each school an annual academic growth rating based on the proportion of students who make gains from one year to the next (i.e., comparing students' scale scores from one year to the next).
- As required by Section 22-7-604.3, C.R.S., the Department has developed a "mixed effects statistical model" to diagnostically calculate individual students' academic growth. The Department has calculated what constitutes sufficient academic growth for each student for each school year (i.e., how much growth needs to occur for that student to become proficient by at least 10th grade).

Most recently, H.B. 07-1048 directed the Governor to appoint, and the Department of Education to convene, a new technical advisory panel to assist the Department in developing a longitudinal growth model to measure the academic growth of students. The act established new requirements and a timeline for development and implementation of the model, and it required the Department to calculate adequate longitudinal growth for each student and each school by July 1 each year thereafter. The panel was to develop a new method to identify schools that demonstrate the highest rate of academic growth for purposes of the Governor's Distinguished Improvement Awards. The Technical Advisory Panel has submitted a report to the State Board concerning the recommended statistical model, and the State Board anticipates promulgating rules related to the growth model on March 13, 2007.

Department Request/ Staff Recommendation. The Department requests a continuation level of funding and staff for FY 2009-10 (\$292,820 and 3.0 FTE). **Staff recommends approving the request, which is calculated in accordance with Committee policy.**

Preschool to Postsecondary Education Alignment.

Senate Bill 08-212 (Colorado Achievement Plan for Kids "CAP4K") required the State Board of Education, assisted by the Colorado Commission on Higher Education (CCHE), to develop standards and assessments for children progressing through the public education system with the following considerations:

- allow for public input and regional education meetings;
- school districts must align with the new standards; and
- the State Board and CCHE must meet with several identified education groups and stakeholders.

There are five (5) key components included with developing standards and assessments progressing through the state's public education system. These components include the following:

- School Readiness. School readiness guidelines and assessments should address a child's ability to engage in and benefit from elementary school. Assessments are to measure a child's readiness for elementary school and identify areas of improvement.
- P-12 Aligned Standards and Assessments. The State Board is required to adopt standards identifying content knowledge and skills a student should acquire from school, ultimately preparing the student for postsecondary education or entry into the workforce. Standards must be developed for, at a minimum: reading, writing, mathematics, science, history, geography, visual and performing arts, physical education, world languages, English language competency, economics, and civics.
- Postsecondary and Workforce Readiness Description. The State Board and the CCHE is required to jointly adopt a description of postsecondary and workforce readiness which is required to include, at a minimum: required subject matter areas; English language competency; and the ability to complete, without remediation, core academic classes. Postsecondary and workforce readiness guidelines address a student's preparedness for the workforce or for postsecondary education.

All high schools must offer at least one Postsecondary and Workforce Readiness Program and all students must enroll in a program. Programs are comprised of curriculum adopted to meet the guidelines established by the State Board. A school might have several curricula that address different subjects. Districts may make graduation dependent on completion of the program. Based on criteria set by the State Board, high schools may offer an endorsement on diplomas indicating successful or outstanding completion of the program. Students receiving an endorsement are guaranteed eligibility for credit-bearing courses and are guaranteed to meet minimum academic qualifications for admission into Colorado's moderately selective institutions of higher education.

- Postsecondary and Workforce Planning, Preparation, and Readiness Assessments. Beginning in FY 2008-09, the Colorado Department of Education (CDE) will establish a pilot program encouraging school districts to administer a system of postsecondary and workforce readiness assessments. For more information, please see the next line item (below).
- Postsecondary Education. The CCHE is to revise the minimum academic admission standards for first-time freshmen and transfer students to align with the postsecondary and workforce readiness description.

Request: The Department requests continuation funding of \$577,883 cash funds from the State Education Fund and 5.0 FTE.

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

Postsecondary and Workforce Readiness Assessments Pilot Program.

As a requirement of S.B. 08-212 (Colorado Achievement Plan for Kids "CAP4K"), the Department, beginning in FY 2008-09, must establish a pilot program encouraging school districts to administer a system of postsecondary and workforce readiness assessments. The assessments must include an 8th or 9th grade planning assessment, a 10th grade preparatory assessment, and an 11th grade readiness assessment. The Department and the Colorado Commission on Higher Education (CCHE) is required to adopt a system of assessments and submit state plan amendments to the federal Department of Education.

Request: The Department did not request an appropriation for FY 2009-10.

Recommendation: **Staff does not recommend an appropriation for FY 2009-10.**

(D) State Charter School Institute

Background Information - Creation. House Bill 04-1362 created the State Charter School Institute as an independent agency in the Department of Education. The Institute is allowed to authorize "institute charter schools" located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools. The act also created a board to oversee the operations of the Institute, and permits the Institute to hire staff and contract for services.

The act directs the Department to withhold a portion of the State Share of Districts' Total Program funding from the school district where an institute charter school is located and to forward the withheld amount to the Institute. The act permits the Department to retain up to 2.0 percent of the amount withheld from the State Share "as reimbursement for the reasonable and necessary costs to the department to implement the provisions of [Section 22-30.5-501 et seq., C.R.S.]" (see Section 22-30.5-513 (4) (a), C.R.S.). The act also permits the Institute to retain up to 3.0 percent of the amount withheld from the State Share for the "actual costs incurred by the institute in providing necessary administration, oversight, and management services" to institute charter schools (see Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.).

General Description of Appropriations Format. House Bill 04-1362 did not include provisions requiring the Institute to establish funds and accounts for budgeting and accounting purposes (similar requirements for school districts are included in Article 45 of Title 22, C.R.S.). Absent these requirements, the accounting staff at the Department (who perform all accounting duties on behalf of the Institute) use the State Charter School Institute Fund for purposes of accounting for all of the funds that flow through or are spent by the Institute. This fund was originally created for purposes of accounting for gifts, grants, or donations received by the Institute. Moneys in this fund are subject to available appropriations. Department staff indicated that pursuant to Section 22-54-114 (1), C.R.S., they are authorized to forward the State Share moneys to Institute charter schools without a separate appropriation. However, Department staff believe that spending authority is required out

of the State Charter School Institute Fund for the Institute to incur administrative expenses and for the Institute to forward any categorical funding to Institute charter schools.

Since FY 2006-07, the Long Bill has included four line items to allow the Department to forward funds as necessary to the Institute and its schools, and to track Department-level expenditures related to the Institute. While this structure is not ideal, it appears to be functional given the current circumstances. Each of the line items is discussed below, along with recommended funding levels for FY 2009-10.

State Charter School Institute Administration, Oversight, and Management.

This line item provides spending authority to the Institute to spend up to 3.0 percent of the amount withheld from the State Share of Districts' Total Program Funding line item. Moneys are used to provide the necessary administration, oversight, and management services to Institute charter schools. **Staff recommends providing \$1,764,044 reappropriated funds spending authority (transfer from the State Share line item) and 16.7 FTE.** The recommendation includes an increase of 2.0 FTE to accommodate the transfer of FTE from the "Direct Administrative and Support Services Provided by the Department to the State Charter School Institute" line item below related to Decision Item #8 (Adjust 2.0 FTE from Direct Administrative to 2.0 FTE State Charter School Institute Administration). Further, the line item is increase by 1.5 FTE to accommodate special education services to Institute Charter Schools due to increased need due primarily from the increased population of students enrolled in Institute schools.

Direct Administrative and Support Services Provided by the Department to the State Charter School Institute.

This line item provides spending authority for the Department to receive funds from the Institute out of the above line item. House Bill 04-1362 authorized the Institute to "contract with any boards of cooperative services ... or with any other qualified individual or public or private entity or organization, including a school district, for the provision of administrative or other support services directly to the institute or for the benefit of institute charter schools" (see Section 22-30.5-505 (6) (a), C.R.S.). The Department currently performs a number of duties on behalf of the Institute, including accounting, payroll, purchasing, human resources, contracts, etc. This line item thus allows the Department to receive and expend moneys from the Institute, out of the above line item, for this purpose.

Request: The Department has requested no appropriation or FTE authority for this line item. The Request includes a change request related to Decision Item #8 (Adjust 2.0 FTE from Direct Administrative to 2.0 FTE State Charter School Institute Administration), which is described below.

Decision Item #8 (Adjust 2.0 FTE from Direct Administrative to 2.0 FTE State Charter School Institute Administration). The SCSI is requesting an increase of 2.0 FTE and removal of a line item which provides \$99,686 and 2.0 FTE for the accounting, procurement, and grants management support responsibilities that the Department provides in support of the SCSI. The "Direct Administrative and Support Services Provided by the Department to the State Charter School

Institute" line item provides spending authority for the Department to receive funds from the SCSI out of the "State Charter School Institute Administration, Oversight, and Management" line item. When the SCSI was created in 2004 there was an agreement that CDE would assist with various administrative duties to allow the SCSI to develop staff and expertise as the number schools administered by the Institute increased. The request seeks to eliminate the aforementioned support from the Department as the Institute believes it has matured to the point that it can now assume these administrative responsibilities. **The SCSI has demonstrated that it now possesses the capacity to manage these duties, thus staff recommends the Department's change request.**

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

Other Transfers to Institute Charter Schools.

This line item was intended to provide spending authority to the Department to forward categorical funding, as appropriate, to Institute charter schools.

Request: The Department has requested \$3,151,137 reappropriated funds spending authority, which includes a change request Decision Item #10 (Increase Spending Authority for Reappropriated Funds for the Charter School Institute), which is described below.

Decision Item #10 (Increase Spending Authority for Reappropriated Funds for the Charter School Institute). The Department requests an increase of \$1.9 million reappropriated funds spending authority provided to the "Other Transfers to Institute Charter Schools" line item to allow the State Charter School Institute (SCSI) to forward available grant moneys to its charter schools. The SCSI reports that the increase is necessitated by corresponding increases in state categorical funding based upon the increased number of students enrolled in the schools the Institute administers. The request is for an increase of \$1,929,137 however, this amount does not include the \$1,082,000 of additional spending authority provided to the Institute through the 1331 interim supplemental process that was authorized by the JBC on September 22, 2008 or the reduction of \$290,385 included in the Department's annual supplemental bill (S.B. 09-185). Thus, the actual increase requested through the November 1 budget submission is \$1,137,522. Based on the most recent data provided from the Department (February 2009), staff does not believe an increase in spending authority is required at this time.

Recommendation: **Staff recommends providing continuation spending authority for FY 2009-10 (transfer from various categorical line items).**

TRANSFER OF FEDERAL SUPPORT TO INSTITUTE CHARTER SCHOOLS. [NEW]

This new line item reflects the total federal dollars received by the SCSI for pass-through to its Institute Charter Schools. The line also reflects the total FTE supported with these federal moneys. **Staff recommends a new line item be added to the Long Bill and recommends \$5.2 million reappropriated funds and 6.0 FTE for FY 2009-10.**

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

This line item is intended to provide spending authority to the Department to spend up to 2.0 percent of the amount withheld from the State Share for performing Department-level duties associated with the implementation of H.B. 04-1362.

Staff's FY 2008-09 recommendation assumed that the Department's workload related to the implementation of Section 22-30.5-501 *et seq.*, C.R.S., will increase proportionately with increases in the number of students attending Institute charter schools. If the Department spends less than the amount appropriated through this line item, the unspent funds should be forwarded to Institute charter schools (similar to the arrangement between school districts and their charter schools). It is not clear to staff that it will be reasonable to continue authorizing the Department to spend the full amount statutorily allowed each fiscal year. Staff had recommended that the Committee include the following written request for information:

"Department of Education, Management and Administration, State Charter School Institute, Department Implementation of Section 22-30.5-501 *et seq.*, C.R.S. - The Department is requested to submit a report to the Joint Budget Committee by July 1, 2008, concerning the method used to calculate the costs and additional Department staff required to implement Section 22-30.5-501 *et seq.*, C.R.S. The Department is also requested to make a recommendation as to whether the 2009 Long Bill should continue to include a separate line item appropriation for this purpose, or whether the costs and associated FTE should be reflected in the other relevant line items."

The Department submitted a request on July 21, 2008, to the Joint Budget Committee Chairman requesting additional time to prepare the report described in the request for information, seeking an extension to provide the report on November 1, 2008. This request was granted by the JBC Chairman on August 19, 2008.

Staff received the report, dated February 9, 2009. The report concluded that as a result of the reevaluation of the Department's supplemental assistance to the SCSI, a total of \$101,857 and 1.25 FTE should be removed from the Department Implementation of Section 22-30.5-501 *et seq.*, C.R.S. line item of the Long Bill. These reductions represent the full implementation of those areas at the Charter School Institute.

Staff Analysis: The report identifies seven (7) types of Department expenditures incurred as a result of implementing this statutory charge. These seven expenditures, the amounts the Department believes is warranted for this purpose, and a description is provided in the table which follows:

Department Recommendation: Implementation of Section 22-30.5-501 et seq., C.R.S.		
Department Expenditure/Description	Expenditure Amount	FTE
<i>Exceptional Student Services.</i> The Department, in consultation with SCSJ, has determined that the Exceptional Student Services Unit at CSI is self-sufficient and no longer utilizing the staff resources reflected in the above table.	0	0.00
<i>Student Assessment.</i> The Department has determined that of the 0.5 FTE who were charged to CSI's appropriation 0.45 FTE no longer provide that level of support. However, due to ongoing support for CSI, the Assessment Unit estimates that 0.05 FTE is representative of the resources necessary to continue implementation.	6,947	0.05
<i>Learning and Results.</i> The Department has determined that SCSJ has fully implemented the areas of its operations that required 0.3 FTE the Unit of Learning and Results' support.	0	0.00
<i>Charter Schools.</i> Currently, the Charter School Unit allocates 0.7 FTE to CSI's implementation. The Charter School Unit continues to provide technical assistance to CSI on a regular basis; however this review determined that the Charter School Unit's effort is approximately 0.3 FTE as opposed to 0.7 FTE. Therefore the Department recommends that the Charter School Unit's allocation be reduced by 0.40 FTE.	17,038	0.30
<i>Chief of Staff.</i> The Chief of Staff is the primary contact for CSI regarding any matters that must be reviewed by or referred to the Commissioner. As a result, the Department has determined that this be maintained.	10,563	0.10
<i>Legislative Liaison.</i> The Legislative Liaison provides support in terms of tracking legislation, interface with lawmakers and the Governor's office, and general support and consultation for all legislative matters. As a result, the Department has determined that this be maintained.	10,643	0.10
<i>Budget/Management Staff.</i> The Department and SCSJ have determined this is a reasonable and accurate reflection of staff's time spent.	50,476	0.45
<i>Research and Evaluation.</i> The Research and Evaluation Unit provides a significant amount of information, analysis and support regarding student and human resources data collections. As a result, the Department has determined that this be maintained.	47,803	0.60
<i>Information Technology.</i> The SCSJ shares networking and other Information Technology resources with the Department. This position provides networking, database, and all other IT support required by the SCSJ.	66,544	1.00
Total	210,014	2.60

The Department's recommendation requests that these FTE be redistributed throughout the Department to their corresponding unit. Staff does not recommend this as the reduction in the number of authorized FTE does not reflect a realized change in workload.

Recommendation: Staff recommends \$210,014 reappropriated spending authority (transfer from the State Share line item) and 2.6 FTE. The dollar amount is based on the actual expenditures incurred to implement the provisions of the statute.

LONG BILL FOOTNOTES

Staff recommends continuing the following footnote, as amended:

- 5a Department of Education, Management and Administration; and Library Programs --**
In addition to the transfer authority provided in Section 24-75-108, C.R.S., up to 2.5 percent of the total General Fund appropriations for Management and Administration and Library Programs may be transferred between the line items in these two sections of the FY ~~2008-09~~ 2009-10 Long Bill.

In March 2008, JBC staff recommended and the Committee approved several modifications to the structure of appropriations to the Department of Education. These modifications were ultimately reflected in the FY 2008-09 Long Bill and approved by the General Assembly and the Governor.

The most significant change transferred certain FTE and the associated funding from a consolidated line item in the Management and Administration section (the "General Department and Program Administration" line item) to separate line items. These changes were designed to make the Long Bill a more informative document, to ensure that actual expenditure and FTE data are provided at a sufficient level of detail, and to increase accountability.

As a result of these changes, Department staff indicate that it will be difficult to manage the FY 2009-10 budget for certain individual line items. The Department has suggested undoing some of the changes that are reflected in the FY 2008-09 so that they have more flexibility to manage within existing resources.

Rather than collapsing many of the newly created line items and re-creating one consolidated administrative line item, staff recommends that the Committee provide additional transfer authority to the Department.

For FY 2008-09, staff recommended adding the footnote to the Department of Education section of the FY 2008-09 Long Bill. The footnote was modeled on similar footnotes that have been included in the Judicial budget for a number of years. The purpose of the footnote is to authorize an agency to transfer funds among certain line items at the end of the fiscal year, over and above the statutory transfer authority that has been granted the Governor in Title 24. The JBC approved this recommendation and the footnote was added to the FY 2008-09 Long Bill through the Department's regular supplemental bill (S.B. 09-185).

The intent of the footnote is not to be permanent, but offer the Department sufficient latitude within existing resources to cover expenses incurred as a result of providing service delivery. Staff will expect the Department to submit change requests for future fiscal years to accommodate the Department's newly established organization. The amount of General Fund this footnote would

authorize the Department of Education (under the Commissioner of Education's authority) to transfer up to in FY 2009-10 is pending action by the JBC related to common policy line items.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(A) Public School Finance All of the line items in this subsection will be presented by Carolyn Kampman in a separate packet.

Administration.

Declining Enrollment Study.

State Share of Districts' Total Program Funding.

Additional State Aid Related to Locally Negotiated Business Incentive Agreements.

(B) Categorical Programs All of the line items in this subsection will be presented by Carolyn Kampman in a separate packet.

(I) District Programs Required by Statute

Special Education - Children with Disabilities.

English Language Proficiency Program.

(II) Other Categorical Programs

Public School Transportation.

Transfer to the Department of Higher Education for Distribution of State Assistance for Vocational Education.

Special Education - Gifted and Talented Children.

Expelled and At-risk Student Services Grant Program.

Small Attendance Center Aid.

Comprehensive Health Education.

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs.

This line item reflects all federal funding that is available for nutrition programs (an estimated \$108.6 million for FY 2009-10), along with the staff that are supported by a portion of that funding (8.0 FTE). As described earlier in this document, staff also recommends transferring the state funding that supports 0.9 FTE of the 8.0 FTE staff responsible for administering nutrition programs from the General Department and Program Administration line item. The request includes \$82,896 General Fund and 0.9 FTE.

State Match for Federal School Lunch Program.

The National School Lunch Program, which is administered by the Food and Nutrition Service of the U.S. Department of Agriculture, allows public or private non-profit schools and public or private non-profit residential child care facilities to receive cash subsidies and donated commodities from the U.S.D.A. for each meal they serve. Participating schools and facilities must serve meals that meet certain federal requirements and they must offer free or reduced price lunches and after school snacks to eligible children. Specifically, meals must be free to children whose families are at or below 130 percent of the federal poverty level, and offered at a reduced price to those with families between 130 percent and 185 percent of the federal poverty level. Children from families with incomes above 185 percent of the federal poverty level must pay full price, but their meals are still subsidized to some extent.

Under federal law, states must comply with a maintenance of effort (MOE) requirement in order to receive a portion of federal funds available through the National School Lunch Program. Colorado must comply with a \$2,472,644 MOE requirement or risk losing about \$11 million of the federal funds available through the program annually.

Pursuant to S.B. 01-129, the General Assembly is now required to appropriate by separate line item an amount to comply with the MOE requirement for National School Lunch Program [see Section 22-54-123, C.R.S.]. The state matching funds are allocated by the Department among participating school districts. Districts may only use funds provided by this line item for the school lunch program, and districts that have previously used their own general fund moneys to subsidize school lunch service are not allowed to use moneys received from this line item to supplant that level of subsidy. Senate Bill 01-129 included an appropriation of \$2,472,644 from the State Public School Fund for FY 2001-02, and the General Assembly has appropriated the same amount annually in subsequent fiscal years. Subsequently, the federal government has indicated that states are required to meet the MOE requirement each school year as a condition of the state's receipt of federal "general cash assistance" funds, and the intent of this requirement is that a minimum amount of state revenues be provided to supplement the federal funds provided to schools to support the overall aim of the National School Lunch Program (which is to provide lunches to children in school). States are required to "ensure that State revenues, and State revenues only, can be shown to have been

transferred into the school food service accounts of participating schools, or that school food service expenses have been borne by State revenues where these are to be counted in meeting the revenue match".

Staff thus recommends approving the Department's request for a continuation level of funding (\$2,472,644). Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the MOE requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It appears clear that the State would risk the loss of about \$11 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- rental income earned on public trust lands.

Child Nutrition School Lunch Protection Program.

Senate Bill 08-123 SB08-123 created the Child Nutrition School Lunch Program to eliminate the price paid by children who are eligible for reduced price lunch under the federal "National School Lunch Act". The Colorado Department of Education (CDE) is required to develop procedures to implement the program. The bill requires that "the General Assembly shall annually appropriate by separate line item in the annual general appropriation bill an amount of not less than \$850,000 and not more than \$1.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through second grade participating in the school lunch program who would otherwise be required to pay a reduced price for lunch." The bill included an appropriation of \$850,000 from the State Education Fund for the program for FY 2008-09. The bill also authorizes the CDE to expend no more than 2 percent of appropriated moneys for administrative costs (\$17,000 for an \$850,000 appropriation).

Under federal law, there are three payment tiers for participation in the school lunch program: (1) fully paid, (2) reduced, and (3) free. Families pay the whole cost for fully paid, families pay \$0.40 for reduced, and the federal government covers the whole cost for free. This bill appropriates General Fund to eliminate the \$0.40 cost families pay in the reduced tier for participation in the School Lunch Program, thus making the lunch free.

Request: The Department requests continuation funding of \$850,000 cash funds (State Education Fund).

Recommendation: **Staff recommends the Department's request.** However, due to the near-term insolvency of the State Education Fund, if the JBC so chooses, this line item could be alternatively funded General Fund. After administrative costs are deducted, and at \$0.40 per student, with each student in school an average of 180 days per year, this amount will provide 11,570 children with lunches.

Policy Option. The JBC could sponsor legislation which would make the annual appropriation from the General Assembly permissive, thus allowing the adjustment of the amount of moneys appropriated based on available funding.

School Breakfast Program.

The federal school breakfast program, administered by the Food and Nutrition Service of the U.S. Department of Agriculture, allows public or private non-profit schools and public or private non-profit residential child care facilities may participate in the program. Participating schools and facilities receive federal subsidies for every meal they serve. Participating schools and facilities must serve breakfasts that meet certain federal requirements and they must offer free or reduced price breakfasts to eligible children. Specifically, meals must be free to children whose families are at or below 130 percent of the federal poverty level, and offered at a reduced price to those with families between 130 percent and 185 percent of the federal poverty level. Children from families with incomes above 185 percent of the federal poverty level must pay full price, but their meals are still subsidized to some extent. Schools may also qualify for higher "severe need" reimbursements if a specified percentage of their breakfasts are free or reduced price.

Pursuant to H.B. 02-1349, as amended by S.B. 03-183 [Section 22-54-123.5, C.R.S.], the General Assembly, may appropriate by separate line item an amount to assist school districts and Institute charter schools that are providing a school breakfast program through participation in the federal School Breakfast Program. The Department of Education is required to allocate the state funds among participating school districts, and school districts are required to use the state moneys to create, expand, or enhance the school breakfast program in each low-performing school of the receiving district with the goal of improving the academic performance of the students attending such schools.

Request: The Department has requested a continuation level of funding for FY 2009-10.

Recommendation: **Staff recommends approving the request for \$500,000 General Fund.** However, due to anticipated revenue shortfall for FY 2009-10, if the JBC so chooses, this line item could be alternatively funded with moneys from the State Education Fund, but should be advised of the near-term insolvency of the State Education Fund.

Policy Option. The JBC could sponsor legislation which would make the annual appropriation from the General Assembly permissive, thus allowing the adjustment of the amount of moneys appropriated based on available funding.

Start Smart Nutrition Program Fund.

Start Smart Nutrition Program.

Senate Bill 07-59 created the Start Smart Nutrition Program to eliminate the amount paid by students participating in the federal School Breakfast Program who are eligible for reduced-price meals (Section 22-82.7-101 et seq., C.R.S.). Other objectives of the program include increasing the number of students who consume a nutritious breakfast each day, decreasing statewide health care

costs by improving the health of school-age children, and lessening students' risk of obesity by providing nutritious breakfast options. This act requires the General Assembly to annually appropriate at least \$700,000, but not more than \$1,500,000, to the newly created Start Smart Nutrition Program Fund for such purpose. The Department is authorized to spend up to one percent of moneys appropriated from the Fund to cover associated administrative costs (\$7,000). The act included an appropriation of \$700,000 General Fund to the Start Smart Nutrition Program Fund, along with a commensurate amount of cash funds exempt spending authority out of such fund.

Request: The Department requests a continuation level of funding (\$700,000 General Fund and \$670,000 in reappropriated spending authority) for FY 2009-10.

Recommendation: **Staff recommends approving the request for \$700,000 General Fund (the minimum amount allowable by statute), but staff recommends providing \$650,000 reappropriated spending authority.** Staff has reduced the spending authority to reflect recent expenditure estimates from the Department indicate that the program will not spend more than \$640,000 in FY 2009-10. However, due to anticipated revenue shortfall for FY 2009-10, if the JBC so chooses, this line item could be alternatively funded with moneys from the State Education Fund, but should be advised of the near-term insolvency of the State Education Fund.

Policy Option. The JBC could sponsor legislation which would make the annual appropriation from the General Assembly permissive, thus allowing the adjustment of the amount of moneys appropriated based on available funding.

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

Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services² provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

Districts are required to use the Medicaid funds received to provide student health care services. Each district is required to develop a local services plan that identifies the types of health services needed by students and the services it plans to provide. Districts spend the Medicaid funds for a variety of health-related purposes. The majority of funds are spent: providing nursing and other health clinic services; providing mental health services; providing speech, language, and vision services; providing physical and occupational therapy services; for health-related materials,

² Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

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

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

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds exempt). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. The appropriation to the Department of Education, however, only reflects the federal Medicaid funds that are used by the Department of Education to administer the program³.

For FY 2009-10, the Department of Education has requested \$210,984 and 1.4 FTE. **Staff recommends appropriating \$211,311 and 1.4 FTE for this line item.** Staff's recommendation is slightly higher than the Department's request because it includes an increase to the indirect cost assessment due to the incremental increase to the base continuation. The calculation, which is consistent with Committee policy, is detailed in the following table.

Summary of Recommendation:		
S.B. 97-101, Public School Health Services, Department of Education Administrative Costs		
Description	Total Funds	FTE
Personal services portion of FY 08-09 Long Bill appropriation	\$108,415	1.4
Salary survey awarded in FY 08-09	2,393	
80% of Performance-based pay awarded in FY 08-09	844	
Base reduction (0.0% for lines with 20.0+ FTE)	0	
Contract services portion of appropriation for FY 09-10	<u>45,000</u>	
<i>Subtotal: Continuation personal services</i>	156,652	1.4
Operating and travel	35,274	
Indirect cost assessment (estimated at 10.1 percent)	19,385	

³ Please note that prior to FY 2006-07, the appropriation to the Department of Education also reflected the federal Medicaid funds anticipated to be distributed to contracting entities for the provision of health care services.

Summary of Recommendation: S.B. 97-101, Public School Health Services, Department of Education Administrative Costs		
Description	Total Funds	FTE
Recommended authorization related to administration for FY 09-10	\$211,311	1.4

Integrated School-based Substance Use Treatment. This is a new line item proposed through the Department of Education's non-prioritized decision item #8 (and the associated decision item priority \$27, submitted by the Department of Human Services. The recommendation for this line item will be made as part of the staff presentation concerning the Department of Human Services, Mental Health and Alcohol & Drug Abuse Services.

(II) Capital Construction All of the line items in this subsection will be presented by Carolyn Kampman in a separate packet.

Public School Capital Construction Assistance Board - Lease Payments.

Division of Public School Capital Construction Assistance.

Full-day Kindergarten Facility Capital Construction Fund.

Financial Assistance Priority Assessment.

School Capital Construction Expenditures Reserve Fund.

School Construction and Renovation Fund.

Charter School Capital Construction.

(III) Reading and Literacy

Federal Title I Reading First Grant.

The Reading First grant program was established through the No Child Left Behind Act, passed by Congress in December 2001 [Title I-B, Subpart 1]. States are eligible to receive federal funds annually to help school districts identify and adopt "scientifically based" reading programs for children in kindergarten through third grade. Up to 10 percent of federal funds are available as target or incentive grants to states that increase the number of students reading at a "proficient" level. States are required to distribute at least 80 percent of their funds to districts, giving priority to high-poverty areas with a high percentage of students in kindergarten through third grade reading below grade level. States are allowed to use remaining funds for a number of related activities, including: teacher preparation, professional development, and licensure and certification (65 percent); technical assistance to help districts implement Reading First (25 percent); and administration, planning, and reporting (10 percent).

The Department notes that some schools have received both federal Reading First grants and Read-to-Achieve grants. The Department indicates that these high poverty schools were able to use Read-to-Achieve funds to provide additional intensive instruction (e.g., before and after school programs) for their students most at risk of failure, and to use Reading First funds to provide ongoing professional development and coaching supports for each K-3 teacher as well as special services providers.

The Department indicates that in addition to providing assistance to districts to establish reading programs based on scientifically based reading research for students in kindergarten through third grade classrooms, these federal funds are being used for the following purposes:

- To focus on providing significantly increased teacher professional development to ensure that all teachers, including special education teachers, have the skills they need to effectively teach reading; and
- To provide assistance to districts in selecting appropriate screening and diagnostic assessments and preparing classroom teachers to effectively screen, identify and overcome reading barriers facing their students.

This line item is included in the Long Bill for informational purposes. Staff recommends approving the request to reflect \$10,962,813 federal funds and 15.4 FTE related to the Reading First program in the FY 2009-10 Long Bill. This appropriation includes \$43,916 in personal services increases related to salary survey and performance-based pay awarded in FY 2008-09.

Read-to-Achieve Grant Program. Senate Bill 00-71 and S.B. 00-124 established the Read-to-Achieve Grant Program, and the program was recently modified through S.B. 07-192. Pursuant to Section 22-7-901 et seq., C.R.S., schools may apply for grants through the program to fund intensive reading programs for students in kindergarten through third-grade (including students between the third- and fourth-grades) whose literacy and comprehension skills are below grade level. Schools may utilize the funds for in-class support and assistance, one-on-one school day pull-out programs, after school tutoring programs, or summer programs. Schools may request grant funds for up to three years. However, schools are required to demonstrate that at least 65 percent of the pupils who completed the one year instructional cycle of the intensive reading program reached their achievement goals or demonstrated that they are on pace to achieve grade level proficiency on the statewide reading assessment. A history of program funding and grant awards is provided in the table below.

Summary of Read-to-Achieve Grant Program						
Time Period	Read-to-Achieve Grant Program Appropriations	Number of Schools Receiving Grants	Number of Students Served	Grant Funding per Student <a>		
				Minimum	Average	Maximum
Jan. 2001 to June 2002 (18 mo. grant cycle)	\$36,469,492	553	27,884	\$115	\$1,202	\$1,650
FY 2002-03	16,183,438	508	24,551	101	856	950
FY 2003-04	10,675,732	483	22,292	334	628	630
FY 2004-05	16,331,727	374	16,289	355	1,004	1,058
FY 2005-06<c>	15,922,311	350	14,985	1,078	1,078	1,078
FY 2006-07	4,369,567	335	14,115	282	282	282
FY 2007-08	5,277,293	51	3,862	110	1,339	5,477
FY 2008-09 est.	6,524,508	n/a	n/a	n/a	n/a	n/a

<a> The Department notes that pursuant to S.B. 07-192, beginning in FY 2007-08, it no longer awards funds on a per-pupil basis. The Department hopes that this allows them to provide a more consistent level of funding to grantees.

 In addition to the appropriation reflected above, the Governor allocated \$3.0 million of the federal relief payments received by the State pursuant to the federal *Jobs and Growth Tax Relief Reconciliation Act of 2003* (P.L. 108-27) for the Read-to-Achieve Grant Program. These funds were used these federal funds to increase the per-student grant amount to schools for FY 2003-04 (to \$628 per pupil).

<c> This amount includes \$11,562,409 General Fund and \$4,359,902 in tobacco settlement moneys.

The primary source of funds for the program is the Tobacco Litigation Settlement Cash Fund. This program currently receives five percent of the annual amount of settlement moneys received by the State, up to a maximum of \$8.0 million. The Department is authorized to use up to three percent of moneys in the Read-to-Achieve Cash Fund for the expenses incurred by the Read-to-Achieve Board in administering the program. These costs include expenditures associated with 1.0 FTE, an external evaluator, tobacco oversight costs, outside consultants (who conduct site visits and provide technical assistance), networking days, travel, temporary services, postage, printing/reproduction, supplies, and materials.

Request: The Department requests an appropriation of \$6,675,177 and 1.0 FTE for FY 2009-10 from the Read-to-Achieve Cash Fund. Pursuant to H.B. 06-1310, the General Assembly is no longer required to appropriate tobacco settlement moneys to the Read-to-Achieve Cash Fund; instead, these moneys are transferred pursuant to statutory directive.

Recommendation: **Staff recommends appropriating \$6,675,000 and 1.0 FTE from the Read-to-Achieve Cash Fund for FY 2009-10.** This recommendation includes \$5,115,959 in anticipated transfers of tobacco settlement moneys, and \$1,559,041 from the balance available in the Read-to-Achieve Cash Fund.

The Department reports that this fund had a balance of \$2,625,328 at the end of FY 2008-09. As FY 2008-09 is the second year of a three-year grant funding cycle, staff recommends allowing the Department to utilize the existing fund balance over the next fiscal year, thereby stabilizing the funding for the program. The following table details the anticipated expenditures associated with staff's recommended funding level.

Summary of Recommendation: Read-to-Achieve Grant Program		
Description	Total Funds	FTE
Personal services portion of FY 08-09 Long Bill appropriation	\$119,192	1.0
Distribution to BOCES as required by Section 22-2-122 (3), C.R.S. (1.0 percent of FY 09-10 appropriation)	66,750	
Other Read-to-Achieve Board administrative expenses authorized by Section 22-7-908 (2), C.R.S. (3.0 percent of FY 09-10 appropriation, less personal services expenses)	81,058	
Grant awards (includes full amount of tobacco settlement moneys anticipated to be credited to the Read-to-Achieve Cash Fund in FY 09-10, plus \$1,559,041 of the available fund balance)	6,408,000	
Recommended FY 09-10 appropriation	6,675,000	1.0

* Please note that S.B. 07-192 appropriated 1.0 FTE only, thereby authorizing the Department to use a portion of the FY 07-08 Long Bill appropriation to hire 1.0 FTE. The amount the Department estimates spending for salary, PERA, and Medicare in FY 07-08 is shown above for purposes of calculating the personal services portion of the appropriation for FY 08-09.

Family Literacy Education Fund.

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

Department Request / Staff Recommendation: The Department, as a part of the budget reduction plan for FY 2009-10, submitted a budget amendment requesting no funding for this program in FY 2009-10. **Staff recommends approving the request.**

Family Literacy Education Grant Program.

This line item provides reappropriated spending authority for the Department to spend moneys in the Family Literacy Education Fund from sources other than gifts, grants, and donations. Inconsistent with the request for the above line item, the Department requests \$200,000 spending authority. As of February 2009, the Family Literacy Education Fund had a balance of \$130,000. **Staff recommends \$130,000 reappropriated spending authority for FY 2009-10.**

(IV) Professional Development and Instructional Support

Closing the Achievement Gap.

Background Information

Legislation. In 2001, the House of Representatives adopted H.J.R. 01-1014 (Dean/Matsunaka) stating that, "... closing the learning gap is an important goal of Colorado's education reform program...", and urging the State Board of Education and the Department of Education "to take all appropriate steps to make closing the learning gap a central element of educational accountability in Colorado".

In 2003, the General Assembly passed S.B. 03-254 (Spence/Evans) [Section 22-7-611, C.R.S.] created the "Closing the Achievement Gap Program" to provide extensive assistance to eligible schools that are at risk of being converted into an independent charter school. Eligible schools include those that have received an academic performance rating of "unsatisfactory" or are identified by the State Board of Education as having a significant achievement gap. By April 1 of the school year preceding the year in which an eligible school intends to participate in the program, the Department is required to prepare and distribute an outline of different strategies that schools may implement to improve academic achievement. *Subject to available appropriations*, the Department is to make assistance available to participating eligible schools. The assistance could consist of information, personnel, and program and technical support. The bill also established the "Closing the Achievement Gap Commission" and the "Closing the Achievement Gap Cash Fund", which is to consist of gifts, grants, and donations received by the Department. The Legislative Council Staff fiscal note for this bill indicated that the program would be supported by gifts, grants, and donations.

Recent Funding Requests. In the 2008 Long Bill (H.B. 08-1375), the Closing the Achievement Gap pilot program was funded with \$1.8 million General Fund. The Department indicates that the initiative is anticipated to ultimately increase the number of students who graduate from high school, which could increase students' earnings (thereby benefitting the State's economy) and reduce the number of crimes committed. Funding was provided for an initiative to address achievement gaps associated with race and income. The Department proposed inviting those districts in the highest quartile with respect to achievement gaps to apply for Department assistance. Department intervention is intended to be available each year to an estimated six school districts as a pilot program. Participating districts would receive three types of assistance, estimated to cost \$300,000 per year, per district. This funding includes: (1) a "gap consultant", who would be hired by each school district, be located in the district, and be part of the district's administrative team [\$75,000 to \$100,000 per year, per district]; (2) software tools and hardware platform for monitoring progress for each district, including "formative" assessments [\$100,000 per year, per district]; and (3) staff development and on-site coaching for both teachers and instructional leaders in each district [\$100,000 per year, per district]. Additionally, each district is to choose an independent pre-qualified vendor to assist in plan implementation of the project.

The districts selected for the pilot and their providers are: (1) Summit School District McREL; (2) Roaring Fork School District McREL; (3) Greeley-Evans School District 6 Edison Learning; (4) Eagle Schools Edison Learning; (5) Yuma Schools Edison Learning; and (6) St. Vrain Valley School District Americas Choice.

Below is a summary of program implementation progress to date:

- In spring 2008, CDE conducted a request for information (RFI) process to identify external providers with a track record of closing achievement gaps at the school or district level.
- In April 2008, CDE identified and invited districts with the largest achievement gaps to attend meetings about forming a voluntary partnership to address their achievement gaps. \$637,594 in grants was made available for districts for the provision of a needs assessment for use in early planning stages.
- In May 2008, CDE provided four districts with the Comprehensive Appraisal for District Improvement (CADI) review.
- In June 2008, CDE organized a two-day showcase where each of the six districts met individually with the pre-qualified achievement gap providers. Providers offered presentations on their models for improvement and answered direct questions about how their products and services would work in each district.
- In July 2008, CDE staff and two achievement gap consultants assisted the districts in arranging and preparing for follow-up interviews with providers of their choosing. Districts were offered a CDE-developed bank of questions for use in conducting these interviews and making their final selection.
- In August 2008, each district selected a provider. Each provider assisted districts in the development of comprehensive plans to focus on addressing identified gaps. CDE received draft plans for approval in August 2008.
- In September 2008, CDE reviewed each districts comprehensive plan and corresponding budget. CDE staff provided feedback on each plan and established a grant process for allocating funds necessary for implementation.
- In October 2008, CDE reviewed and approved grant budgets and provided districts with funding.
- In November 2008, plan implementation began.

For reference, during the December 15, 2008, Joint Budget Committee Hearing with the Department, in response to the first question common to all departments, "What are your department's three top goals for the current year? How will they be achieved?", the Department stated that its number one goal was to "develop and advance a plan designed to narrow or close the achievement gap."

Request: The Department requests \$1.8 million cash funds from the State Education Fund.

Recommendation: **Staff recommends the Department's request.** However, due to the near-term insolvency of the State Education Fund, if the JBC so chooses, this line item could be alternatively funded General Fund.

Content Specialists.

Description: For FY 2008-09, the Department was appropriated \$433,480 General Fund and 4.6 FTE to hire five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student achievement (FY 08-09 Decision Item #4). These individuals specialize in five areas: (1) mathematics; (2) science; (3) social studies (history, geography, civics, and economics); (4) arts (visual arts and music); and (5) achievement gaps.

Request: The FY 2008-09 appropriation reflected only 11 months of funding due to the pay date shift. This funding annualizes in FY 2009-10 to \$448,250 and 5.0 FTE.

Recommendation: Senate Bill 09-185 (Supplemental Appropriation for the Department of Education) refinances the General Fund appropriation made for content specialists to reappropriated funds from the State Education Fund. **Staff recommends continuation funding of \$448,250 cash funds from the State Education Fund and 5.0 FTE for FY 2009-10.**

School Leadership Academy Program.

House Bill 08-1386 created the School Leadership Academy Program to provide recruitment, induction, and professional development to principals in public schools. The intent of the program is to provide training both for practicing principals, and for initial principal licensees. The bill creates the School Leadership Academy Board to oversee the program and identify the base curriculum of the program, and on or before July 1, 2009, the board is required to adopt policies and procedures to implement the program. The procedures are to be submitted to the State Board of Education for its approval. The bill also authorizes this program as a valid recipient of State Education Fund moneys.

Request: The Department requests \$152,650 cash funds and 1.5 FTE from the State Education Fund.

Recommendation: **Staff recommends \$150,000 cash funds spending authority and 1.5 FTE for any gifts, grants, and donations received by the Department for the purposes of implementing this program.** Staff recommends no appropriation of State Education Fund moneys given the General Assembly has discretion with whether to fund this program and the near-term insolvency of the State Education Fund. Staff will monitor how much, if any moneys are collected for the purposes of this line item mid-year. If the moneys collected are insufficient to operate the program, staff will recommend a supplemental reduction in spending authority and a commensurate reduction of FTE.

Stipends for Nationally Board Certified Teachers.

House Bill 08-1384 requires the design and administer a biennial teaching and learning conditions survey to all teachers in state public schools. At a minimum, the survey shall assess how teaching and learning conditions predict student achievement, and correlate to teacher retention and school administration. Results from the survey may be used as a resource for school improvement. In addition, the bill created the Teacher Quality Recruitment Program to provide stipends to teachers

who achieve National Board for Professional Teaching Standards certification. The appropriation made in the bill was based on the estimated number of certified teachers and a preset stipend which could be raised based on a teacher working in a low-performing school. Estimated number of National Board Certified teachers in Colorado for FY 2008-09 was 403 with each teacher receiving a stipend of \$1,600 with an additional \$3,200 for working in a low-performing school. The bill also authorized this program as a valid recipient of State Education Fund moneys.

As a result of the revenue shortfall in FY 2008-09, the JBC introduced as a part of its budget reduction package, legislation (S.B. 09-214; currently being enrolled into an act) which added permissive language making the administration of a biennial teaching and learning conditions survey and the distribution of stipends subject to available appropriations. The bill also repeals the FY 2008-09 appropriation of \$1,156,997 made available through H.B. 08-1388 (School Finance Act).

Request: The Department requests \$1,312,997 cash funds from the State Education Fund. The request includes annualizations and moneys to conduct surveys as described above.

Recommendation: **Staff does not recommend funding this line item in FY 2009-10.** Due to the anticipated revenue shortfall in FY 2009-10 and the near-term insolvency of the State Education Fund, the Teacher Quality Recruitment Program is funded with moneys from the State Education Fund. Thus, by reducing the appropriation to this program from this funding source, additional moneys from the State Education Fund are available to offset qualifying education programs currently funded with General Fund.

National Credential Fee Assistance.

This program, initially established through H.B. 02-1349, requires the Department to assist individuals seeking a national credential by paying a portion of the fees charged for such credential [see Section 22-60.5-112.5, C.R.S.]. The amount of fee assistance is to be equal to the amount of the national credential fee received by the applying teacher through a federal assistance program. Procedurally, individuals apply for federal fee assistance first. If the federal application is approved, the National Board for Teaching Standards submits a request to the Department for a matching amount of state funds. The General Assembly is to annually appropriate, if available, moneys in the State Education Fund for such purpose. This provision includes a legislative declaration that providing national credential fee assistance to teachers who obtain a national credential from an approved professional organization constitutes a performance incentive for teachers and such teachers may therefore receive funding from the State Education Fund.

Request: The Department, as a part of its budget reduction package, has through a budget amendment, requested funding for this line item be suspended in FY 2009-10.

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

Science and Technology Education Fund.

Science and Technology Center Grant Program.

House Bill 01-1365 created the Science and Technology Education Center Grant Program to provide start-up and operating moneys to science and technology education centers. Science and technology education is defined as educational activities that stimulate learning through space flight simulations or through simulations related to astronomy or space exploration. The State Board of Education specifies the amount to be awarded and annually awards one or more science and technology education center grants to selected applying centers for the development and operation of science and technology education centers. The bill caps the amounts that may be awarded at \$500,000 for start-up costs and \$200,000 for operating costs. Start-up grants are for one fiscal year and may not be renewed. Operating cost grants are for one year, but may be renewed for subsequent fiscal years.

The program was initially appropriated \$1.4 million out of moneys in the State Education Fund to the Science and Technology Education Fund for the Department of Education. In the first year of the program, the State Board of Education awarded \$500,000 each to two Centers for start-up costs: the Colorado Consortium of Earth and Space Science Education in Colorado Springs and the Denver Museum of Nature and Science. The Board also awarded another \$186,000 to the Colorado Springs Center for operating costs. The balance remaining in the Science and Technology Education Fund was transferred back to the State Education Fund on March 3, 2003. Funding for the program was not re-established until FY 2008-09 through the Long Bill (H.B. 08-1375) with an appropriation of \$300,000 from the State Education Fund to the Science and Technology Education Fund and a corresponding cash fund appropriation providing spending authority from this fund.

In the Long Bill, in the Assistance to Public Schools, Grant Programs - Distributions - Other, Professional Development and Instructional sub-section, there are two line items related to the Science and Technology Center Grant Program. The first line item (Science and Technology Education Fund) provides a transfer of State Education Fund moneys to the Science and Technology Education Fund. The second line item provides spending authority for the Department to use moneys in this fund for grant awards. The supplemental request from the Department is to reduce the cash funds appropriation, but maintain its \$300,000 reappropriated funds spending authority out of the cash fund. The Department has not expended any moneys related to the program in the current year, thus making available the reduction of its full appropriation.

Request: The Department, as a part of its budget reduction package, has through a budget amendment, requested that funding for this line item be suspended in FY 2009-10.

Staff Recommendation: **Staff recommends the Committee approve the Department's request for FY 2009-10.** Staff also recommends reducing the cash funds spending authority from the Science and Technology Grant Program line item by a like amount. The Science and Technology Center Grant Program is funded with moneys from the State Education Fund. Thus, by reducing the appropriation to this program from this funding source, additional moneys from the State Education Fund are available to offset qualifying education programs currently funded with General Fund.

Boards of Cooperative Services.

Background Information. Public school districts and postsecondary institutions are authorized to establish boards of cooperative services (BOCES) for the purpose of offering shared instructional and administrative programs such as data processing, curriculum development, special education, and staff development to member school districts [see Section 22-5-101, et seq., C.R.S.]. Services performed under the direction of the BOCES are financed by member contributions.

Request: The Department, as a part of its budget reduction package, has through a budget amendment, requested funding for this line item be suspended in FY 2009-10.

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

Civic Education.

Pursuant to Section 22-1-104 (6), C.R.S., the Department is required to assist school districts in developing and promoting civic education programs in an effort to strengthen the teaching of civic education in all public schools, the Department shall assist the school districts of the state in developing and promoting programs for elementary and secondary students that address the state model content standards for civics and promote best practices in civic education. Statute further specifies that the program assists students in meeting state academic standards and may therefore receive funding from the State Education Fund.

For the last four fiscal years, the General Assembly has appropriated \$200,000 from the State Education Fund for this purpose. In previous years, the Department used this funding to support a professional development initiative on teaching and learning civic content and skills in Colorado classrooms, as well as provide professional exchange programming and support for teachers who participated in previous years. For FY 2008-09, the Department had plans to align activities with the Department's "Forward Thinking" goals, which included: (1) enhance professional development involving best practices in civic education; (2) implement a more consistent and comprehensive statewide system of support to the civic education community; (3) review and refine the civics model content standards to reflect 21st Century skills, college, and workforce readiness; and (4) design, detail, and disseminate model civics curricula and related assessment tools that districts may voluntarily use and that are aligned with research, proven to deliver results, and supported through competent providers of technical support.

Request: The Department, as a part of its budget reduction package, has through a budget amendment, requested funding for this line item be suspended in FY 2009-10.

Recommendation: **Staff recommends the Committee approve the Department's request to suspend funding the Civic Education Program in FY 2009-10.** The Civic Education Program is funded with moneys from the State Education Fund. Thus, by reducing the appropriation to this program from this funding source, additional moneys from the State Education Fund are available to offset qualifying education programs currently funded with General Fund.

Financial Literacy.

Pursuant to Section 22-2-127, C.R.S. (H.B. 04-1360), the State Board of Education is required to create, maintain, and make available to school districts a resource bank of materials pertaining to financial literacy. The Department is required to provide technical assistance related to curriculum design upon the request of a school district or a charter school. This provision includes a legislative declaration that the creation of a financial literacy resource bank is "an important element of an accountable program to meet state academic standards" and may therefore receive funding from the State Education Fund. The Department is also authorized to accept and expend any gifts, grants, or donations for purposes of implementing this provision, which are to be credited to the Financial Literacy Cash Fund.

In FY 2008-09, the Department's plan included disseminating and providing technical assistance for the implementation of model financial literacy curriculum. This approach is consistent with the Department's "Forward Thinking" goal to design, detail and disseminate model curricula in the area of financial literacy. The Department indicates that pilot programs would continue and be expanded that would help to find ways to integrate financial literacy into existing curriculum at various grade levels. The artifacts that are developed would be available to districts and schools across the state.

Request: The Department requests continuation funding.

Recommendation: **Staff recommends the Department's request.** Staff's recommendation reflects the statutory requirement to provide financial literacy support.

Policy Option. The JBC could sponsor legislation eliminating the requirement that the Department make available to school districts a resource bank of materials pertaining to financial literacy and add permissive language about determining funding based on available appropriations.

Colorado History Day. House Bill 04-1202, concerning the funding of "Colorado History Day", requires the Department to assist school districts in developing and promoting programs that engage students in the process of discovery and interpretation of historical topics. While this bill authorizes the Department to accept gifts, grants, and donations for such purpose, it also includes the following provision [see Section 22-1-104 (5) (c), C.R.S.]:

"It is the intent of the general assembly that the objectives specified in paragraph (a) of this subsection (5) are to be funded through the state education fund created in section 17 (4) of article IX of the state constitution. The general assembly hereby finds that the development, promotion, and maintenance by the school districts of the state of programs for elementary and secondary students that engage such students in the process of discovery and interpretation of historical topics assists these students in meeting state academic standards and may therefore be funded from moneys in the state education fund."

The Department has a memorandum of understanding with the Department of History, University of Colorado at Denver and Health Sciences Center, for "Colorado History Day". Through this program, students in grades six through twelve engage in a year-long educational program leading to regional competitions in February and March; regional competition winners travel to the state-level competition in May at the University of Colorado, and winners at the state level advance to the national contest at the University of Maryland in June. The funds provided through this line item are used to support regional programs, teacher workshops and curriculum support, coordination of the annual state-level competition, and coordination of Colorado's delegation at the national competition. **The Department has requested a continuation level of funding (\$10,000) from the State Education Fund for FY 2009-10. Staff recommends approving the request.**

(V) Summer and After-school Programs

Facility Summer School Grant Program. House Bill 06-1375 included a provision that amended this program, which was originally established through H.B. 02-1349 (see Section 22-86-101 et seq., C.R.S.). This program provided grants to facility schools that operate summer school programs for children residing in the facilities. This program was repealed through H.B. 08-1388.

Summer School Grant Program. House Bill 06-1375 included a provision that recreated and reenacted this program, which was originally established through S.B. 01-129 (see Section 22-7-801 et seq., C.R.S.). This program provides grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year. The Department is authorized to annually withhold up to three percent of the moneys appropriated for this program to offset the direct costs incurred in administering the program and to "evaluate the progress of the summer school programs operated by school districts and Institute charter schools that receive grants" through the program. The act included the following provision concerning funding:

"For the 2006-07 budget year and for each budget year thereafter, subject to available appropriations, the general assembly shall annually appropriate moneys from the state education fund...to the department to be used to award grants for summer school programs..."

This provision does not include a statement of legislative intent identifying the associated constitutionally authorized purpose. However, it seems reasonable to assume that this program could be considered an "accountable program to meet state academic standards".

For FY 2008-09, the Department requested that funding for the program be suspended. As a result of this request, funding was reduced from \$1.0 million to \$27,105 and was included as a part of the Department's budget reduction package and was included in the Department's supplemental bill (S.B. 09-185).

Request: The Department requests that funding for the Summer School Grant Program be reinstated for FY 2009-10. The request is for \$1.0 million and 0.3 FTE.

Recommendation: **Staff does not recommend funding or FTE authority for this line item in FY 2009-10.** The Summer School Grant Program is funded with moneys from the State Education Fund. Thus, by reducing the appropriation to this program from this funding source, additional moneys from the State Education Fund are available to offset qualifying education programs currently funded with General Fund.

STEM After-school Education Pilot Program.

House Bill 07-1243 bill created the STEM After-school Grant Program in the Colorado Office of Economic Development, Office of the Governor. STEM programs are educational activities and competitions that focus on science, technology, engineering, and mathematics after regular school hours. To be eligible for a grant, a STEM provider must submit an application describing the program activities and other qualifications. The director of the Office of Economic Development chooses grant recipients based on criteria outlined by the bill. In general, these criteria address the experience of the provider, the types of program benefits, and the student populations impacted by the program.

The bill creating the program established that funding for the grants would be exclusively from gifts, grants, and donations. However, the 2008 School Finance Act provided a one-time appropriation of \$300,000 cash funds from the State Education Fund to CDE for transfer to the Office of Economic Development and International Trade (OEDIT) to administer the program, pursuant to Section 24-48.5-109 (4), C.R.S. In addition, the bill provided that the program qualifies as accountable education reform and may therefore receive funding from the State Education Fund. The Department has not expended any moneys related to the program in the current year, thus making available the reduction of its full appropriation.

The STEM After-school Grant Program is funded with moneys from the State Education Fund. Thus, by reducing the appropriation to this program from this funding source, additional moneys from the State Education Fund are available to offset qualifying education programs currently funded with General Fund.

Request: The Department has requested that funding for the STEM After-School Education Grant Program be eliminated as a part of the Department's supplemental budget reduction package for FY 2008-09. This reduction was included in the supplemental bill for the Department (S.B. 09-185).

Decision Item #9 (STEM After School Program). The Department had also submitted as a change request permission to retain the moneys that would otherwise be transferred to the OEDIT and that it is the agency's "intent to continue this funding through CDE administration of the program and that the STEM Grant Program will be absorbed into the current work of the Prevention Initiatives Unit". The Department is currently statutorily charged with developing a plan for improving Pre-K-16 mathematics, science, and technology education in the state of Colorado through the use of

telecommunications networks and facilities, but also administers the science and technology education center grant program to provide development and operating moneys in the form of matching funds for existing or proposed nonprofit science and technology education centers. However, pursuant to Section 24-48.5-109 (4), C.R.S., the OEDIT is required to administer the STEM grant program. Given that funding for the program has been eliminated, the inclusion of this decision item is inconsequential, however for future reference staff would have recommended against this change request.

Recommendation: **Staff recommends eliminating funding for the STEM After-School Education Grant Program.** It should be noted that statute calls for repeal of the program effective July 1, 2010.

Dropout Prevention Activity Grant Program.

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

Request: The Department does not request funding for this program in FY 2009-10.

Recommendation: Staff recommends the Department's request. Pursuant to Section 39-22-2802, C.R.S., this tax check-off is only authorized for three tax years (2005 through 2007). Please note that the State Board is statutorily required to award grants "in each year in which moneys are credited to the [Dropout Prevention Activity Grant Fund]".

(VI) Facility Schools [New Subsection Recommended] All of the line items in this subsection will be presented by Carolyn Kampman in a separate packet.

Facility Schools Unit and Facility Schools Board.

Facility School Funding.

Hold-harmless Facility School Funding.

(VII) Other Assistance

Appropriated Sponsored Programs.

The Department requests a total of \$223,611,615 and 73.3 FTE for this line item, based on preliminary estimates of federal funding that will be available for FY 2009-10. Staff recommends approving the request.

Hold-harmless Full-day Kindergarten Funding.

See Assistance to Public Schools section. This line item will be presented by Carolyn Kampman.

School Counselor Corps Grant Program.

House Bill 08-1370 created the School Counselor Corps Grant Program and directs the State Board of Education to promulgate rules necessary to implement the program. The grant program is intended to improve and increase counseling services to students in secondary schools. Beginning in FY 2008-09, subject to available appropriations the State Board of Education is required to grant awards to education providers for a term of 3 years. The act created the School Counselor Corps Grant Fund to consist of any moneys appropriated to the fund by the General Assembly and from gifts, grants, and donations. Moneys in the fund shall be subject to annual appropriation by the General Assembly for the direct and indirect costs of the program. Any money remaining in the fund as of July 1, 2011, revert to the General Fund. The act authorizes the CDE to expend up to 2 percent of moneys annually appropriated from the fund to implement and administer the program. The act included a State Education Fund appropriation for \$5.0 million to the new cash fund.

To be considered for a grant, a school district, Board of Cooperative Educational Services, or charter school shall specify details of its current program, and how grant money will be spent to improve or increase services. The Department is required to apply specific criteria when reviewing applications and making recommendations to the board. The Department is also required to give priority to applications for secondary schools where the dropout rate exceeds the statewide average, and/or where there are a high percentage of students receiving free or reduced-cost lunch. The act identified other criteria such as collaboration with institutions of higher education, community involvement, and the availability of matching funds. Education providers who receive a grant are required to report annually to the Department, which is then required to summarize and compile the information in a report to the Education Committees of the General Assembly.

Request: The Department requests continuation funding of \$5.0 million cash funds from the State Education Fund and 1.0 FTE to administer the program.

Recommendation: **Staff does not recommend funding this line item or provide FTE authority in FY 2009-10.** Given the near-term insolvency of the State Education Cash Fund and the projected revenue shortfall in FY 2009-10, staff does not recommend funding this program.

Contingency Reserve Fund. Pursuant to Section 22-54-117 (1) and (4), C.R.S., the State Board is authorized to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I) financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II) financial emergencies caused by nonpayment of property taxes;
- (a) (III) revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV) unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V) unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI) unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII) unusual financial burden caused by a significant enrollment decline pursuant to a reorganization; and,
- (b) in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need." The following table summarizes amounts paid out to school districts since FY 1993-94.

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs. Beginning in FY 2001-02, the appropriation related to the Contingency Reserve has included spending authority related to districts' repayments (in lieu of a General Fund appropriation to the Contingency Reserve). Specifically, \$310,000 of the assistance provided in FY 2001-02 came from district repayments, and \$758,226 of the assistance provided in FY 2002-03 came from district repayments. All other payments were provided through General Fund appropriations.

The General Assembly has not appropriated General Fund moneys for this line item since FY 2002-03. The source of funds for the FY 2006-07 appropriation for this line item (\$4,291,277 cash funds exempt) is reimbursements from Denver Public Schools. In FY 2000-01, the State Board paid Denver Public Schools a total of \$3,948,814 to offset property taxes owed by United Airlines when

the company declared bankruptcy. The district reimbursed the State for the amount received plus interest once the bankruptcy case was resolved.

As a part of the FY 2008-09 budget balancing package introduced by the JBC, the fund's balance of \$3,082,452 was transferred from the Contingency Reserve Fund to the General Fund to augment revenues (S.B. 09-208). Moneys in the fund were originally transferred from the General Fund.

Request: The Department, as a part of its budget reduction package for FY 2009-10, requests \$2,385,494 be transferred from the Contingency Reserve Fund to the General Fund to augment revenues. However, because S.B. 09-208 (Augmentation of FY 2008-09 General Fund Revenues) included all remaining fund balance, this request is no longer applicable.

Recommendation: **Staff recommends \$500,000 cash funds spending authority for this line item in FY 2009-10.** There are moneys that have been loaned to school districts that could be repaid in FY 2009-10 that could be then used to loan out to other school districts.

Alternative Teacher Compensation Plan Grants.

The Alternative Teacher Compensation Plan program provides seed money through a competitive grant program for districts to create plans which can serve as a mechanism for rewarding teaching excellence and encouraging creative and innovative approaches to helping Colorado improve the academic performance of all students and meet its education goals the include, but are not limited to, decreasing the dropout rate, closing the achievement gap, and increasing the number of post-secondary degrees and certificates awarded to Colorado students.

As a result of the revenue shortfall in FY 2008-09, the JBC introduced as a part of its budget reduction package, legislation (S.B. 09-213; signed into law on February 26, 2009) which added permissive language such that the General Assembly may determine the amount appropriate from the State Education Fund or from any other source for this program and which repealed the appropriation of \$1.0 million made available through H.B. 08-1384.

Request: The Department requested that funding for this program be suspended in FY 2009-10.

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

Military Dependent Supplemental Pupil Enrollment Aid.

See Assistance to Public Schools section. This line item will be presented by Carolyn Kampman.

Regional Service Cooperatives.

House Bill 08-38 required that the State Board of Education, in consultation with the Governor's Office, the Department of Higher Education, and the Colorado Department of Education (CDE), divide the state into 12 regional service areas. Educational agencies within these service areas may create service cooperatives to include participants from school districts, the community, Boards of Cooperative Educational Services (BOCES), institutions of higher education, and/or other educational service agencies. Participation in the service area is voluntary. Once formed, each

participating service area is required to establish a regional service council to act as the governing body. The act sets requirements for the composition of the councils. Once a comprehensive plan has been approved by the State Board, a service area may apply for a 1-time grant of \$10,000 to reimburse it for the cost of developing the plan. If the plan is approved, the service area shall receive an annual appropriation of \$50,000, subject to availability, beginning in FY 2009-10. If availability is insufficient to award each service area the full amount, the State Board is required to reduce all awards proportionally for that year. Additionally, each service area is entitled to receive \$0.50 for each student enrolled in a school district within its area. Each service area may use up to 10 percent of moneys received for grant management and fiscal oversight. Service areas where enrollment is less than 15,000 students may use up to 20 percent. Each service area is authorized to seek gifts, grants, and donations for the purposes of implementing the bill. Each service area that receives funding from the bill is required to submit an annual report to the State Board and the CDE, and an annual budget to the CDE. The bill requires that a BOCES within the service area act as the fiscal agent.

Request: The Department requested, as a part of its budget reduction package for FY 2009-10 that funding for this line item be suspended.

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

First Responder School Mapping System.

House Bill 08-1267 established a school mapping system as part of the School Safety Resource Center's pilot program and appropriated \$150,000 cash funds from the State Education Fund in FY 2008-09. In the event of an emergency, the system will provide first responders with access to electronic maps and information about school buildings. The center must designate 1, 2, or 3 schools in each pilot site for mapping. Pilot sites may contract with public or private entities with experience in first responder school mapping systems. Contracts must be submitted to the School Safety Resource Center for approval and, if approved, for reimbursement of direct and indirect costs of creating the mapping system. Funding for this program was one-time in nature.

Supplemental On-line Education Services.

House Bill 06-1008 established a program whereby small school districts and certain charter schools could receive reimbursement for the cost of purchasing supplemental on-line education courses. This program was authorized for one year. Subsequently, H.B. 07-1066 established two programs to support supplemental on-line education services. The first program is supported by this line item. Pursuant to Section 22-5-119, C.R.S., the General Assembly is required to annually appropriate federal mineral lease revenues for the Mountain Board of Cooperative Services (BOCES) to contract with a supplemental on-line course provider to offer on-line courses to school districts, BOCES, and charter schools at a cost of no more than \$200 per student per semester course.

The act included an appropriation of \$480,000 from the State Public School Fund (federal mineral lease revenues) for FY 2008-09 for this program.

Request: The Department, as part of its budget reduction package for FY 2009-10, request2 that funding for this program be suspended for FY 2009-10.

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

Supplemental On-line Education Grant Program.

The second program authorized by H.B. 07-1066 is supported by this line item. Pursuant to Section 22-2-130, C.R.S., the General Assembly is required to annually appropriate federal mineral lease moneys for the State Board of Education to award grants to BOCES and certain school districts and charter schools to remove financial or technical barriers to providing supplemental on-line education courses. Grants can be used to provide additional reimbursement for the cost of purchasing supplemental on-line courses, or to increase access to supplemental on-line courses by providing technical equipment, hiring technical specialists, providing staff training, or providing financial assistance to hire personnel to facilitate on-line access. The Board is to give priority to those entities that have been unable to provide supplemental on-line courses in the past, and consider the degree to which students require supplemental on-line courses to meet higher education admission standards, as well as other revenue sources available to each entity. A grant may not exceed \$5,000 in a fiscal year. The Department is allowed to spend up to two percent of the moneys annually appropriated for this program to offset the direct and indirect costs of administering the program.

Request: The Department, as part of its budget reduction package for FY 2009-10, request2 that funding for this program be suspended for FY 2009-10.

Recommendation: Staff recommends the Department's recommendation.

Aid for Declining Enrollment Districts with New Charter Schools. This line item will be presented by Carolyn Kampman in a separate packet.

Interstate Compact on Educational Opportunity for Military Children.

House Bill 08-1317 created the Interstate Compact on Educational Opportunity for Military Children, as developed by the Council of State Governments. It is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The proposed compact, if passed, will become effective once 10 or more states adopt the language. In general, the compact provides children of uniformed service members or veterans with the following: (1) processes through which educational records will be transferred in a timely manner; (2) guidelines and requirements to assist in placing transferred students within the proper grade, courses, special education services, and extracurricular activities; and (3) waivers of required courses and exit exams to facilitate the graduation of military children for cases in which the child has completed similar work at another school.

The compact also creates the Interstate Commission on Education Opportunity for Military Children to administer the compact and facilitate interstate activities. The governor of each member state appoints a representative to the commission. The commission has the power to adopt rules, establish

an administrative office, receive and expend funds, enforce member compliance, and assist in disseminating information. The commission may collect an annual fee from every member state.

The compact also requires each member state to have a state council consisting of 5 or more members to ensure compact participation and compliance. The council will have a military family education liaison and a compact commissioner.

Request: The Department requests \$32,185 cash funds from the State Education Fund.

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

REQUEST FOR INFORMATION

Staff recommends continuing the following request for information, as amended:

Department of Education, Assistance to Public Schools, Grant Programs and Other Distributions -- The Department is requested to provide information to the Joint Budget Committee by November 1, ~~2008~~ 2009, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal year ~~2007-08~~ 2008-09.

Comment: The Governor instructed the Department to comply with this request to the extent that the information can be compiled without jeopardizing the operation of the executive branch or the delivery of governmental services. The report was furnished by the Department and received by the Joint Budget Committee on November 14, 2008.

Pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants. For FY 2007-08, \$63,407 (50.3 percent) was allocated from appropriations for the Expelled and At-risk Student Services Grant Program, \$52,773 (41.8 percent) of the funding was allocated from the Read-to-Achieve Grant Program, and the remaining \$10,000 of the funding was allocated from the Summer School Grant Program (7.9 percent).

(3) LIBRARY PROGRAMS

Statutory Authorization and Responsibilities. Article IV, Section 20 of the Colorado Constitution states that the "superintendent of public instruction shall be the ex officio state librarian." Pursuant to Section 24-90-104, C.R.S., the State Library is a division within the Department of Education, and its operation "is declared to be an essential administrative function of state government". The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to contract for the furnishing of library resources to ensure equal access to information for all Coloradans;
- to provide for the collection, analysis, publication, and distribution of statistics and information relevant to the state library and to public, school, academic, and institutional libraries;
- to contract for the lending of books and other resources to publicly-supported libraries and institutions and to encourage contractual and cooperative relations to enhance resource sharing among all types of libraries and agencies throughout the state;
- to encourage contractual and cooperative relations to enhance resource sharing among all types of libraries and agencies throughout the state;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

Recent Funding Reductions. As noted in the narrative at the beginning of this packet, prior to FY 1987-88, funding for library staff and library programs was appropriated through distinct line items. In FY 1987-88, however, funding for library program staff was consolidated with funding for other Department management and administrative staff to facilitate a \$2.5 million reduction in General Fund appropriations for the administration of the Department and library programs. From FY 2001-02 through FY 2004-05, base General Fund appropriations for staff supported through the consolidated line item were been reduced by another \$1.8 million, resulting in a reduction of 3.0 FTE library program staff (a 14 percent reduction). Positions that were eliminated include staff at the Talking Book Library and staff responsible for institutional library programs.

This section of the Long Bill currently includes line items associated with library programs, other than Department library program staff. The \$1,420,819 General Fund currently appropriated in this section of the Long Bill for library programs for FY 2006-07 represents 19 percent of the total General Fund appropriated by the General Assembly for library programs for FY 2001-02.

Administration.

This line item reflects the general administration of library programs. **The Department requests and staff recommends continuation funding of \$895,669 and 12.8 FTE (including \$767,367 General Fund).**

Federal Library Funding.

This line item reflects the general administration of library programs. **The Department requests and staff recommends continuation funding of \$3,061,505 and 23.8 FTE.**

Colorado Library Consortium.

Background Information. Historically, seven regional organizations of publicly-funded libraries (school, public, academic, and special libraries), known as "regional library service systems", provided cooperative services in designated geographic areas of Colorado. The seven regional systems provided the following services to member libraries:

- professional development and technical assistance for librarians, particularly those who work in school and public libraries (e.g., developing professional collections of books and videos on all aspects of library and school media services and loaning such materials to libraries and schools across the State);
- administration of cooperative purchasing programs for member libraries (negotiating significant discounts on books and other library materials); and
- coordination of interlibrary lending (including courier services) for member libraries.

Regional systems' budgets covered all program operations including personnel salaries and benefits, rent for office space, travel costs, and general program operations. The appropriation of state funds previously provided about 70 percent of regional systems' revenues; other revenues available to the regional systems included courier and other fees paid by member libraries. While a small portion of the state funding was used for cooperative projects, the majority of state funding was distributed to the regional systems based on a formula which accounted for each region's population, its geographic size, and the number of libraries in the region.

In May 2004, the Colorado Library Advisory Board established a task force to gather information from the library community statewide and prepare a strategic plan (2005 through 2010). The library community participated in a process to prioritize goals and objectives. The six objectives selected by the library community as most crucial include the following:

1. Find new funding sources for libraries;
2. Find financial support for the courier;
3. Provide statewide access and funding for electronic resources;
4. Develop a single locator system for all Colorado library holdings;

5. Create a statewide continuing education plan for library staff; and
6. Provide sustainable access to statewide virtual services.

In FY 2006-07 the General Assembly approved a requested \$400,000 increase to help offset the costs of courier service to member libraries. The library courier transports five million items annually between 423 member libraries (including approximately 3,000 library buildings) as part of providing equitable library services to all state residents. These items include print material (books, journal articles, magazines, and newspapers), audiovisual material (CD's, computer disks, DVD's, and tapes), and correspondence between libraries (Summer reading program materials, promotional materials, etc.). This service saves libraries a significant amount in mailing costs. In addition, it reduces the cost of adding to and maintaining local library collections while providing patrons with access to materials statewide. The courier offers next day delivery to most locations.

Request/Recommendation. The Department requests a continuation level of funding (\$1,000,000) for FY 2009-10. **Staff recommends approving the request.**

Colorado Virtual Library. In 1990, the General Assembly created the "Colorado Computer Information Network" to connect existing library information networks (e.g., the Colorado Alliance for Research Library Network), thereby providing all Colorado residents with equal access to library information [H.B. 90-1230]. In 2003, Section 24-90-301 et seq., C.R.S., was amended and the network was renamed the Colorado Virtual Library. The State Librarian is currently responsible for providing electronic resources through libraries to all Colorado residents and to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases; and
- digitized collections of Colorado resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. Prior to FY 2008-09, the General Fund appropriation for this line item provided funding for ongoing operations, including:

\$162,510	Contract technical staff for operations and programming
115,416	Contract training and user support staff and in-state travel
66,970	Annual hardware and software maintenance fees
7,500	Leased space, database archiving services, backup tapes, etc.
7,100	T1 circuit and Internet connectivity
300	Annual domain name registration fees
<u>359,796</u>	Total General Fund appropriation

In FY 2008-09, this line item received a \$1.0 million General Fund increase as a result of JBC action, for a total appropriation of \$1,359,796.

Request: The Department requests continuation funding.

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

Colorado Talking Book Library, Building Maintenance and Utilities Expenses.

Background Information. The Colorado Talking Book Library is part of a national library program providing Braille and recorded materials for blind, physically, and reading disabled persons in Colorado. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931. Library services are provided to eligible individuals free of charge. The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building. This building also currently houses backup computer equipment for the Department of Education.

The Library serves over 12,500 patrons and 677 institutional accounts (e.g., nursing homes, schools, etc.) statewide.

The Library operates in a very cost-effective manner. State funds currently support approximately half of operating expenses and 5.5 FTE (these are currently funded from allocations from the "General Department and Program Administration" line item), with the balance supported through federal funds (4.0 FTE) and donations. The Library currently operates with a total of 13.0 FTE staff and 150 volunteers who work hours equivalent to 8.0 FTE; American Library Association guidelines indicate that the Library should have 34.0 FTE. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and supplies, Braille and recorded books and magazines. The value of NLS support is estimated at over \$630,000 annually, and the existing inventory of materials and equipment provided by NLS is valued at over \$5.5 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons, a savings of approximately \$2.3 million annually.

In addition to funding associated with the Talking Book Library facilities, the General Assembly has historically provided state funding for three purposes:

- A portion of the funding appropriated through the "General Department and Program Administration" line item is allocated to support some of the library staff.
- Prior to FY 2003-04, the General Assembly provided an annual appropriation of funds for the Talking Book Library and for 42 libraries in state residential institutions (e.g., correctional facilities, the Mental Health Institutes, youth corrections facilities, the Colorado

School for the Deaf and the Blind, and nursing homes) to purchase periodicals, books, and other resources (e.g., \$97,823 General Fund for FY 2002-03).

- Prior to FY 2003-04, and again beginning in FY 2006-07, the General Assembly provided an annual appropriation of funds to cover the library's maintenance and utility expenses (e.g., \$61,023 General Fund for FY 2007-08).

In addition, the Library has access to interest earned on the Mary Jones Trust, which was established in 1981 with an initial donation of \$91,000. As of October 31, 2007, the balance in the Trust was \$1,142,092. While the Trust was intended to support projects that have an impact on a large number of library patrons, since 2002 interest earnings have been used to support 1.5 FTE. The State Board has approved expenditures totaling \$60,000 from the Trust Fund for FY 2008-09 to support 1.5 FTE.

Request/Recommendation: **The Department requests and staff recommends approving the request for \$70,660 General Fund.** The library serves a number of elderly patrons, and most of the Library's 150 volunteers are over the age of 60.

Reading Services for the Blind.

Background Information - Colorado Disabled Telephone Users Fund. Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharges on each telephone access line. The PUC adjusts this surcharge annually, when necessary. All moneys received by the PUC are credited to the Colorado Disabled Telephone Users Fund.

Pursuant to a series of statutory changes beginning in 1999, moneys in the Colorado Disabled Telephone Users Fund are also used for other purposes, including: (a) privately operated reading services for the blind; (b) the Colorado Commission for the Deaf and Hard of Hearing; and (c) the Colorado Commission for Individuals Who are Blind or Visually Impaired. Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding cash funds exempt appropriations appear in the other relevant state agencies' budgets.

Description of Line Item and Funding History. This line item provides spending authority to the Department of Education out of the Reading Services for the Blind Cash Fund. Pursuant to Sections 24-90-105.5 (5) and 40-17-104, C.R.S., the General Assembly is to annually appropriate moneys out of the Colorado Disabled Telephone Users Fund to the Reading Services for the Blind Cash Fund for use by the State Librarian in support of privately operated reading services for the blind.

Since FY 1999-00, at least a portion of this appropriation has been used to contract with Radio Reading Service of the Rockies, a non-profit on-the-air volunteer reading service for the blind, visually impaired, and print handicapped citizens of Colorado. Services provided do not duplicate existing broadcast information that is generally available through other media; programming consists

largely of local newspapers and magazines and government publications. For FY 2007-08, the State Board of Education approved a \$150,000 payment for the Radio Reading Service of the Rockies to provide free access to ink print materials statewide through various broadcasts (via television SAP feed , Internet, telephone, and podcasts), related audio services, and listener equipment. The broadcast services are embeded in analog television signals of Rocky Mountain PBS and are decoded with an analog radio tuned to the broadcast channel. Please note that the Radio Reading Service of the Rockies' Board recently approved a name change; the Service is now named the "Audio Information Network of Colorado".

For FY 2007-08, the State Board of Education approved a \$50,000 payment to the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touchtone telephone. Newslines services now includes television listings (based on an individual's zip code); the NFB indicates that this increased use of their Newslines service nationwide by about 30 percent last year. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newslines services. The CTBL is able to sign patrons up for the Newslines service through their existing database.

For FY 2008-09, this line item was appropriated an additional one-time appropriation of \$300,000 General Fund for the purchase of digital receivers. Due to the Congressional mandate that all television stations in the U.S. broadcast in digital only, the services broadcast via television signals would need to be decoded with a digital receiver. The Department reports that the \$300,000 in one-time funding was used for the purchase of 1,500 digital receivers. The Department indicates that all listeners with an analog radio will be contacted and made aware of this transition. Between 50 to 60 percent of listeners will be personally delivered a new radio with the focus being on seniors. In addition, an increase of \$50,000 reappropriated funds was used to purchase additional services from the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touchtone telephone.

Request: The Department has requested \$200,000 reappropriated funds for FY 2009-10 for the support of radio reading services.

Recommendation: Staff recommends appropriating \$250,000 reappropriated funds in FY 2009-10. Staff's recommendation differs from the Department's as a result of a technicality related to how the appropriation interpreted. Staff has clarified and validated the intent of the appropriation made to this line item by the JBC.

LONG BILL FOOTNOTES

Staff recommends continuing the following footnote, as amended:

- 7 Department of Education, Library Programs, Reading Services for the Blind --** This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that

\$200,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$50,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

(4) SCHOOL FOR THE DEAF AND THE BLIND

Background Information. The Colorado School for the Deaf and the Blind (CSDB) is a state-funded school that was established for the purpose of providing comprehensive educational services for children under the age of twenty-two who are blind and/or deaf. Originally named the "Colorado Institute for the Education of Mutes", the School opened in a rented house in April 1874 with an appropriation from the Territorial Legislature. The student population rapidly outgrew the space available and in 1876 the School moved to its current campus, made possible with a donation of ten acres by the founder of the city of Colorado Springs. The CSDB received its initial accreditation from the Department of Education in 1961, and in 1977, the CSDB was transferred from the Department of Institutions to the Department of Education.

The CSDB currently occupies 18 buildings on 37 acres. Colorado students from the ages of birth through twenty-one are eligible to receive services either at or through the CSDB. Students enrolled at CSDB must have a documented hearing and/or vision loss and meet the enrollment criteria established by the Board of Trustees. Students may also be enrolled on a diagnostic basis in order to make an accurate determination of the student's eligibility status. A staffing team, including a CSDB staff member, the student's parents, and a local school district representative, determines if the CSDB is the appropriate learning environment based on the educational needs of the student. If a student's parents or legal guardians reside within Colorado and outside the El Paso County area, the student is eligible to participate in the residential living program during the week. There is no tuition for room and board. Out-of-state students are considered on a space available basis and are required to pay tuition.

In addition, pursuant to Section 22-80-102 (2), C.R.S. (added in 1991), the CSDB is to "be a resource to school districts, state institutions, and other approved education programs." In this capacity, the CSDB is to provide the following services:

1. Assessment and identification of educational needs;
2. Special curricula;
3. Equipment and materials;
4. Supplemental related services;
5. Special short-term programs;
6. Program planning and staff development;
7. Programs for parents, families, and the public; and
8. Research and development to promote improved educational programs and services.

Enrollment. As summarized in the table below, the CSDB had an on-campus enrollment of 218 students (ages 3 to 21) in the 2007-08 school year, an increase of 1.4 percent. The CSDB's total enrollment was 566 students, including 348 children under age three. Compared to FY 2006-07, the CSDB's total enrollment increased by 4 students (0.7 percent). The most significant increase occurred with respect to on-campus students who are blind or visually impaired, increasing by 9 (18.8 percent). However, the largest decreases occurred with respect to blind or visually impaired children under the age of three years, decreasing by 6 (24.0 percent). Total enrollment included 490 deaf/hearing impaired children and 76 blind children. Of the total number of students receiving on-campus services, 101 resided at the CSDB (returning home only on weekends) and the remaining 117 students only attended classes during the day. The total number of residential students at CSDB has decreased by 19 (15.8 percent) since FY 2004-05 (four years).

Of the total number of students enrolled, 383 were infants, preschool students, attending classes part-time in local public schools, or in the transition program, and were thus not eligible for per pupil operating revenue. These pupils represent 67.7 percent of the total student population, thus only for a minority of the students does the school receive per pupil operating revenue.

Colorado School for the Deaf and the Blind: FY 2007-08 Enrollment						
Description	Children Under 3		On-campus Students		Total Enrollment	
	Number	Annual % Change	Number	Annual % Change	Number	Annual % Change
Deaf / Hearing Impaired	329	2.2%	161	-3.6%	490	0.2%
Blind / Visually Impaired	<u>19</u>	-24.0%	<u>57</u>	18.8%	<u>76</u>	4.1%
Total Enrollment	348	31.8%	218	-2.7%	566	16.0%
Number of Residential Students	0	0.0%	101	-10.6%	101	-10.6%
Number of FTE for Whom Per Pupil Operating Revenues are Transferred from School Districts	0	0.0%	183	-4.2%	183	-4.2%
<i>Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts</i>	<i>0.0%</i>		<i>83.9%</i>		<i>32.3%</i>	

This section of the Long Bill is comprised of two subsections: School Operations and Special Purpose.

(A) School Operations

Personal Services. This line item provides funding for most School employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association and the state share of federal Medicare taxes. This line item also provides funding for certain professional and temporary services. This line item provides over 67 percent of the funding for the CSDB, supporting all school staff with the exception of those who are supported by specific grants or direct payments from districts. In addition, those staff devoted to early intervention programs are now funded through a separate line item (a description follows).

Request: The Department requests \$9,105,745 and 141.3 FTE for this line item for FY 2009-10.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Superintendent/ Accountants/ Other Administrative Staff	22.5	22.5	23.1	23.1
Teachers/ Teacher Aides/ Special Education Technicians	75.4	75.4	76.3	76.3
Counselors/ Nurses/ Other Specialists	12.7	13.0	11.1	11.1
Facility Maintenance and Other Operational Support Staff	29.2	30.4	30.8	30.8
TOTAL	139.8	141.3	141.3	141.3

State Share of Districts' Total Program Funding. Prior to FY 2008-09, the CSDB received the statewide average average per pupil operating revenue (PPOR) for eligible enrolled students. The CSDB also receives other sources of state and federal funding (e.g., Medicaid and nutrition funding), tuition from other states that place children at CSDB, as well as payments from school districts that place students at CSDB on a short-term basis for diagnostic purposes. The General Assembly appropriates state General Fund moneys to cover operating costs that are not covered by other revenue sources.

In FY 2008-09, the funding mechanism to reimburse services the CSDB provided to eligible students was changed. The 2008 School Finance Act (H.B. 08-1388) authorized a new method of funding educational services provided by eligible facility schools. With respect to eligible facilities, new rules allow each facility to bill the Department for an additional one-third of district per pupil revenue (PPR) for Summer school programs. Department rules establish a process of paying a daily rate; this rate is based on 176 instructional days during the regular school year, and up to 59 days for Summer school programs, for a total of 235 days per year. Based on the most recent projections from the Department, this amount is estimated to be \$1,420,653.

Loss of Residential Child Care Institution Status. The USDA Free or Reduced-Price School Breakfast and Lunch Programs allow public or private non-profit schools and public or private

non-profit residential child care institutions (RCCIs) to receive cash subsidies and donated commodities from the U.S. Department of Agriculture (USDA) for each meal they serve. Participating schools and facilities must serve meals that meet certain federal requirements and they must offer free or reduced price lunches and after school snacks to eligible children.

Over the past years, CSDB has counted day students according to their eligibility status for paid, free, or reduced-price school meals, based upon their household income status. However, all residential students were accorded a residential (e.g., "institutionalized") status, meaning that their household incomes were considered as a family size of one, and only their "in pocket" income was used to determine eligibility for free meals. The USDA Food and Nutrition Service Instruction 776-7 (Rev. 1), requires that residential eligibility for federal assistance be based on the provision of "continuous child care services." Because the CSDB provides residential childcare services on weekdays (residential students return home on the weekends), and not every day of the week, the CDE has determined that it can not consider these students as having residential status. Thus, it will convert its current Residential Child Care Institution (RCCI) status to a full school status beginning in FY 2009-10. This change in status from a hybrid School/RCCI status reduces the CSDB's eligibility for federal child nutrition moneys by an estimated \$40,000 and may be reduced even further in future fiscal years. This reduction in federal moneys must be offset with General Fund.

Teacher Compensation. In 1996, the General Assembly passed H.B. 96-1354 which determined that teachers at the CSDB be paid on the same salary scale as do the teachers in which the main campus is located (El Paso District 11). The intent was to for CSDB to be able to recruit and retain teachers with the special skills necessary for teaching students who are deaf, hard of hearing, blind, or visually impaired. However, the bill required that the teachers be compensated in accordance with the salary scale adopted by District 11 as of January 1 of the previous fiscal year. It was determined at that time that the one year lag in compensation was adequately competitive. The statutorily required increases for teachers are included in the Department's request for Salary Survey and Performance-based Pay appropriations, however the Department is not requesting any increases for these line items.

Staff recommends \$9,105,745 to support 141.3 FTE. This is not calculated in accordance with Committee policy and detailed in the table below. Staff's recommendation includes an estimated \$162,000 for substitute teachers and \$665,000 for contractual services (including physicians, interpreters, therapists, summer school services, security, facilities labor, professional development services, and background checks).

Summary of Recommendation: CSDB - Personal Services		
Description	Total Funds	FTE
FY 08-09 Long Bill appropriation	\$8,713,574	141.3
Salary survey awarded in FY 08-09	324,368	
80% of Performance-based pay awarded in FY 08-09	67,803	

Summary of Recommendation: CSDB - Personal Services		
Description	Total Funds	FTE
Base reduction (0.0%; <u>not</u> applied to \$162,000 used for substitute teachers and \$665,000 for contractual services)	<u>0</u>	
Recommended FY 09-10 appropriation	\$9,105,745	141.3

Funding Splits. Expenses that are not covered by State Share of Districts' Total Program Funding (reappropriated funds transfers) or from federal sources are covered by General Fund:

CSDB Personal Services -- Funding Splits					
Revenue Source	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Per Pupil Revenues	\$1,420,653	\$0	\$0	\$1,420,653	\$0
Federal Nutrition Funds	20,000	0	0	0	20,000
General Fund	<u>7,665,092</u>	<u>7,665,092</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$9,105,745	\$7,665,092	\$0	\$1,420,653	\$20,000

Early Intervention Services.

Background Information. Since April 2001, the "Colorado Home Intervention Program" (called "CHIP") has been operating within the CSDB. This program was first started with federal grants in 1969, and it operated within the Colorado Department of Public Health and Environment from 1975 through March 2001. This home-based, family-centered early intervention program serves hearing impaired children (ages zero to three), and their parents. The program involves a facilitator: working with the child to develop language skills; providing parents with information and counseling to identifying strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

Prior to FY 2006-07, this program was supported by existing personal services funding, as well as various federal grants, donations, and in-kind services. For FY 2006-07, this line item was increased \$462,620 General Fund and 1.8 FTE to continue and expand two early literacy development programs. These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use of early literacy strategies, thereby easing the child's transition into public school.

For FY 2009-10, the Department requests continuation funding of \$1,178,934 General Fund and 10.0 FTE for this line item. The Department requests that \$153,608 in grants be reflected in the main "Grants" line item, rather than in this line item. The Department requests that all 10.0 FTE remain authorized on this line item, as any grant funding is being used to support contract staff, rather than state staff.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Early Education Director	1.0	1.0	1.0	1.0
Early Intervention Specialists	0.7	0.7	0.7	0.7
Early Literacy Development Initiative	0.7	0.7	0.7	0.7
Regional hearing Resource Coordinators	4.8	4.8	4.8	4.8
Accounting technicians / administrative	1.4	1.4	1.4	1.4
Teacher / Teacher Aide / Tutoring	1.4	1.4	1.4	1.4
TOTAL	10.0	10.0	10.0	10.0

Staff recommends approving the request, which is calculated in accordance with Committee policy and detailed in the table below. Staff's recommendation includes an estimated \$385,000 for contractual services. **Staff also recommends approving the request to reflect all grant funding in a single line item.**

Summary of Recommendation: CSDB - Early Intervention Services				
Description	Total Funds	General Fund	Cash Funds Exempt	FTE
FY 08-09 Long Bill appropriation	\$1,146,468	\$1,146,468	\$0	10.0
Salary survey awarded in FY 08-09	24,626	24,626	0	0.0
80% of Performance-based pay awarded in FY 08-09	7,840	7,840	0	0.0
Base reduction (0.0% for lines with 20.0+ FTE; <u>not</u> applied to \$385,000 used for contractual services and \$153,608 in grant funding)	0	0	0	0.0
Recommended FY 09-10 Appropriation	\$1,178,934	\$1,178,934	\$0	10.0

Shift Differential. This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second shift and 10.0 percent for third shift). Unlike the other awards, the entire base budget and any increases have historically been included in the centrally-appropriated budget line at 80.0 percent of the total estimated costs.

This Department uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB. The Department requests \$84,932 for this line item for FY 2008-09. **Staff recommends \$65,638 General Fund.** The amount recommended funds Shift Differential for FY 2009-10 at 50 percent of FY 2007-08 actual amounts and is made pursuant to Committee policy.

Operating Expenses. This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay⁴, custodial services, equipment rental, storage, dues and subscriptions, and printing. The Department requests continuation funding. **Staff recommends approving the request, which is consistent with Committee policy.** The following table details the calculation of this amount.

Summary of Recommendation: CSDB - Operating Expenses	
Description	General Fund
Appropriation for FY 08-09	\$417,277
No inflationary increase for food expenses (object code 3118)	0
No inflationary increase for medical expenses (object code 3119, medical supplies)	0
Recommended Operating Expenses appropriation for FY 09-10	\$417,277

Vehicle Lease Payments. This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. **Staff recommends the Department's request.**

Utilities. This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses. The CSDB request is for \$567,471 General Fund and includes a change request, Decision Item #5 (CSDB Utility Rate Increase) for an increase of \$106,558 General Fund due to increasing rates on natural gas, electricity, and water/sewage services in FY 2009-10. The Department is currently appropriated \$493,875, which reflects a supplemental increase of \$32,962. The JBC requested that the CSDB use thirty percent of this appropriation (\$9,889) for the specific purpose of installing instruments, systems, or mechanisms, in addition to the application of cost avoidance procedures to reduce the CSDB's utilization of water and wastewater services. It is important to note that the Department's requested increase of \$106,558 does not include the supplemental increase of \$32,962 appropriated for FY 2008-09, therefore the realized increase requested for FY 2009-10 by the Department is actually \$73,596 General Fund.

Decision Item #5 (CSDB Utility Rate Increase). The CSDB is requesting an increase of \$73,596 General Fund due to increasing rates on natural gas, electricity, and water/sewage services in FY

⁴ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

2009-10. Colorado Springs Utilities, the supplier of natural gas, electricity, water, and wastewater services for the school, announced its intention to increase rates. The utility rates are estimated to increase by 12.5 percent over the previous year. This reflects increases of 22.2 percent for water and wastewater services, 10.3 percent for electricity, and 10.2 percent for natural gas. *The request includes a 5.9 percent efficiency reduction of \$35,519 from the projected actual costs of the rate increases that the School will be required to absorb through cost-avoidance measures.*

Upon reviewing the CSDB's utility usage in FY 2007-08 and FY 2008-09 year-to-date data, staff recognized a trend indicating a significant increase in water utilization the five summer months of May through September. Water consumption during the five summer months of May through September account for 74.7 percent of the School's total consumption for the full year. Staff discussed the school's water consumption and learned that they have explored the possibility of installing low-water consumptive ground cover, however the costs of doing so require a large up-front expenditure of approximately \$1.1 to \$1.3 million, however would have an average payback of four to six years. The CSDB has also sought guidance from a consulting firm, which reviewed the utilization of all utilities on campus and has offered some preliminary recommendations to assist with reducing costs for water use related to irrigation. The recommendations included redesigning the sprinkler computer control system and the installation of sub-meters on irrigation lines. The initial cost of these investments is \$36,250, with a payback period of 15 years.

The CSDB provided detailed rate and utilization information and projections. The following table provides a recent history of utility expenses and a comparison of the Department's FY 2009-10 request and the staff recommendation.

Colorado School for the Deaf and the Blind Utilities Expenses					
Service	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10	
				Request	Recomm.
Natural gas	\$220,758	\$246,272	\$249,892	\$291,052	\$291,052
Electricity	142,498	159,812	129,704	185,328	185,328
Water and sewer	40,869	85,073	113,562	126,609	113,948
Other	86,271	0	717	(35,518)	(35,518)
Total	\$490,396	\$491,157	\$493,875	\$567,471	\$554,810

Recommendation: Due the unforeseen and rather dramatic increases in rates related to utilities provided to the CSDB, staff recognizes the need for an additional appropriation to fund these changes. However, staff has reservations about recommending funding the full amount requested by the Department given: (1) the budgetary difficulty of the State due to the anticipated shortfall of revenues; and (2) the large expenses incurred as a result of the utilization of water for lawn maintenance. Given these circumstances, staff requests guidance from the Joint Budget Committee

related to this request and has suggested three options which the JBC could consider related to an appropriate appropriation to the CSDB for the utility rate increase.

Option	Description
1	<i>Fully fund</i> the Department's request to increase the CSDB's Utilities line item by \$73,596 General Fund for FY 2009-10. This includes a Department requested 5.9 percent efficiency reduction of \$35,518 from the projected actual costs of the rate increases that the School will be required to absorb through cost-avoidance measures.
2	<i>Partially fund</i> the Department's request by <u>reducing the requested increase for water and waste water services by 10 percent</u> , thus increasing the CSDB's Utilities line item by \$60,935 General Fund for FY 2009-10. Staff recommends this option. This recommendation requires the School absorb an additional \$12,661, for a total of \$48,179 that the school will be required to absorb through cost-avoidance measures (an estimated 8.0 percent cost reduction).
3	<i>Partially fund</i> the Department's request by <u>reducing the requested increase by a percentage determined by the JBC</u> , thus increasing the CSDB's Utilities line item by a commensurate General Fund amount for FY 2009-10. This option would require the School to absorb the decreased level of funding through cost-avoidance measures.

Allocation of State and Federal Categorical Program Funding. The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent years the CSDB has received allocations related to English language proficiency programs, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). **The Department requests a continuation level of reappropriated funds spending authority (\$150,000 and 0.4 FTE). Staff recommends approving the request.**

Medicaid Reimbursements for Public School Health Services. Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. It is staff's understanding that the CSDB has been participating in this program since FY 2000-01, and receives federal Medicaid moneys annually based on claims submitted. Section 26-4-531 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

- (a) special education services for children with disabilities;
- (b) the Colorado preschool program; or
- (c) the School Finance Act.

Based on this provision, the CSDB has used the additional federal Medicaid moneys available to increase special education services to its students (e.g., providing an additional day of occupational or physical therapy, in accordance with a student's individual education program).

The Department requests \$85,000 and 1.5 FTE based on anticipated claims. Staff recommends approving the request.

(B) Special Purpose

Fees and Conferences. This line item provides spending authority for the Department to receive fees charged and received for various conferences or meetings held at the CSDB. Examples of conferences include the annual statewide deaf symposium, nursing conferences, and summer camps. These fees offset additional custodial, maintenance, and security costs incurred. The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado (approximately \$10,000). For FY 2008-09, the spending authority for this line item was increased \$45,000 to \$120,000 cash funds.

The Department requests continuation spending authority. Staff recommends approving the request. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". Approval of this request will allow the CSDB to host conferences that will benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. Approval of the request should also assist the CSDB in meeting some of its goals related to student achievement gaps.

Federal Funds Transferred from School Districts.

OUTREACH SERVICES (NEW)

Background: The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of educational needs; special curricula; equipment and materials; and staff development. Districts currently transfer federal funds to the CSDB for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting School enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often the districts themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.

- School employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

Request: The Department's request is for \$1,024,836 and 5.4 FTE. This request includes a continuation of \$269,000 federal funds and 2.8 FTE and an increase of \$755,836 cash funds and 2.6 FTE to expand services for CSDB outreach (Decision Item #7), discussed in greater detail below.

Decision Item #7 (Expand Services for CSDB Outreach). The CSDB is requesting an increase of \$755,836 cash funds spending authority and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The objective of the request is to provide technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. Funding would be from cash reimbursements that the CSDB collects from school districts and BOCES. The following table summarizes the Department's request to expand CSDB outreach services.

Summary of the Request for Decision Item #7 (Expand Services for CSDB Outreach)		
Requested Item	Total Funds	FTE
Professional Development	\$69,320	0.5
Training Materials	45,000	
Administrative Assistant	24,320	0.5
Technological Support - Teacher of the Visually Impaired	59,990	0.7
Student Support	626,526	1.4
Mental Health Counselor / Psychologist	66,656	0.7
Deaf / Hard of Hearing Teacher	59,990	0.7
Speech Language Specialist	27,760	
Colorado Instructional Materials Center Braille Books for Districts	400,000	
Student Evaluations	30,000	
Personnel Travel	42,120	
Total	\$755,836	2.6

The request from the Department for expanding services for CSDB outreach has three key components: (1) professional development; (2) technological support to districts; and (3) student

support services. The Department has learned through surveys and feedback from parents and educators that there is increased interest opportunities for training in the areas of sign language development, auditory-oral communications skills, technology, and literacy development. The three components and the corresponding requested increase are explained below.

- Professional Development. The Department is requesting support staff and funding obtain and distribute training materials in various formats (electronic, etc.) which can be made available to parents and educators at a nominal fee and in a format that can be readily accessible. The request includes \$45,000 to establish contracts with individuals to develop training materials and training workshops and \$24,320 and 0.5 FTE to provide administrative support with disseminating materials. These services would be funded with fees for services rendered.
- Technological Support. The Department is requesting support staff to provide technology training and services from a teacher of the visually-impaired and orientation and mobility specialist. The Department indicates that development of technology skills is an essential area of learning for students who have vision or hearing losses. A task force of teachers of the visually impaired identified the need to develop a technology loan bank and later, a needs assessment survey identified the continuation and expansion of technology support and training as a high priority area to enhance the skills of students.

The CSDB has indicated that it has been unable to meet the demands of the schools and educational entities it serves. The CSDB is seeking the additional spending authority to contract services to provide the necessary support needed by the BOCES and schools that have sought assistance. The request is for \$59,990 and 0.7 FTE. This position may be contracted and funded with fee for services from contracts with school districts, BOCES, and charter schools.

- Student Support. The Department's request includes an increase of \$626,526 cash funds and 1.4 FTE for various services that assist the CSDB to directly deliver services to the students it serves through its outreach efforts and are explained in greater detail below.

The biggest increase is for \$400,000 cash funds spending authority related to the Colorado Instructional Materials Center (CIMC) housed on the CSDB campus which coordinates the production and purchase of books in Braille, large print materials, and adaptive materials for blind and visually-impaired students. The cost of text books in Braille are very expensive. The average high school text book costs \$10,000 and as much as \$23,000 for a high school math book. With the rising cost of book production and the lessening of financial support from the Department in the form of grants over the next three years is approximately \$400,000.

The request includes \$66,656 and 0.7 FTE for mental health and psychological support services. Based on a survey of educational staff across the state, the necessity for the provision of social, emotional, and psychological assessments for deaf and hard of hearing students. The CSDB has indicated that there has been a backlog with its ability to meet the demands of the

schools it serves. Further, in the past, these services were provided to districts at no charge, however with growing travel expenses, a fee is being considered to assist these needs.

The Department's request is seeking staffing support for the provision of individual speech, language, and communication assessments for students who are deaf and hard of hearing. The Department's request is for an increase of \$27,760 plus travel expenses and \$30,000 for assessments to contract for these additional services.

The Department's request includes an increase of \$59,990 plus travel costs and 0.7 FTE for a teacher of the deaf and hard of hearing that will offer summer educational opportunities for students when their public school or charter school is not in session. During the school year this position would supplement services offered to school districts, BOCES, and charter schools.

Part of the Department's request is for travel expenses for these FTE and contracted positions, which has been estimated to be \$42,120 in FY 2009-10. While this estimate might be slightly higher than will be needed, **staff recommends the Department's request.**

For FY 2009-10, staff recommends the Department's request. Staff also recommends that the line item be renamed "Outreach Services" to reflect the nature of the state services provided by this line item.

Tuition from Out-of-state Students. The CSDB is statutorily authorized to admit students from other states "...upon payment to the superintendent of such a sum quarterly as the board of trustees determines, to be not less than the total cost per capita of the students for the year immediately preceding the year in which the application is made." [see Section 22-80-110, C.R.S.] The CSDB is not allowed to admit a student from another state, however, to the exclusion of any Colorado resident. Tuition payments are generally used for curriculum, technology, and dorm furniture.

Historically, the CSDB has admitted students from Wyoming who cannot be appropriately served in their home school district. Wyoming does not have a state school to serve children who are deaf and/or blind. Prior to FY 2007-08, the CSDB required Wyoming to pay their students' tuition using federal funds (available under the federal *Individuals with Disabilities Education Act*), which were treated as cash funds exempt and are not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state, rather than federal funds. [Apparently Wyoming school districts would prefer to use state funds to pay the tuition for students attending the CSDB, because the State of Wyoming reimburses school districts for 100 percent of their costs of providing special education services to students with disabilities.] This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child. Tuition paid with state funds are subject to TABOR.

The Department requests, and staff recommends, a continuation level of spending authority (\$200,000) to allow children from neighboring states to receive services from the CSDB when it is deemed the most appropriate setting.

Summer Olympics Housing. This line item provides spending authority for the Department to receive fees charged to participating athletes for custodial, maintenance, and security costs associated with housing deaf/blind athletes in summer months. **Staff recommends providing the requested spending authority of \$10,000, which represents a continuation level.**

Grants. This line item provides spending authority for the CSDB to receive various federal grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amount are now appropriated through separate line items (discussed above). The Department requests continuation funding of \$1,403,608 and 9.0 FTE based on funds anticipated to be available. **Staff recommends approving the request.**