

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF FIGURE SETTING  
DEPARTMENT OF EDUCATION**

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

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## **DEPARTMENT OF EDUCATION**

### **Department Overview**

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The elected members of the State Board of Education are responsible for the general supervision of public schools throughout Colorado. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education. Among other tasks and responsibilities, the Department supports the Board in its duties by:

- accrediting public schools and school districts;
- developing and maintaining state model academic content standards and administering associated student assessments for certain subject areas and grade levels; and
- issuing school and district performance reports for every public school and school district in the state.

The Department also administers a number of education-related programs, including: educator licensure and professional development; the School Finance Act and the distribution of state and federal funds to school districts; special education for children with disabilities; English language proficiency programs; the Colorado Preschool Program; educator effectiveness and evaluation programs; and adult basic education programs.

The Department includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of institute charter schools located within certain school districts; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization and allocation of state financial assistance for school construction projects.

In addition to its responsibilities related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled.

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## **DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY**

### **Executive Request**

The Department's request reflects an increase of \$261.1 million total funds (5.5 percent) compared to the adjusted FY 2013-14 appropriation, including a \$92.3 million (2.9 percent) increase in General Fund appropriations. The request includes the following increases relative to the adjusted FY 2013-14 appropriation:

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- \$226.0 million total funds (including \$88.8 million General Fund) for the State Share of Districts’ Total Program Funding (request R1 and budget amendment BA1).
- \$10.6 million net increase in total funds and 0.5 FTE to annualize prior year funding, primarily driven by a \$14.3 million increase in federal funds associated with H.B. 13-1006 (Breakfast After the Bell).
- \$8.0 million cash funds from the Public School Capital Construction Assistance Fund for lease purchase payments under the BEST Program.
- \$6.9 million cash funds from the State Education Fund for the constitutionally required increase in spending on categorical programs based on OSPB’s September 2013 Revenue Forecast of the calendar year 2013 inflation rate of 2.6 percent (decision item R2).
- \$3.8 million total funds (including \$75,600 General Fund and \$3.8 million cash funds from the State Education Fund) for costs associated with statewide assessments (request R4).
- \$3.1 million General Fund and 4.6 FTE to improve the Department’s information technology systems.
- \$2.8 million cash funds from the State Education Fund to provide ongoing support for the Early Literacy Assessment Tool program originally created in H.B. 12-1345.
- \$2.1 million total funds for employee benefits and other centrally appropriated line items

**Staff Recommendation**

The following table summarizes the staff recommendation for the Department’s FY 2014-15 budget. Each incremental change from the FY 2013-14 adjusted appropriation to the FY 2014-15 staff recommendation is discussed below the table.

| <b>Department of Education</b>              |                        |                         |                       |                                 |                          |              |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| <b>FY 2013-14 Appropriation</b>             |                        |                         |                       |                                 |                          |              |
| SB 13-230 (Long Bill)                       | \$4,562,558,440        | \$3,100,348,494         | \$808,055,536         | \$28,629,576                    | \$625,524,834            | 561.6        |
| SB 13-260 (School Finance)                  | 85,524,410             | 0                       | 85,524,410            | 0                               | 0                        | 0.0          |
| Other 2013 legislation                      | 287,766                | 167,673                 | 120,093               | 0                               | 0                        | 2.2          |
| HB 14-1234 (Supplemental)                   | (1,475,128)            | (45,523)                | (1,584,111)           | 95,747                          | 58,759                   | 0.0          |
| HB 14-1250 (Flood and Local Revenue)        | 3,467,768              | 1,733,884               | 0                     | 1,733,884                       | 0                        | 0.0          |
| HB 14-1251 (Mid-year School Finance)        | <u>55,437,495</u>      | <u>51,637,093</u>       | <u>3,800,402</u>      | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>   |
| <b>TOTAL</b>                                | <b>\$4,705,800,751</b> | <b>\$3,153,841,621</b>  | <b>\$895,916,330</b>  | <b>\$30,459,207</b>             | <b>\$625,583,593</b>     | <b>563.8</b> |
| <b>FY 2014-15 Recommended Appropriation</b> |                        |                         |                       |                                 |                          |              |
| FY 2013-14 Appropriation                    | \$4,705,800,751        | \$3,153,841,621         | \$895,916,330         | \$30,459,207                    | \$625,583,593            | 563.8        |
| R1/BA1 Increase total program               | 194,579,392            | 146,660,657             | 47,918,735            | 0                               | 0                        | 0.0          |
| Annualize prior year funding                | 10,768,431             | (1,383,921)             | (795,329)             | (1,370,122)                     | 14,317,803               | 0.5          |
| R10 BEST gross debt appropriation           | 8,000,000              | 0                       | 8,000,000             | 0                               | 0                        | 0.0          |
| R2 Categorical programs increase            | 7,528,064              | 0                       | 7,528,064             | 0                               | 0                        | 0.0          |
| R4 State assessments                        | 3,845,283              | 75,600                  | 3,769,683             | 0                               | 0                        | 0.0          |

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| <b>Department of Education</b>                 |                        |                         |                        |                                 |                          |              |
|--|------------------------|-------------------------|------------------------|---------------------------------|--------------------------|--------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b>  | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| R3 Core network and IT refresh                 | 3,002,696              | 3,002,696               | 0                      | 0                               | 0                        | 4.6          |
| R8 Early literacy assessment tool              | 2,679,484              | 0                       | 2,679,484              | 0                               | 0                        | 0.0          |
| Centrally appropriated line items              | 2,589,796              | 570,446                 | 480,978                | 241,886                         | 1,296,486                | 0.0          |
| Spanish language arts assessment               | 826,046                | 0                       | 826,046                | 0                               | 0                        | 0.0          |
| R7 State support for English language learners | 311,682                | 311,682                 | 0                      | 0                               | 0                        | 4.1          |
| R9 Start smart nutrition program               | 225,000                | 150,000                 | (75,000)               | 150,000                         | 0                        | 0.0          |
| R5 College and career readiness                | 170,845                | 170,845                 | 0                      | 0                               | 0                        | 1.8          |
| R11 Salary increase for CSDB teachers          | 126,671                | 126,671                 | 0                      | 0                               | 0                        | 0.0          |
| Non-prioritized requested changes              | 86,160                 | 86,160                  | 0                      | 0                               | 0                        | 0.0          |
| Statewide IT common policy adjustments         | 32,250                 | 32,250                  | 0                      | 0                               | 0                        | 0.0          |
| Informational funds adjustment                 | (3,571,036)            | 0                       | 0                      | 1,215,017                       | (4,786,053)              | 0.0          |
| Indirect cost assessment                       | (57,440)               | 0                       | (109,215)              | 40,165                          | 11,610                   | 0.0          |
| Other changes                                  | <u>(24,337)</u>        | <u>0</u>                | <u>(24,337)</u>        | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>   |
| <b>TOTAL</b>                                   | <b>\$4,936,919,738</b> | <b>\$3,303,644,707</b>  | <b>\$966,115,439</b>   | <b>\$30,736,153</b>             | <b>\$636,423,439</b>     | <b>574.8</b> |
| <b>Increase/(Decrease)</b>                     | \$231,118,987          | \$149,803,086           | \$70,199,109           | \$276,946                       | \$10,839,846             | 11.0         |
| Percentage Change                              | 4.9%                   | 4.7%                    | 7.8%                   | 0.9%                            | 1.7%                     | 2.0%         |
| <b>FY 2014-15 Executive Request</b>            | <b>\$4,966,889,202</b> | <b>\$3,246,118,063</b>  | <b>\$1,054,591,669</b> | <b>\$30,264,287</b>             | <b>\$635,915,183</b>     | <b>575.8</b> |
| Request Above/(Below)                          |                        |                         |                        |                                 |                          |              |
| Recommendation                                 | \$29,969,464           | (\$57,526,644)          | \$88,476,230           | (\$471,866)                     | (\$508,256)              | 1.0          |

### Issue Descriptions

**R1/BA1 Increase total program:** The recommendation includes a net increase of \$194.6 million total funds (including an increase of \$146.7 million General Fund, an increase of \$53.4 million cash funds from the State Education Fund, and a decrease of \$5.5 million cash funds from the State Public School Fund) for school finance. The recommendation includes an increase of \$194.4 million total funds for the State Share of Districts’ Total Program line item and \$0.2 million cash funds from the State Education Fund for the Hold-harmless Full-day Kindergarten Funding line item. Pursuant to current law, the recommended increase is sufficient to increase statewide average per pupil funding by the rate of inflation from 2013 (2.8 percent).

**Annualize prior year funding:** The recommendation includes adjustments related to prior year legislation and budget actions. Major adjustments include: an increase of \$14.5 million (\$172,111 General Fund and \$14.3 million federal funds) to annualize H.B. 13-1006 (Breakfast After the Bell); an increase of \$407,123 General Fund and 0.3 FTE to annualize FY 2013-14 decision item R3 (accountability and improvement planning); and a reduction of \$2.0 million cash funds from the State Education Fund to eliminate one-time funding provided through FY 2013-14 decision item R4 (Assessments).

**R10 BEST gross debt appropriation:** The recommendation includes an increase of \$8.0 million cash funds from the Public School Capital Construction Assistance Fund to cover lease purchase payments for the Building Excellent Schools Today (BEST) program in FY 2014-15. The program has already committed the State to the additional payment amounts for FY 2014-15.

**R2 Categorical programs increase:** The recommendation includes an increase of \$7.5 million cash funds from the State Education Fund in order to increase total categorical spending by 2.8 percent, based on the rate of inflation from CY 2013. The General Assembly is constitutionally required to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2014-15. The recommendation allocates the additional funds among the following five categorical programs: \$4.2 million for special education for children with disabilities; \$1.4 million for English Language proficiency programs; \$1.4 million for public school transportation; \$0.4 million for vocational education; and \$0.2 million for educational services for gifted and talented children.

**R4 State assessments:** The recommendation includes an increase of \$3.8 million total funds (including \$75,600 General Fund and \$3.8 million cash funds from the State Education Fund) to address additional costs associated with administering the new statewide student assessment program. The recommendation includes: (1) \$3.4 million cash funds for the implementation of new assessments in mathematics and English language arts; (2) \$189,000 million cash funds to support an anticipated increase in the number of students taking the ACT and an increased cost per pupil; (3) \$140,438 cash funds to support an anticipated increase in the number of students taking the English language proficiency assessment (ACCESS); and (4) \$75,600 General Fund for one-time costs to purchase consulting services to align the Colorado Growth Model and the Department's accountability systems with the new assessments.

**R3 Core network and IT refresh:** The recommendation includes an increase of \$3.0 million General Fund and 4.6 FTE to improve the Department's information technology systems. The recommendation includes: (1) \$1.4 million for one-time costs to replace outdated computing hardware and network equipment; (2) \$515,346 and 4.6 FTE to add information technology staff; (3) \$558,316 for ongoing hardware maintenance and software licensing; and (4) \$507,000 to purchase additional contract services.

**R8 Early literacy assessment tool:** The recommendation includes \$2.7 million cash funds from the State Education Fund to provide ongoing funding for the early literacy assessment tool (ELAT) originally approved through H.B. 12-1345.

**Centrally appropriated line items:** The recommendation shown includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; and Capitol complex leased space. The staff recommendation for some of these

items is pending Committee decisions regarding common policies (the figure setting presentation for Department of Personnel common policies is scheduled for March 14, 2014).

**Spanish language arts assessment:** The recommendation includes an increase of \$826,046 cash funds from the State Education Fund to allow the Department to administer the existing Spanish language arts assessment in FY 2014-15 while developing a new assessment that is aligned to the current academic standards. The Department would administer the new assessment statewide beginning in FY 2015-16.

**R7 State support for English language learners:** The recommendation includes an increase of \$311,682 General Fund and 4.1 FTE to provide additional support and technical assistance for school districts' English language learner (ELL) programs in response to growth in the ELL population and persistent achievement gaps between ELL students and other student subgroups.

**R9 Start smart nutrition program:** The recommendation includes an increase of \$225,000 total funds (including \$150,000 General Fund) to support anticipated growth in the Start Smart program in FY 2014-15.

**R5 College and career readiness:** The recommendation includes an increase of \$170,845 General Fund and 1.8 FTE to provide additional technical support to school districts regarding recent college and career readiness education reforms, including: Individual Career and Academic Plans (ICAPs); concurrent enrollment programs; innovation status; and new statewide graduation guidelines.

**R11 Salary increase for CSDB teachers:** The recommendation includes an increase of \$126,671 General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB) based on current law (Section 22-80-106.5, C.R.S.) requiring CSDB to compensate teachers based on the El Paso District 11 salary schedule and salary policy from the previous school year. The recommendation also includes a statutory change to allow CSDB to follow the El Paso District 11 salary schedule but create their own set of salary policies.

**Non-prioritized requested changes:** The recommendation shown includes the annual fleet vehicle change from the Department of Personnel, and the following changes from the Office of Information Technology: secure Colorado phase II and Capitol Complex network resiliency. The staff recommendation for these items is pending Committee decisions regarding common policies for these items.

**Statewide IT common policy adjustments:** The recommendation shown includes adjustments to line items appropriated for: purchase of services from the computer center; Colorado state network; communication services payments, information technology security, and COFRS modernization. The staff recommendation for these items is pending Committee decisions on information technology common policies (the figure setting presentation is scheduled for March 13, 2014).

**Informational funds adjustment:** The recommendation includes adjustments to funding shown in the Long Bill for informational purposes only. Major adjustments include: (1) an increase of

\$1.3 million total funds to better reflect anticipated expenditures from continuous appropriations to the State Charter School Institute pursuant to S.B. 12-121; and (2) a reduction of \$4.9 million federal funds to reflect the elimination of federal funding supporting the longitudinal growth model.

**Indirect cost assessment:** The recommendation includes a net decrease in the Department’s indirect cost assessment.

**Other changes:** The recommendation includes other minor changes totaling a reduction of \$24,337 cash funds.

## (1) Management and Administration

This section includes funding for the State Board of Education, the Commissioner of Education, and general department administrative responsibilities including human resources, budgeting, accounting, information technology management, assessments, and data analyses. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, and the State Charter School Institute. The following table summarizes the staff recommendation for this division.

| <b>Management and Administration</b>        |                     |                    |                     |                         |                     |              |
|---|---------------------|--------------------|---------------------|-------------------------|---------------------|--------------|
|   | Total<br>Funds      | General<br>Fund    | Cash<br>Funds       | Reappropriated<br>Funds | Federal<br>Funds    | FTE          |
| <b>FY 2013-14 Appropriation</b>             |                     |                    |                     |                         |                     |              |
| SB 13-230 (Long Bill)                       | \$79,947,522        | \$9,862,875        | \$32,818,415        | \$15,913,467            | \$21,352,765        | 157.2        |
| SB 13-260 (School Finance)                  | 200,000             | 0                  | 200,000             | 0                       | 0                   | 0.0          |
| Other 2013 legislation                      | 287,766             | 167,673            | 120,093             | 0                       | 0                   | 2.2          |
| HB 14-1234 (Supplemental)                   | <u>(1,645,633)</u>  | <u>(145,523)</u>   | <u>(1,554,616)</u>  | <u>(4,253)</u>          | <u>58,759</u>       | <u>0.0</u>   |
| <b>TOTAL</b>                                | <b>\$78,789,655</b> | <b>\$9,885,025</b> | <b>\$31,583,892</b> | <b>\$15,909,214</b>     | <b>\$21,411,524</b> | <b>159.4</b> |
| <b>FY 2014-15 Recommended Appropriation</b> |                     |                    |                     |                         |                     |              |
| FY 2013-14 Appropriation                    | \$78,789,655        | \$9,885,025        | \$31,583,892        | \$15,909,214            | \$21,411,524        | 159.4        |
| Annualize prior year funding                | (334,698)           | 393,631            | (728,329)           | 0                       | 0                   | 0.2          |
| R4 State assessments                        | 3,845,283           | 75,600             | 3,769,683           | 0                       | 0                   | 0.0          |
| R3 Core network and IT refresh              | 3,002,696           | 3,002,696          | 0                   | 0                       | 0                   | 4.6          |
| Centrally appropriated line items           | 1,625,558           | 361,103            | 396,888             | 177,223                 | 690,344             | 0.0          |
| Spanish language arts assessment            | 826,046             | 0                  | 826,046             | 0                       | 0                   | 0.0          |
| Non-prioritized requested changes           | 92,753              | 92,753             | 0                   | 0                       | 0                   | 0.0          |
| Statewide IT common policy adjustments      | 32,250              | 32,250             | 0                   | 0                       | 0                   | 0.0          |
| Fund source adjustment                      | 0                   | 0                  | 0                   | 0                       | 0                   | 0.0          |

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| <b>Management and Administration</b>    |                        |                         |                       |                                 |                          |              |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| Informational funds adjustment          | (3,521,036)            | 0                       | 0                     | 965,017                         | (4,486,053)              | 0.0          |
| Indirect cost assessment                | <u>(59,083)</u>        | <u>0</u>                | <u>(46,520)</u>       | <u>0</u>                        | <u>(12,563)</u>          | <u>0.0</u>   |
| <b>TOTAL</b>                            | <b>\$84,299,424</b>    | <b>\$13,843,058</b>     | <b>\$35,801,660</b>   | <b>\$17,051,454</b>             | <b>\$17,603,252</b>      | <b>164.2</b> |
| <b>Increase/(Decrease)</b>              | \$5,509,769            | \$3,958,033             | \$4,217,768           | \$1,142,240                     | (\$3,808,272)            | 4.8          |
| Percentage Change                       | 7.0%                   | 40.0%                   | 13.4%                 | 7.2%                            | (17.8%)                  | 3.0%         |
| <b>FY 2014-15 Executive Request:</b>    | <b>\$82,804,300</b>    | <b>\$13,720,449</b>     | <b>\$35,298,389</b>   | <b>\$16,974,459</b>             | <b>\$16,811,003</b>      | <b>164.2</b> |
| Request Above/(Below)<br>Recommendation | (\$1,495,124)          | (\$122,609)             | (\$503,271)           | (\$76,995)                      | (\$792,249)              | 0.0          |

**(A) ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS**

**State Board of Education**

The Colorado Constitution charges the State Board of Education with the "general supervision of the public schools of the state". The Board has numerous powers and duties specified in state law. Each congressional district elects one Board member; the Board also includes on at-large member in years when Colorado has an even number of congressional districts. Members serve six-year terms without compensation but are entitled to reimbursement for any necessary expenses incurred in the performance of their duties as members. These expenses generally include: (1) travel (in state and out of state, mileage, meals and lodging); (2) attendance at official functions; and (3) reimbursement for office related expenses.

**Request:** The Department requests a continuation appropriation of \$297,258 General Fund and 2.0 FTE, calculated according to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends the request, which aligns with the Committee’s common policies. The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated<br/>Line Items, State Board of Education</b> |                        |                         |            |
|--|------------------------|-------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |            |
| SB 13-230 (Long Bill)  | <u>\$290,998</u>       | <u>\$290,998</u>        | <u>2.0</u> |
| <b>TOTAL</b>   | <b>\$290,998</b>       | <b>\$290,998</b>        | <b>2.0</b> |

| <b>Management and Administration, Administration and Centrally-Appropriated<br/>Line Items, State Board of Education</b> |                        |                         |            |
|--|------------------------|-------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |            |
| FY 2013-14 Appropriation   | \$290,998              | \$290,998               | 2.0        |
| Annualize prior year salary survey and merit pay   | <u>6,260</u>           | <u>6,260</u>            | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$297,258</b>       | <b>\$297,258</b>        | <b>2.0</b> |
| <b>Increase/(Decrease)</b>   | \$6,260                | \$6,260                 | 0.0        |
| Percentage Change  | 2.2%                   | 2.2%                    | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$297,258</b>       | <b>\$297,258</b>        | <b>2.0</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | 0.0        |

**General Department and Program Administration**

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

**Request:** The Department requests a continuation appropriation of \$4,001,300 total funds and 34.6 FTE, calculated according to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

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

**Staff also recommends continuing the increased appropriation from indirect cost recoveries first enacted in FY 2011-12**, which will result in a commensurate reduction in the General Fund portion of the appropriation. **Staff requests permission to work with Department staff to calculate the allocation of indirect cost recoveries between this line item and the associated centrally appropriated line items.**<sup>1</sup> The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, General<br/>Department and Program Administration</b> |                        |                         |                       |                                 |            |
|---|------------------------|-------------------------|-----------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
|   |                        |                         |                       |                                 |            |

<sup>1</sup> These centrally appropriated line items include the following: Health, Life, and Dental; Short-term Disability; AED; SAED; Workers’ Compensation; Payment to Risk Management and Property Funds; and Capitol Complex Leased Space.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, General<br/>Department and Program Administration</b> |                        |                         |                       |                                 |             |
|---|------------------------|-------------------------|-----------------------|---------------------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                                 |             |
| SB 13-230 (Long Bill)   | <u>\$3,782,451</u>     | <u>\$1,589,218</u>      | <u>\$169,232</u>      | <u>\$2,024,001</u>              | <u>34.6</u> |
| <b>TOTAL</b>  | <b>\$3,782,451</b>     | <b>\$1,589,218</b>      | <b>\$169,232</b>      | <b>\$2,024,001</b>              | <b>34.6</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                                 |             |
| FY 2013-14 Appropriation  | 3,782,451              | 1,589,218               | 169,232               | 2,024,001                       | 34.6        |
| Annualize prior year salary survey and merit pay  | <u>218,849</u>         | <u>125,875</u>          | <u>2,621</u>          | <u>90,353</u>                   | <u>0.0</u>  |
| <b>TOTAL</b>  | <b>\$4,001,300</b>     | <b>\$1,715,093</b>      | <b>\$171,853</b>      | <b>\$2,114,354</b>              | <b>34.6</b> |
| <b>Increase/(Decrease)</b>  | \$218,849              | \$125,875               | \$2,621               | \$90,353                        | 0.0         |
| Percentage Change   | 5.8%                   | 7.9%                    | 1.5%                  | 4.5%                            | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$4,001,300</b>     | <b>\$1,715,093</b>      | <b>\$171,853</b>      | <b>\$2,114,354</b>              | <b>34.6</b> |
| Request Above/(Below)   |                        |                         |                       |                                 |             |
| Recommendation  | \$0                    | \$0                     | \$0                   | \$0                             | (0.0)       |

**Office of Professional Services**

This office is responsible for administration of the Colorado Educator Licensure Act and is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Section 22-60.5-112, C.R.S., authorizes the State Board of Education to adjust fees charged for licensing purposes annually, 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.

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, Section 22-60.5-112 (1) (b) (I), C.R.S., continuously appropriates funds in the Educator Licensure Cash Fund to the Department for a four year period (FY 2011-12 through FY 2014-15). Thus, the Department's FY 2014-15 request reflects the Department's estimated expenditures for the fiscal year but the appropriation will only be shown in the Long Bill for informational purposes.

**Request:** The Department's request for \$2,748,802 cash funds (from the Educator Licensure Cash Fund) and 25.0 FTE reflects the Department's estimated expenditures for the Office of Professional Services in FY 2014-15. Because this fund source is continuously appropriated to the Department in FY 2013-14, the Department is asking the Committee to reflect that estimate in the Long Bill for informational purposes only.

**Recommendation:** Staff recommends approving the request. The following table details the components of the recommended change from the FY 2013-14 appropriation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Office of Professional Services</b> |                        |                         |                       |             |
|---|------------------------|-------------------------|-----------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |             |
| SB 13-230 (Long Bill)   | <u>\$2,688,568</u>     | <u>\$0</u>              | <u>\$2,688,568</u>    | <u>25.0</u> |
| <b>TOTAL</b>  | <b>\$2,688,568</b>     | <b>\$0</b>              | <b>\$2,688,568</b>    | <b>25.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |             |
| FY 2013-14 Appropriation  | \$2,688,568            | \$0                     | \$2,688,568           | 25.0        |
| Annualize prior year salary survey and merit pay  | <u>60,234</u>          | <u>0</u>                | <u>60,234</u>         | <u>0.0</u>  |
| <b>TOTAL</b>  | <b>\$2,748,802</b>     | <b>\$0</b>              | <b>\$2,748,802</b>    | <b>25.0</b> |
| <b>Increase/(Decrease)</b>  | \$60,234               | \$0                     | \$60,234              | 0.0         |
| Percentage Change   | 2.2%                   | 0.0%                    | 2.2%                  | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$2,748,802</b>     | <b>\$0</b>              | <b>\$2,748,802</b>    | <b>25.0</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                   | 0.0         |

**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.

**Request:** The Department requests a continuation appropriation of \$344,383 cash funds from the State Education Fund and 3.3 FTE, calculated according to OSPB's common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Division of On-line Learning</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |            |
| SB 13-230 (Long Bill)  | <u>\$337,334</u>       | <u>\$0</u>              | <u>\$337,334</u>      | <u>3.3</u> |
| <b>TOTAL</b>   | <b>\$337,334</b>       | <b>\$0</b>              | <b>\$337,334</b>      | <b>3.3</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |            |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items,<br/>Division of On-line Learning</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| FY 2013-14 Appropriation   | \$337,334              | \$0                     | \$337,334             | 3.3        |
| Annualize prior year salary survey and merit pay   | <u>7,049</u>           | <u>0</u>                | <u>7,049</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$344,383</b>       | <b>\$0</b>              | <b>\$344,383</b>      | <b>3.3</b> |
| <b>Increase/(Decrease)</b>   | \$7,049                | \$0                     | \$7,049               | 0.0        |
| Percentage Change  | 2.1%                   | 0.0%                    | 2.1%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$344,383</b>       | <b>\$0</b>              | <b>\$344,383</b>      | <b>3.3</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | \$0                   | 0.0        |

**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.

**Request:** The Department requests \$4,061,167 (including \$1,448,863 General Fund) for FY 2014-15, based on OSPB's common policy for health, life and dental insurance.

**Recommendation:** Consistent with Committee policy, staff recommends approving the request. The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Health, Life, and Dental</b> |                        |                         |                       |                                 |                          |            |
|--|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                                 |                          |            |
| SB 13-230 (Long Bill)  | <u>\$4,139,408</u>     | <u>\$1,658,677</u>      | <u>\$424,638</u>      | <u>\$469,931</u>                | <u>\$1,586,162</u>       | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$4,139,408</b>     | <b>\$1,658,677</b>      | <b>\$424,638</b>      | <b>\$469,931</b>                | <b>\$1,586,162</b>       | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |                                 |                          |            |
| FY 2013-14 Appropriation   | \$4,139,408            | \$1,658,677             | \$424,638             | \$469,931                       | \$1,586,162              | 0.0        |
| Centrally appropriated line items  | <u>(78,241)</u>        | <u>(209,814)</u>        | <u>114,683</u>        | <u>(49,325)</u>                 | <u>66,215</u>            | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$4,061,167</b>     | <b>\$1,448,863</b>      | <b>\$539,321</b>      | <b>\$420,606</b>                | <b>\$1,652,377</b>       | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | (\$78,241)             | (\$209,814)             | \$114,683             | (\$49,325)                      | \$66,215                 | 0.0        |
| Percentage Change  | (1.9%)                 | (12.6%)                 | 27.0%                 | (10.5%)                         | 4.2%                     | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$4,061,167</b>     | <b>\$1,448,863</b>      | <b>\$539,321</b>      | <b>\$420,606</b>                | <b>\$1,652,377</b>       | <b>0.0</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | \$0                   | \$0                             | \$0                      | 0.0        |

**Short-term Disability**

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

**Request:** The Department requests \$83,936 (including \$25,136 General Fund) for FY 2014-15, based on OSPB's common policy for short-term disability insurance.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$84,346 (including \$25,259 General Fund). The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Short-term Disability</b> |                        |                         |                       |                                 |                          |            |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                                 |                          |            |
| SB 13-230 (Long Bill)   | <u>\$68,385</u>        | <u>\$22,532</u>         | <u>\$7,449</u>        | <u>\$7,763</u>                  | <u>\$30,641</u>          | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$68,385</b>        | <b>\$22,532</b>         | <b>\$7,449</b>        | <b>\$7,763</b>                  | <b>\$30,641</b>          | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                                 |                          |            |
| FY 2013-14 Appropriation  | \$68,385               | \$22,532                | \$7,449               | \$7,763                         | \$30,641                 | 0.0        |
| Centrally appropriated line items   | <u>15,961</u>          | <u>2,727</u>            | <u>3,298</u>          | <u>1,660</u>                    | <u>8,276</u>             | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$84,346</b>        | <b>\$25,259</b>         | <b>\$10,747</b>       | <b>\$9,423</b>                  | <b>\$38,917</b>          | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$15,961               | \$2,727                 | \$3,298               | \$1,660                         | \$8,276                  | 0.0        |
| Percentage Change   | 23.3%                  | 12.1%                   | 44.3%                 | 21.4%                           | 27.0%                    | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$83,936</b>        | <b>\$25,136</b>         | <b>\$10,695</b>       | <b>\$9,377</b>                  | <b>\$38,728</b>          | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation   | (\$410)                | (\$123)                 | (\$52)                | (\$46)                          | (\$189)                  | 0.0        |

**S.B. 04-257 Amortization Equalization Disbursement**

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

**Request:** The Department requests \$1,721,293 (including \$518,014 General Fund) for FY 2014-15, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$1,729,668 (including \$520,482 General Fund). The following table details the components of the recommended change from the FY 2013-14 appropriation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, S.B. 04-257 Amortization Equalization Disbursement</b> |                    |                  |                  |                         |                  |            |
|--|--------------------|------------------|------------------|-------------------------|------------------|------------|
|  | Total<br>Funds     | General<br>Fund  | Cash<br>Funds    | Reappropriated<br>Funds | Federal<br>Funds | FTE        |
| <b>FY 2013-14 Appropriation</b>  |                    |                  |                  |                         |                  |            |
| SB 13-230 (Long Bill)  | <u>\$1,422,642</u> | <u>\$465,616</u> | <u>\$156,108</u> | <u>\$161,760</u>        | <u>\$639,158</u> | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,422,642</b> | <b>\$465,616</b> | <b>\$156,108</b> | <b>\$161,760</b>        | <b>\$639,158</b> | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                  |                  |                         |                  |            |
| FY 2013-14 Appropriation   | \$1,422,642        | \$465,616        | \$156,108        | \$161,760               | \$639,158        | 0.0        |
| Centrally appropriated line items  | <u>307,026</u>     | <u>54,866</u>    | <u>64,132</u>    | <u>31,029</u>           | <u>156,999</u>   | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,729,668</b> | <b>\$520,482</b> | <b>\$220,240</b> | <b>\$192,789</b>        | <b>\$796,157</b> | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | \$307,026          | \$54,866         | \$64,132         | \$31,029                | \$156,999        | 0.0        |
| Percentage Change  | 21.6%              | 11.8%            | 41.1%            | 19.2%                   | 24.6%            | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,721,293</b> | <b>\$518,014</b> | <b>\$219,164</b> | <b>\$191,856</b>        | <b>\$792,259</b> | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation  | (\$8,375)          | (\$2,468)        | (\$1,076)        | (\$933)                 | (\$3,898)        | 0.0        |

**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 to the Public Employees' Retirement Association (PERA).

**Request:** The Department requests \$1,613,712 (including \$485,638 General Fund) for FY 2014-15, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$1,621,564 (including \$487,952 General Fund). The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, S.B. 06-235 Supplemental Amortization Equalization Disbursement</b> |                    |                  |                  |                         |                  |            |
|---|--------------------|------------------|------------------|-------------------------|------------------|------------|
|   | Total<br>Funds     | General<br>Fund  | Cash<br>Funds    | Reappropriated<br>Funds | Federal<br>Funds | FTE        |
| <b>FY 2013-14 Appropriation</b>   |                    |                  |                  |                         |                  |            |
| SB 13-230 (Long Bill)   | <u>\$1,282,843</u> | <u>\$418,860</u> | <u>\$140,931</u> | <u>\$146,034</u>        | <u>\$577,018</u> | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,282,843</b> | <b>\$418,860</b> | <b>\$140,931</b> | <b>\$146,034</b>        | <b>\$577,018</b> | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                  |                  |                         |                  |            |
| FY 2013-14 Appropriation  | \$1,282,843        | \$418,860        | \$140,931        | \$146,034               | \$577,018        | 0.0        |
| Centrally appropriated line items   | <u>338,721</u>     | <u>69,092</u>    | <u>65,544</u>    | <u>34,706</u>           | <u>169,379</u>   | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,621,564</b> | <b>\$487,952</b> | <b>\$206,475</b> | <b>\$180,740</b>        | <b>\$746,397</b> | <b>0.0</b> |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, S.B. 06-235 Supplemental Amortization Equalization Disbursement</b> |                    |                     |                   |                             |                      |            |
|---|--------------------|---------------------|-------------------|-----------------------------|----------------------|------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b> | <b>Reappropriated Funds</b> | <b>Federal Funds</b> | <b>FTE</b> |
| <b>Increase/(Decrease)</b>  | \$338,721          | \$69,092            | \$65,544          | \$34,706                    | \$169,379            | 0.0        |
| Percentage Change   | 26.4%              | 16.5%               | 46.5%             | 23.8%                       | 29.4%                | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$1,613,712</b> | <b>\$485,638</b>    | <b>\$205,466</b>  | <b>\$179,865</b>            | <b>\$742,743</b>     | <b>0.0</b> |
| Request Above/(Below)   |                    |                     |                   |                             |                      |            |
| Recommendation  | (\$7,852)          | (\$2,314)           | (\$1,009)         | (\$875)                     | (\$3,654)            | 0.0        |

**Salary Survey**

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

**Request:** The Department requests \$694,819 (including \$206,694 General Fund) for FY 2014-15, based on OSPB's common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$1,398,402 (including \$418,777 General Fund). The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Salary Survey</b> |                    |                     |                   |                             |                      |            |
|---|--------------------|---------------------|-------------------|-----------------------------|----------------------|------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b> | <b>Reappropriated Funds</b> | <b>Federal Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                    |                     |                   |                             |                      |            |
| SB 13-230 (Long Bill)   | \$965,670          | \$288,386           | \$124,558         | \$107,909                   | \$444,817            | 0.0        |
| HB 14-1234 (Supplemental)   | <u>(68,151)</u>    | <u>(68,151)</u>     | <u>0</u>          | <u>0</u>                    | <u>0</u>             | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$897,519</b>   | <b>\$220,235</b>    | <b>\$124,558</b>  | <b>\$107,909</b>            | <b>\$444,817</b>     | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                     |                   |                             |                      |            |
| FY 2013-14 Appropriation  | \$897,519          | \$220,235           | \$124,558         | \$107,909                   | \$444,817            | 0.0        |
| Centrally appropriated line items   | <u>500,883</u>     | <u>198,542</u>      | <u>53,629</u>     | <u>48,312</u>               | <u>200,400</u>       | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,398,402</b> | <b>\$418,777</b>    | <b>\$178,187</b>  | <b>\$156,221</b>            | <b>\$645,217</b>     | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$500,883          | \$198,542           | \$53,629          | \$48,312                    | \$200,400            | 0.0        |
| Percentage Change   | 55.8%              | 90.2%               | 43.1%             | 44.8%                       | 45.1%                | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$694,819</b>   | <b>\$206,694</b>    | <b>\$88,762</b>   | <b>\$77,160</b>             | <b>\$322,203</b>     | <b>0.0</b> |
| Request Above/(Below)   |                    |                     |                   |                             |                      |            |
| Recommendation  | (\$703,583)        | (\$212,083)         | (\$89,425)        | (\$79,061)                  | (\$323,014)          | 0.0        |

**Merit Pay**

This line item funds pay increases relating to employee performance evaluations

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

**Request:** The Department requests \$609,817 (including \$180,629 General Fund) for FY 2014-15, based on OSPB’s common policies.

**Recommendation:** Consistent with Committee policy, staff recommends appropriating \$612,103 (including \$180,806 General Fund). The following table details the components of the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Administration and Centrally-Appropriated Line Items, Merit Pay</b> |                        |                         |                       |                                 |                          |            |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                                 |                          |            |
| SB 13-230 (Long Bill)   | \$594,843              | \$190,422               | \$71,084              | \$66,915                        | \$266,422                | 0.0        |
| HB 14-1234 (Supplemental)   | <u>(51,108)</u>        | <u>(51,108)</u>         | <u>0</u>              | <u>0</u>                        | <u>0</u>                 | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$543,735</b>       | <b>\$139,314</b>        | <b>\$71,084</b>       | <b>\$66,915</b>                 | <b>\$266,422</b>         | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                                 |                          |            |
| FY 2013-14 Appropriation  | \$543,735              | \$139,314               | \$71,084              | \$66,915                        | \$266,422                | 0.0        |
| Centrally appropriated line items   | <u>68,368</u>          | <u>41,492</u>           | <u>15,686</u>         | <u>1,660</u>                    | <u>9,530</u>             | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$612,103</b>       | <b>\$180,806</b>        | <b>\$86,770</b>       | <b>\$68,575</b>                 | <b>\$275,952</b>         | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$68,368               | \$41,492                | \$15,686              | \$1,660                         | \$9,530                  | 0.0        |
| Percentage Change   | 12.6%                  | 29.8%                   | 22.1%                 | 2.5%                            | 3.6%                     | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$609,817</b>       | <b>\$180,629</b>        | <b>\$86,345</b>       | <b>\$68,242</b>                 | <b>\$274,601</b>         | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation   | (\$2,286)              | (\$177)                 | (\$425)               | (\$333)                         | (\$1,351)                | 0.0        |

**Workers’ Compensation**

This line pays the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration.

**Request:** The Department requests \$649,934 (including \$248,404 General Fund) for FY 2014-15, based on OSPB’s common policies.

**Recommendation:** Staff's recommendation for this line item is pending. 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.

**Request:** The Department requests \$446,292 (including \$253,385 General Fund) to purchase 4,900 hours of legal services in FY 2014-15. The request matches the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving funding sufficient to purchase 4,900 hours of legal services, as requested. 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.

**Request:** The Department requests \$146,199 for FY 2014-15. Consistent with appropriations from prior years, the request includes no General Fund.

**Recommendation:** Staff's recommendation for this line item is pending. 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 pays liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

**Request:** The Department requests \$75,014 General Fund for FY 2014-15 based on OSPB's common policies.

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

**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.

**Request:** The Department requests \$604,122 (including \$93,397 General Fund) for FY 2014-15 based on OSPB's common policies.

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

**Reprinting and Distributing Laws Concerning Education**

Section 22-2-112 (1) (i), C.R.S., requires the Department to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." All publishing costs are to be paid out of the State Public School Fund. Prior to FY 2010-11, this appropriation identified the source of funding as rental income earned

on state education trust lands that is credited to the State Public School Fund. Pursuant to H.B. 10-1369, the revenue source is now interest and investment income earned on the Public School ("Permanent") Fund that is credited to the State Public School Fund.

**Request:** The Department requests a continuation appropriation of \$35,480 cash funds from the State Public School Fund for FY 2014-15, with no change from the FY 2013-14 appropriation.

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

### **Emeritus Retirement**

This appropriation provided supplemental retirement payments to eligible K-12 and higher education teachers. Eligible individuals served 20 years in Colorado school districts or the office of Colorado county superintendent of schools or the Department of Education, were at least 65 years of age, and met certain other requirements. Although the original provision authorizing the payments (Section 22-64-119, C.R.S.) was repealed through S.B. 09-282 (Concerning the merger of the Denver public schools retirement system with the public employees' retirement association), the General Assembly continued to provide appropriations and the Department continued to make payments through FY 2011-12. According to the Department, all of the program's participants are now deceased.

**Request:** The Department is not requesting an appropriation for FY 2014-15.

**Recommendation:** Staff recommends approving the request. The line item is no longer necessary.

## **(B) INFORMATION TECHNOLOGY**

### **INITIATIVE AFFECTING MULTIPLE LINE ITEMS**

#### **➔ R3 Core Network and IT Refresh**

- The Department requests an increase of \$3.1 million General Fund and 4.6 FTE in FY 2014-15 (with ongoing costs of \$1.7 million and 5.0 FTE in FY 2015-16 and beyond) to update and improve the Department's core information technology systems.
- Staff recommends approving an increase of \$3,002,696 General Fund and 4.6 FTE for FY 2014-15. Staff recommends dividing the funds between two line items: Information Technology Services (\$1,022,346 and 4.6 FTE in FY 2014-15); and Information Technology Asset Maintenance (\$1,980,350 in FY 2014-15).

*Request:* The Department is requesting \$3,070,988 General Fund and 4.6 FTE in FY 2014-15, with ongoing costs of \$1,678,615 General Fund and 5.0 FTE in FY 2015-16 and beyond, to

update and improve the Department’s information technology systems. The request includes four basic components: (1) \$1,422,034 in one-time costs for IT infrastructure (hardware and software) purchases; (2) \$583,638 and 4.6 FTE (annualizing to \$613,299 and 5.0 FTE in FY 2015-16) for additional IT staff; (3) \$558,316 for ongoing hardware and software upgrades and maintenance; and (4) \$507,000 annually for additional contract services. The Department has requested the entire increase as part of the Information Technology Services line item.

*Recommendation:* Staff recommends approving an increase of \$3,002,696 General Fund and 4.6 FTE for FY 2014-15 (annualizing to \$1,678,610 and 5.0 FTE in FY 2015-16 and beyond). The recommendation differs from the request in two major ways:

- First, the total staff recommendation is \$68,292 below the request for FY 2014-15 because the request includes funds for a variety of centrally appropriated line items (HLD, AED, SAED, and STD) as well as funds for additional leased space. Pursuant to Committee common policy, staff’s recommendation does not include those funds in the first year for new FTE.
- Second, while the Department’s request would apply the entire increase to the Information Technology Services line item (within the Information Technology subdivision), staff’s recommendation would divide the funds between two line items: \$1,022,346 and 4.6 FTE for Information Technology services (annualizing to \$1,120,294 and 5.0 FTE in FY 2015-16 and beyond) to provide ongoing support for additional staff and additional contract services; and \$1,980,350 for Information Technology Asset Maintenance (annualizing to \$558,316 in FY 2015-16 and beyond) for one-time hardware and software purchases in FY 2014-15 and ongoing maintenance costs in subsequent years. Staff has discussed the recommended division of funds between line items, and the Department agrees with the recommended approach. The following table shows the total request and recommendation by line item.

| <b>R3 Core Network and IT Refresh - Total Recommendation by Line Item</b> |                      |            |                    |            |                    |            |
|---|----------------------|------------|--------------------|------------|--------------------|------------|
| <b>Cost Component</b>   | <b>FY 2014-15</b>    |            |                    |            | <b>FY 2015-16</b>  |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b>  |            | <b>Impact</b>      |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>          | <b>FTE</b> | <b>FY 2015-16</b>  | <b>FTE</b> |
| Information Technology Services   | \$3,070,988          | 4.6        | \$1,022,346        | 4.6        | \$1,120,294        | 5.0        |
| Information Technology Asset Maintenance                                  | 0                    |            | 1,980,350          |            | 558,316            |            |
| <b>Total Request/Recommendation</b>                                       | <b>\$3,070,988</b>   | <b>4.6</b> | <b>\$3,002,696</b> | <b>4.6</b> | <b>\$1,678,610</b> | <b>5.0</b> |

***Staff Analysis:***

*Background – Information Management Services Unit*

The Department’s Information Management Services (IMS) Unit manages the Department’s information technology (IT) resources. The IMS Unit currently includes about 29.0 FTE, with about half of those employees supported with General Fund and the other half supported with reappropriated funds (originating as federal funds). Because the Department is not part of the statewide Office of Information Technology (OIT) consolidation (pursuant to a memorandum of understanding the between the Department and OIT), the IMS Unit manages all of the

Department's IT resources internally. OIT provides consultative support and certain centrally appropriated services to the Department but does not oversee IT systems or management. As a result, OIT has not provided an opinion regarding the necessity of the Department's request.

According to the Department, two major factors are driving the request for FY 2014-15: (1) aging and obsolete IT infrastructure (discussed in greater detail below); and (2) recent reform legislation driving increased data requirements. In particular, S.B. 09-163 (Accountability) and S.B. 10-191 (Educator Effectiveness) have increased data pressure on the Department's IT systems.

- *S.B. 09-163*: The accountability system requires the IMS Unit to collect and process timely and accurate information about the quality and performance of the State's schools and districts. The IMS Unit maintains systems that collect, synthesize, and report student, financial, and performance information for schools and school districts throughout the State.
- *S.B. 10-191*: Full implementation will require the Department (through the IMS Unit) to collect data and electronically match students with over 60,000 teachers statewide, increasing workloads for the collection, movement, validation, warehousing, and overall processing of data associated with educator effectiveness.

### **FY 2014-15 Request**

The Department's request for \$3,070,988 General Fund and 4.6 FTE includes four basic components: (1) \$1,422,034 in one-time costs for IT infrastructure (hardware and software) purchases; (2) \$558,316 for ongoing hardware and software upgrades and maintenance; (3) \$583,638 and 4.6 FTE (annualizing to \$613,299 and 5.0 FTE in FY 2015-16) for additional IT staff; and (4) \$507,000 annually for additional contract services. Each component is discussed in greater detail below.

#### *IT Infrastructure*

The Department reports that its current IT infrastructure is outdated and in danger of failing. For example, the hardware used for district student count and district financial data collections is no longer supported by the vendor due to obsolescence. The Department also reports that database and network hardware is at the end of (or beyond) its useful life and not maintainable beyond FY 2013-14. While the Department would expect a five year life cycle for much of the network and IT infrastructure, much of the core infrastructure has already exceeded that age. Thus, the Department is requesting \$1,422,034 in FY 2014-15 for one-time expenses to replace outdated hardware and network equipment, including:

- \$659,322 for database hardware and server devices, increased processor capacity, and associated license upgrades;
- \$375,424 for network equipment replacement and connectivity upgrades to respond to increased internal and external demand;
- \$263,559 for information security costs, including security firewalls, intrusion protection, and data access monitoring tools (the Department utilizes the perimeter security measures

provided by OIT but requires additional security measures within the “outer” perimeter provided by OIT); and

- \$123,729 for wireless network equipment and improved access points.

**Based on the essential nature of the Department’s IT infrastructure and associated data, staff recommends approving the request to refresh the core infrastructure.** The Department has requested these funds as additions to the Information Technology Services line item. However, **staff and the Department agree that any appropriations for IT infrastructure would be more appropriate for the Information Technology Asset Maintenance line item.** For planning purposes, the Department anticipates a five-year lifecycle for much of the infrastructure included in the request and does not currently anticipate significant additional infrastructure costs (outside of this request) over the next five years.

*Ongoing Hardware and Software Upgrades and Maintenance*

The request includes \$558,316 in FY 2014-15 and subsequent years for ongoing hardware maintenance and software licensing needs. The request includes:

- \$255,966 for annual replacement and maintenance costs for IT infrastructure (calculated as 18.0 percent of the estimated purchase price of the infrastructure discussed above);
- \$187,094 for annual increases in data storage capability (the Department reports that data storage needs are doubling every 10 to 12 months); and
- \$115,256 for necessary license expansions, including mobile device supports and data quality components.

**Staff recommends approving the requested funds for hardware and software upgrades and maintenance but appropriating those funds to the Information Technology Asset Maintenance line item rather than Information Technology Services.** The infrastructure maintenance costs are a necessary part of the purchases recommended above, and the additional storage capability appears to be necessary. The Department is responding to customer (schools, districts, and the public) demand for mobile device access to data, and staff recommends approving the funds for license expansions.

*Additional IT Staff*

The request includes an increase of \$583,638 and 4.6 FTE in FY 2014-15 (annualizing to \$613,299 and 5.0 FTE in FY 2015-16 and beyond) to add IT staff to the Department. According to the Department, the need for additional staff is driven by: (1) growth in Department staff (other than IT) requiring improved IT assistance and management services; and (2) data requirements due in large part to recent reform legislation creating additional workload in system development, programming, data collection, processing and reporting, and information security. The Department is proposing to add the following five positions (5.0 FTE):

- 1.0 FTE to implement, maintain, and manage a multi-tiered help-desk. The Department reports that wait times for the current help desk have become problematic and is proposing to hire a help desk/customer service manager in an effort to reduce wait times (the goal is a 50 percent reduction) and improve efficiency.

- 1.0 FTE to provide programming and reporting support for the School/District Performance Frameworks and Unified Improvement Planning reports by enabling reporting on mobile devices and app-based tools.
- 1.0 FTE to implement and monitor security processes to ensure the confidentiality of student and educator data and to reinforce security protocols for all data systems;
- 1.0 FTE to develop, integrate, and support new data systems supporting preschool, educator effectiveness, and dropout prevention. This position would also support data system integration with the Departments of Human Services, Higher Education, Labor and Employment, and Corrections.
- 1.0 FTE to develop and support data collection and reporting related to new on-line student assessments, including statewide broadband support.

The Department is requesting annual (full year) salaries for the new positions ranging from \$70,800 for the help desk manager to \$106,557 for the systems integration position. According to the Department, although the positions are non-classified, the requested salaries are based on Department of Personnel and Administration salary survey information and the amount necessary to attract personnel with the necessary expertise. Given the degree of specific expertise required for these positions, staff agrees that the elevated starting salaries are probably necessary to attract promising personnel.

**Staff recommends approving an increase of \$515,346 General Fund and 4.6 FTE to support new IT staff in FY 2014-15 (annualizing to \$613,294 and 5.0 FTE in FY 2015-16 and beyond).** The recommendation for this component is \$68,291 below the request for FY 2014-15 because the Department included funds for a variety of centrally appropriated line items (HLD, AED, SAED, and STD) and additional leased space. Pursuant to Committee common policy, staff does not recommend appropriating those funds for the first year. The following table summarizes the components of the request and recommendation associated with the additional FTE.

| <b>R3 Core Network and IT Refresh -New IT Staff</b> |               |     |              |     |              |     |  |
|---|---------------|-----|--------------|-----|--------------|-----|--|
| Cost Component                                      | FY 2014-15    |     |              |     | FY 2015-16   |     |  |
|   | Dept. Request |     | Staff Rec.   |     | Impact       |     |  |
|   | GF            | FTE | GF           | FTE | GF           | FTE |  |
| <b>Personal Services</b>                            |               |     |              |     |              |     |  |
| Salaries  | \$436,794     | 4.6 | \$436,794    | 4.6 | \$476,537    | 5.0 |  |
| PERA (10.15 percent)                                | 44,335        |     | 44,335       |     | 48,369       |     |  |
| Medicare  | <u>6,333</u>  |     | <u>6,332</u> |     | <u>6,908</u> |     |  |
| Subtotal - Personal Services                        | \$487,462     | 4.6 | \$487,461    | 4.6 | \$531,814    | 5.0 |  |
| <b>Centrally Appropriated Items</b>                 |               |     |              |     |              |     |  |
| Health-Life-Dental                                  | \$22,105      |     | \$0          |     | \$22,105     |     |  |
| AED   | 17,473        |     | 0            |     | 20,968       |     |  |
| SAED  | 16,380        |     | 0            |     | 20,253       |     |  |

| <b>R3 Core Network and IT Refresh -New IT Staff</b> |                      |            |                   |            |                   |            |
|---|----------------------|------------|-------------------|------------|-------------------|------------|
| <b>Cost Component</b>                               | <b>FY 2014-15</b>    |            |                   |            | <b>FY 2015-16</b> |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> |
| STD   | <u>831</u>           |            | <u>0</u>          |            | <u>905</u>        |            |
| Subtotal - Centrally Appropriated Items             | \$56,790             |            | \$0               |            | \$64,231          |            |
| <b>Operating Expenses</b>                           |                      |            |                   |            |                   |            |
| Regular FTE Operating Expenses \$500 per FTE        | \$2,300              |            | \$2,300           |            | \$2,500           |            |
| Telephone Expenses \$450 per FTE                    | 2,070                |            | 2,070             |            | 2,250             |            |
| Personal Computer (one-time - \$1,230 per FTE)      | 6,150                |            | 6,150             |            | 0                 |            |
| Office Furniture (one-time - \$3,473 per FTE)       | 17,365               |            | 17,365            |            | 0                 |            |
| Rent - Leased Space                                 | <u>11,500</u>        |            | <u>0</u>          |            | <u>12,500</u>     |            |
| Subtotal - Operating Expenses                       | \$39,385             |            | \$27,885          |            | \$17,250          |            |
| <b>Total - New IT Staff</b>                         | <b>\$583,637</b>     | <b>4.6</b> | <b>\$515,346</b>  | <b>4.6</b> | <b>\$613,294</b>  | <b>5.0</b> |

*Contract Services*

The request includes \$507,000 in FY 2014-15 and subsequent years to purchase additional IT contract service hours. The Department is seeking funds for contract service hours to provide additional flexibility when managing IT projects, supports, and infrastructure needs and to allow the Department to absorb temporary increases in workload through contract services. The Department intends to use the funds, as necessary, for the following IT services:

- System migrations and upgrades;
- Application development support and consulting;
- LEAN process efficiency analysis and implementation;
- Data visualization and dashboards;
- User experience/application interface design and redesign;
- Mobile device support and help desk augmentation;
- External security audits;
- Performance optimization and troubleshooting;
- Emergency technology support and services;
- Server/network architecture auditing and recommendations; and
- Project management and coordination.

**Staff recommends providing the requested funds for contract services as part of the Information Technology Services line item.** The additional funding should allow the Department to adapt to changing circumstances and respond to short-term increases in workload (and temporary requirements for specific skills) without hiring additional FTE.

**Information Technology Services**

This line item provides funding and staff related to information technology support functions and includes funding and staff that were previously appropriated to the School Accountability Reports and State Data Reporting System line item, which was merged into the Information Technology Services line item in FY 2011-12.

Senate Bill 00-186 required the Department of Education to establish a state data reporting system, including computer capabilities and procedures, to produce school report cards (later renamed school accountability reports or "SARs"). The Department was required to prepare and distribute hard copies of each school's SAR, and to establish and maintain a web site that provides access to each school's SARs.

As a program line, this line item includes funding for both personal services and operating expenses. Sources of reappropriated funds include transfers from various line items in other sections of the budget.

**Request:** The Department requests an appropriation of \$5,863,959 total funds (including \$5,238,865 General Fund) and 27.6 FTE for FY 2014-15. The request includes an increase of \$3,070,988 General Fund and 4.6 FTE associated with request R3 (Core Network and IT Refresh, discussed above). The request also includes the annualization of FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends an appropriation of \$3,815,317 total funds (including \$3,190,223 General Fund) and 27.6 FTE for this line item in FY 2014-15. The recommendation includes: (1) an increase of \$1,022,346 General Fund and 4.6 FTE associated with request R3 (discussed above) and (2) the requested annualization of FY 2013-14 salary survey and merit pay. As discussed above, staff's recommendation distributes increases associated with R3 between two separate line items and thus only includes a portion of the increase in the Information Technology Services line item. The following table shows the components of staff's recommendation.

| <b>Management and Administration, Information Technology, Information Technology Services</b> |                    |                     |                             |             |
|---|--------------------|---------------------|-----------------------------|-------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Reappropriated Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>   |                    |                     |                             |             |
| SB 13-230 (Long Bill)   | <u>\$2,723,713</u> | <u>\$2,098,959</u>  | <u>\$624,754</u>            | <u>23.0</u> |
| <b>TOTAL</b>  | <b>\$2,723,713</b> | <b>\$2,098,959</b>  | <b>\$624,754</b>            | <b>23.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                     |                             |             |
| FY 2013-14 Appropriation  | \$2,723,713        | \$2,098,959         | \$624,754                   | 23.0        |
| R3 Core network and IT refresh  | 1,022,346          | 1,022,346           | 0                           | 4.6         |
| Annualize prior year salary survey and merit pay  | <u>69,258</u>      | <u>68,918</u>       | <u>340</u>                  | <u>0.0</u>  |

| <b>Management and Administration, Information Technology, Information Technology Services</b> |                    |                     |                             |             |
|---|--------------------|---------------------|-----------------------------|-------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Reappropriated Funds</b> | <b>FTE</b>  |
| <b>TOTAL</b>  | <b>\$3,815,317</b> | <b>\$3,190,223</b>  | <b>\$625,094</b>            | <b>27.6</b> |
| <b>Increase/(Decrease)</b>  | \$1,091,604        | \$1,091,264         | \$340                       | 4.6         |
| Percentage Change   | 40.1%              | 52.0%               | 0.1%                        | 20.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$5,863,959</b> | <b>\$5,238,865</b>  | <b>\$625,094</b>            | <b>27.6</b> |
| Request Above/(Below)<br>Recommendation   | \$2,048,642        | \$2,048,642         | \$0                         | (0.0)       |

**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.

**Request:** The Department requests \$165,104 General Fund for FY 2014-15, based on OSPB's common policies.

**Recommendation:** Staff's recommendation for this line item is pending Committee policy for these services. Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Multiuse Network Payments**

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

**Request:** The Department requests \$342,419 General Fund for FY 2014-15.

**Recommendation:** Staff's recommendation for this line item is pending Committee policy for these services. Staff will ultimately reflect Committee policy in the appropriation for this line item.

**COFRS Modernization**

This line item funds a project to replace the statewide accounting system (COFRS) used by the State Controller to record all state revenues and expenditures.

**Request:** The Department requests a continuation appropriation of \$197,914 (including \$61,100 General Fund) for FY 2014-15.

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

**Information Technology Security**

This line item was added during the FY 2013-14 budget cycle for the Governor's Office of Information Technology (OIT) to address the State's most pressing cyber security needs. The appropriation supports the Department's payments to OIT. The moneys for FY 2013-14 are

being used for intrusion detection, threat and vulnerability management, network segmentation equipment, centralized firewall management, and sensitive network authentication.

**Request:** The Department requests \$20,961 General Fund for FY 2014-15.

**Recommendation:** Staff's recommendation for this line item 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 the replacement of equipment (e.g., servers, switches, printers, or personal computers).

**Request:** The Department requests a continuation appropriation of \$303,830 General Fund for FY 2014-15.

**Recommendation:** Staff recommends an appropriation of \$2,284,180 General Fund. As discussed above, the recommendation includes an increase of \$1,980,350 General Fund associated with request R3 to purchase information technology infrastructure (annualizing to \$558,316 in FY 2015-16). Although the Department requested the funds as part of the Information Technology Services line item, staff and the Department agree that this funding is more appropriate for the Information Technology Asset Maintenance line item. The following table details the components of the staff recommendation.

| <b>Management and Administration, Information Technology, Information<br/>Technology Asset Maintenance</b> |                        |                         |            |
|--|------------------------|-------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |            |
| SB 13-230 (Long Bill)  | <u>\$303,830</u>       | <u>\$303,830</u>        | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$303,830</b>       | <b>\$303,830</b>        | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |            |
| FY 2013-14 Appropriation   | \$303,830              | \$303,830               | 0.0        |
| R3 Core network and IT refresh   | <u>1,980,350</u>       | <u>1,980,350</u>        | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$2,284,180</b>     | <b>\$2,284,180</b>      | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | \$1,980,350            | \$1,980,350             | 0.0        |
| Percentage Change  | 651.8%                 | 651.8%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$303,830</b>       | <b>\$303,830</b>        | <b>0.0</b> |
| Request Above/(Below) Recommendation   | (\$1,980,350)          | (\$1,980,350)           | 0.0        |

**Disaster Recovery**

This line item provides funding for the equipment, disks, and tapes necessary to implement a disaster recovery plan. Funding is currently used for: equipment and supplies; offsite tape rotation; and server lease payments.

**Request:** The Department requests continuation funding (\$19,722 General Fund) for FY 2014-15, with no change from the FY 2013-14 appropriation.

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

**PAYMENTS TO OIT (New line item requested)**

The Department requests the creation of this new line item to support payments to OIT for additional services. The FY 2014-15 request from OIT would consolidate the Department's share of funding for the various services provided by OIT. The Department's budget request does not include the consolidation but does include the creation of this new line item to support additional payments to OIT.

**Request:** The Department requests \$92,753 General Fund for this line item for FY 2014-15.

**Recommendation:** The staff recommendation for this line item is pending. Staff will ultimately reflect Committee policy in the appropriation for this line item. If the Committee approves the consolidation requested by OIT, staff recommends consolidating the relevant line item in the Department's budget.

**(C) ASSESSMENTS AND DATA ANALYSES**

*Background Information:* Pursuant to H.B. 93-1313 and subsequent legislation [Section 22-7-409, C.R.S.], the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring, and score reporting. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 30 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 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). House Bill 03-1306 [Section 22-7-409 (1) (g), C.R.S.] required the Department 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*.

Senate Bill 08-212 [Section 22-7-1001 et seq., C.R.S.] expanded and connected instructional standards and assessments from preschool into college. The act required the following activities:

- establish definitions for school readiness and postsecondary and workforce readiness (PWR);
- expand and revise P-13 standards to incorporate 21<sup>st</sup> Century skills, reflect PWR, and be internationally competitive;
- launch a PWR assessments pilot program;
- adopt new assessments which measure the newly adopted standards;
- require all school boards to adopt pathways that lead to PWR and create endorsements for high school diplomas; and
- revise higher education admission requirements as necessary to incorporate the use of newly created standards and assessments that reflect college and workforce readiness.

As required by the act, the State Board of Education adopted new academic standards in 2009, conducted a PWR assessments pilot program, and approved the attributes of a new statewide assessment system that would align with the new standards. The adopted standards include the national "Common Core" standards, an effort initiated and managed by the National Governor's Association and adopted by 45 states (and the District of Columbia) thus far. However, Colorado's standards also go beyond the Common Core by including additional content areas (the Common Core includes only English language arts and mathematics) and additional expectations within each content area that is covered by the Common Core.

The adoption of new standards requires the development of new assessments to measure students' knowledge relative to the new standards. Section 22-7-1006 (1) (a), C.R.S., requires the State Board to adopt a new systems of assessments "on or before December 15, 2010, or as soon thereafter as fiscally practicable." After an extensive public participation process, the State Board adopted a framework of assessment attributes on December 6, 2010.

Because the Colorado Student Assessment Program (CSAP) was aligned to the former statewide standards and would not be a viable assessment of the new standards, the Department is no longer administering the CSAP (spring 2011 was the final use of the former assessment). The Department is using a temporary assessment (Temporary Colorado Assessment Program, or TCAP) for reading, writing, and mathematics in spring 2012, 2013, and 2014 to allow time for: (1) the development of new assessments and (2) local education providers to fully transition to the new standards before being held accountable for teaching the new standards. The TCAP only assesses areas of overlap between the "old" and "new" standards and therefore covers only a subset of both sets of standards.

In order to align the State's system of assessments with the current standards, Colorado is moving forward with new set of assessments in FY 2013-14 and FY 2014-15. The Department has titled the new assessments the Colorado Measures of Academic Success (CMAS).

- Beginning in FY 2013-14, Colorado is administering new science and social studies assessments. The science assessment replaces the TCAP, and the new social studies assessment represents the State's first statewide standardized assessment in social studies. The General Assembly appropriated funding for the development of the assessments in FY 2012-13, and the Department is administering the tests statewide for the first time in FY

2013-14. Fiscal Year 2013-14 will also be the final year of administration of the TCAP in reading, writing, and mathematics.

- Beginning in FY 2014-15, Colorado will administer consortium-based assessments for mathematics and English language arts. Pursuant to H.B. 12-1240, Colorado became a governing member of the Partnership for Assessment of Readiness for College and Careers (PARCC) in August 2012. Development of the consortium tests is ongoing, and the State will administer the tests for the first time in FY 2014-15. The General Assembly appropriated \$2.0 million cash funds from the State Education Fund FY 2013-14 to develop items specific to the Colorado standards to augment the PARCC assessments. The Department’s FY 2013-14 supplemental appropriation bill (H.B. 14-1234) allows the Department to spend those funds over two years (through FY 2014-15), and the Department intends to administer the items specific to Colorado with the consortium-based assessments in Spring 2015.

The following table shows the Department’s planned assessments for FY 2014-15 by grade level.

| <b>Anticipated FY 2014-15 Statewide Assessment Schedule</b> |   |  |  |
|---|---|--|--|
| <b>Grade</b>  | <b>Colorado Measures of Academic Success*</b>   | <b>Federal Requirements</b>                                    | <b>Existing/Planned Assessments <u>Not</u> Required by Federal Law</b> |
| 3   | English language arts<br>math                   | reading/language arts<br>math                                  |  |
| 4   | English language arts<br>math<br>social studies | reading/language arts<br>math                                  | social studies   |
| 5   | English language arts<br>math<br>science        | reading/language arts<br>math<br>science (in grades 3,4, or 5) |  |
| 6   | English language arts<br>math                   | reading/language arts<br>math                                  |  |
| 7   | English language arts<br>math<br>social studies | reading/language arts<br>math                                  | social studies   |
| 8   | English language arts<br>math<br>social studies | reading/language arts<br>math                                  | social studies   |
| 9   | English language arts<br>math                   |  | English language arts<br>math  |
| 10  | English language arts<br>math                   |  | English language arts<br>math  |
| 11  | ACT   |  | ACT  |

| <b>Anticipated FY 2014-15 Statewide Assessment Schedule</b> |   |                                   |  |
|---|---|-----------------------------------|--|
| <b>Grade</b>  | <b>Colorado Measures of Academic Success*</b> | <b>Federal Requirements</b>       | <b>Existing/Planned Assessments <u>Not</u> Required by Federal Law</b> |
| 12  | science<br>social studies                     | science (in grades 10, 11, or 12) | social studies   |

\*The Department also administers alternate assessments for children with disabilities who are unable to participate in the CMAS, even with accommodations. Alternate assessments are administered in the same grades and subjects as the CMAS. An alternate assessment 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 alternate assessments outside of social studies.

**Colorado Student Assessment Program**

This line item provides funding for the staff, operating expenses, and contract expenses associated with the standardized assessments, including TCAP (through FY 2013-14), the PARCC assessments in mathematics and English language arts (beginning in FY 2014-15), the state-specific science and social studies assessments, English proficiency assessments, Spanish language arts assessments, and the ACT.

**Request:** The Department’s FY 2014-15 request for this line item totals \$35,940,656 (including \$75,600 General Fund, \$28,232,143 cash funds from the State Education Fund and \$7,632,913 federal funds) and 11.8 FTE:

- With request R4 (State Assessments), the Department requests an increase of \$3,845,283 (including \$75,600 General Fund and \$3,769,683 cash funds from the State Education Fund) to: (1) administer new consortium-based assessments in mathematics and English language arts; (2) adjust for anticipated changes in the number of students taking the ACT and the English language proficiency assessment; and (3) provide one-time funding to align the Colorado Growth Model and the state accountability systems with the new assessments (the decision item is discussed in detail below). The following table summarizes request R4.

| <b>Summary of Request R4 - State Funding For Statewide Assessments*</b> |  |   |                           |
|---|--|---|---------------------------|
| <b>Assessment</b>   | <b>FY 2013-14<br/>Appropriation<br/>(TCAP)</b> | <b>FY 2014-15<br/>Request<br/>(PARCC)</b> | <b>Change</b>             |
| <i>State Education Fund Appropriations</i>                              |  |   |                           |
| Math/English Language Arts  | \$13,413,825                                   | \$16,854,070                              | \$3,440,245               |
| ACT   | 1,957,000                                      | 2,146,000                                 | 189,000                   |
| ACCESS  | <u>881,919</u>                                 | <u>1,022,357</u>                          | <u>140,438</u>            |
| Subtotal - State Education Fund   | \$16,252,744                                   | \$20,022,427                              | \$3,769,683               |
| <i>General Fund Appropriation</i>                                       |  |   |                           |
| Growth Model Alignment  | \$0  | \$75,600                                  | \$75,600                  |
| <b>Total State Funds</b>  | <b><u>\$16,252,744</u></b>                     | <b><u>\$20,098,027</u></b>                | <b><u>\$3,845,283</u></b> |
| General Fund  | 0  | 75,600                                    | 75,600                    |

| <b>Summary of Request R4 - State Funding For Statewide Assessments*</b> |  |   |               |
|---|--|---|---------------|
| <b>Assessment</b>   | <b>FY 2013-14<br/>Appropriation<br/>(TCAP)</b> | <b>FY 2014-15<br/>Request<br/>(PARCC)</b> | <b>Change</b> |
| CF - State Education Fund   | 16,252,744                                     | 20,022,427                                | 3,769,683     |

\*Table does not include funding for science and social studies assessments or alternate social studies assessments for students with cognitive disabilities; the Department is not requesting changes for those components in FY 2014-15. Table also does not include any federal funds.

- The remainder of the request (\$32,095,373 total funds, including \$24,462,460 cash funds from the State Education Fund and \$7,632,913 federal funds) is a continuation appropriation, calculated according to OSPB’s common policies. The request includes an increase to annualize FY 2013-14 salary survey and merit pay and a reduction of \$2.0 million cash funds from the State Education Fund to eliminate one-time funding provided in FY 2013-14 for the development of mathematics and English language arts assessment items that are unique to the Colorado standards. Please note that the Department’s FY 2013-14 supplemental appropriation (H.B. 14-1234) allows the Department to spend the \$2.0 million appropriation over two years but an appropriation in FY 2014-15 is not necessary.

**Recommendation:** Staff recommends a total appropriation of \$36,771,010 and 11.8 FTE for this line item, including \$29,058,189 cash funds from the State Education Fund and \$7,712,821 federal funds. Staff’s recommendation for this line item includes \$3,769,683 cash funds from the State Education Fund associated with request R4 (discussed below). Staff’s recommendation for this line item is \$830,354 total funds above the Department’s total request because of the following changes:

- An increase of \$826,046 cash funds from the State Education Fund to support the administration of the Spanish language arts assessment in FY 2014-15. The original FY 2013-14 appropriation included \$1.5 million cash funds to support the development of a new Spanish language arts assessment. However, the Department did not develop the assessment in FY 2013-14, and the FY 2013-14 supplemental bill eliminated those funds in FY 2013-14. The Department’s request assumed continuation of the \$1.5 million in FY 2014-15 for administration of the *new* assessment but the Department now intends to use those funds to develop the new assessment in FY 2014-15. As a result, funding is necessary to allow for the administration of the existing assessment in FY 2014-15.
- An increase of \$79,908 federal funds to reflect additional assessment contract costs to be covered with federal funds. The increase is based on revised information that was not available to the Department at the time of the November 1, 2013, request.
- A reduction of \$75,600 General Fund (below the request) because staff recommends appropriating those funds to the Longitudinal Analyses of Student Assessment Results line item rather than the CSAP line item. The Department requested the funds to contract with external experts to align the State’s longitudinal growth model with the new standards. Staff

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recommends approving the funding but appropriating it to the Longitudinal Analyses line item. The Department agrees with the staff recommendation.

| <b>Management and Administration, Assessments and Data Analyses, Colorado Student Assessment Program</b> |                        |                         |                       |                                 |                          |             |
|--|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                                 |                          |             |
| SB 13-230 (Long Bill)  | \$34,044,390           | \$0                     | \$26,448,378          | \$0                             | \$7,596,012              | 11.8        |
| HB 14-1234 (Supplemental)  | <u>(1,476,374)</u>     | <u>0</u>                | <u>(1,476,374)</u>    | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$32,568,016</b>    | <b>\$0</b>              | <b>\$24,972,004</b>   | <b>\$0</b>                      | <b>\$7,596,012</b>       | <b>11.8</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |                                 |                          |             |
| FY 2013-14 Appropriation   | \$32,568,016           | \$0                     | \$24,972,004          | \$0                             | \$7,596,012              | 11.8        |
| R4 State assessments   | 3,769,683              | 0                       | 3,769,683             | 0                               | 0                        | 0.0         |
| Spanish language arts admin.   | 826,046                | 0                       | 826,046               | 0                               | 0                        | 0.0         |
| Annualize prior year salary survey<br>and merit pay  | 50,983                 | 0                       | 14,082                | 0                               | 36,901                   | 0.0         |
| Updated contract costs   | 79,908                 | 0                       | 0                     | 0                               | 79,908                   | 0.0         |
| Annualize prior year funding   | <u>(523,626)</u>       | <u>0</u>                | <u>(523,626)</u>      | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$36,771,010</b>    | <b>\$0</b>              | <b>\$29,058,189</b>   | <b>\$0</b>                      | <b>\$7,712,821</b>       | <b>11.8</b> |
| <b>Increase/(Decrease)</b>   | \$4,202,994            | \$0                     | \$4,086,185           | \$0                             | \$116,809                | 0.0         |
| Percentage Change  | 12.9%                  | 0.0%                    | 16.4%                 | 0.0%                            | 1.5%                     | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$35,940,656</b>    | <b>\$75,600</b>         | <b>\$28,232,143</b>   | <b>\$0</b>                      | <b>\$7,632,913</b>       | <b>11.8</b> |
| Request Above/(Below)<br>Recommendation  | (\$830,354)            | \$75,600                | (\$826,046)           | \$0                             | (\$79,908)               | 0.0         |

Below is a discussion of request R4, followed by a detailed discussion of the recommended total appropriation for this line item.



### **R4 State Assessments**

- The Department requests an increase of \$3.8 million total funds for additional costs for standardized assessments in FY 2014-15.

- Staff recommends approving the requested increase in total funds, including \$75,600 General Fund (appropriated to the Longitudinal Analyses of Student Assessment Results) and \$3,769,683 cash funds from the State Education Fund (appropriated to the Colorado Student Assessment Program line item).

*Request:* The Department proposes an increase of \$3,845,283 total funds to support the continued development and administration of standardized assessments. The request includes

funding to: (1) support additional administration costs for new mathematics and English language arts assessments; (2) support increased costs associated with the American College Testing exam (ACT) and the English language proficiency assessment (ACCESS); and (3) contract with external experts to align the Colorado Growth Model and the statewide accountability system with the new assessments.

*Recommendation:* Staff recommends approving the request for \$3,845,283 total funds (including \$75,600 General Fund and \$3,769,683 cash funds from the State Education Fund). However, staff recommends dividing the funds between two line items: \$75,600 General Fund to the Longitudinal Analyses of Student Assessment Results line item; and \$3,769,683 cash funds to the Colorado Student Assessment Program line item. The requested funds are necessary to allow the state to continue to comply with state and federal requirements regarding assessments and to implement a complete set of assessments aligned to the statewide standards.

*Analysis:* Request R4 builds on the previous two years of appropriations for new assessments. The request includes the following four components.

- \$3.4 million cash funds from the State Education Fund to administer the new mathematics and English language arts assessments. The projections are based on per pupil cost estimates released by the PARCC consortium. As shown in the following table, the increases are largely the result of two factors. First, the new assessments will add a grade (11<sup>th</sup> grade), adding an estimated 59,526 students in FY 2014-15. Second, the Department is assuming that 50 percent of assessed students statewide will take the tests on paper rather than on-line. The consortium has estimated that paper based tests will cost an additional \$4.47 per student, resulting in \$1.3 million in additional costs. As shown in the first section of the table, the Department anticipates that the on-line assessments will cost \$0.05 per student more than the existing TCAP.

| <b>Changes for Math and English Language Arts Assessments</b>  |  |   |                |
|--|--|---|----------------|
| <b>Component</b>   | <b>FY 2013-14<br/>Appropriation<br/>(TCAP)</b> | <b>FY 2014-15<br/>Request/ Rec.<br/>(PARCC)</b> | <b>Change</b>  |
| <i>Grades 3-10 (with FY 2014-15 On-line)</i>                   |  |   |                |
| Pupils Testing   | 518,795  | 526,092   | 7,297          |
| Cost per Pupil*  | <u>\$30.18</u>                                 | <u>\$30.23</u>                                  | <u>\$0.05</u>  |
| Subtotal - Grades 3-10 with All Students On-line in FY 2014-15 | \$15,659,685                                   | \$15,903,761                                    | \$244,076      |
| <i>Grade 11</i>  |  |   |                |
| Pupils Testing   | n/a  | 59,526  | 59,526         |
| Cost per Pupil   | n/a  | <u>\$30.23</u>                                  | <u>\$30.23</u> |
| Subtotal - Adding Grade 11                                     | n/a  | \$1,799,471                                     | \$1,799,471    |
| <i>Increment for Paper-based FY 2014-15</i>                    |  |   |                |
| Pupils Testing**   | n/a  | 292,809   | 292,809        |
| Incremental Cost per Pupil                                     | n/a  | <u>\$4.47</u>                                   | <u>\$4.47</u>  |

| <b>Changes for Math and English Language Arts Assessments</b> |  |   |                           |
|---|--|---|---------------------------|
| <b>Component</b>  | <b>FY 2013-14<br/>Appropriation<br/>(TCAP)</b> | <b>FY 2014-15<br/>Request/ Rec.<br/>(PARCC)</b> | <b>Change</b>             |
| Growth Model Alignment  | n/a  | \$1,308,856                                     | \$1,308,856               |
| <b>Total Funds</b>  | <b><u>\$15,659,685</u></b>                     | <b><u>\$19,012,088</u></b>                      | <b><u>\$3,352,403</u></b> |
| CF - State Education Fund                                     | 13,413,825                                     | 16,854,070                                      | 3,440,245                 |
| Federal Funds   | 2,245,860                                      | 2,158,018                                       | (87,842)                  |

\* Please note that the FY 2013-14 contract for TCAP is not funded on a per pupil basis. As a result, the cost per pupil is not precisely \$30.18, and the FY 2013-14 appropriation includes a rounding difference.

\*\* Assumes half of students statewide will have to take the tests on paper in FY 2014-15.

- \$189,000 cash funds from the State Education Fund to account for anticipated per pupil cost increases and an increase in the number of students taking the test (Colorado requires all 11<sup>th</sup> grade students to take the ACT).
- \$140,348 cash funds from the State Education Fund to accommodate an anticipated increase in the number of students taking the English Language Proficiency Assessment (ACCESS) in FY 2014-15.
- \$75,600 General Fund (in one-time funding) to allow the Department to contract with external experts to align the Colorado Growth Model and the statewide accountability system with the new assessments. The transition to new academic standards and new assessments presents challenges for the use of the Colorado Growth Model and the accountability system because the Department must evaluate growth and progress between two different sets of standards and assessments. According to the Department, high school mathematics will likely be the most challenging in terms of aligning the growth model because the current (TCAP) assessments are uniform by grade level while the new (PARCC) assessments will offer two options depending on the specific math classes taken.

*Overview of Line Item Recommendation*

The following table provides an overview of the existing FY 2013-14 appropriation and staff's recommendation for FY 2014-15. The sections following the table provide additional detail for each component shown in the overview.

| <b>Summary of Recommendation for CSAP Line Item</b>  |                                     |                                |                          |
|--|-------------------------------------|--------------------------------|--------------------------|
| <b>Description</b>   | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b> |
| <b><u>I. TCAP to CMAS:</u></b> Contract for developing, scoring, and reporting TCAPs (not including alternate assessments) - math and English in FY 2013-14 and new CMAS in math and English in FY 2014-15 | <u>\$15,651,113</u>                 | <u>\$19,012,088</u>            | <u>\$3,360,975</u>       |
| Cash Funds - State Education Fund  | 13,413,825                          | 16,854,070                     | 3,440,245                |
| Federal Funds  | 2,237,288                           | 2,158,018                      | (79,270)                 |

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Committee Decision*

| <b>Summary of Recommendation for CSAP Line Item</b>  |                                     |                                |                           |
|--|-------------------------------------|--------------------------------|---------------------------|
| <b>Description</b>   | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b>  |
| <b>II. Alternate Math and English Assessments:</b> Contract for developing, scoring, and reporting Alternate TCAPS in FY 2013-14 and Alternate CMAS in FY 2014-15. | <u>\$1,045,000</u>                  | <u>\$1,033,000</u>             | <u>(\$12,000)</u>         |
| Federal Funds  | 1,045,000                           | 1,033,000                      | (12,000)                  |
| <b>III. Science and Social Studies:</b> Contract for developing, scoring, and reporting new science and social studies assessments                                 | <u>\$5,550,423</u>                  | <u>\$6,087,908</u>             | <u>\$537,485</u>          |
| Cash Funds - State Education Fund  | 5,208,292                           | 5,208,292                      | 0                         |
| Federal Funds  | 342,131                             | 879,616                        | 537,485                   |
| <b>IV. Alternate Science and Social Studies:</b> Contract to develop, score, and report Alternate assessments for science and social studies.                      | <u>\$2,517,201</u>                  | <u>\$1,792,372</u>             | <u>(\$724,829)</u>        |
| Cash Funds - State Education Fund  | 983,600                             | 983,600                        | 0                         |
| Federal Funds  | 1,533,601                           | 808,772                        | (724,829)                 |
| <b>V. English Language Proficiency:</b> Contract for developing, scoring, and reporting the Colorado English Language Assessment /(ACCESS)                         | <u>\$2,584,050</u>                  | <u>\$2,949,175</u>             | <u>\$365,125</u>          |
| Cash Funds - State Education Fund  | 881,919                             | 1,022,357                      | 140,438                   |
| Federal Funds  | 1,702,131                           | 1,926,818                      | 224,687                   |
| <b>VI. ACT:</b> ACT test for 11th grade students - Cash Funds (State Education Fund)   | <u>\$1,957,000</u>                  | <u>\$2,146,000</u>             | <u>189,000</u>            |
| <b>VII. Spanish Language Arts:*</b>  | <u>\$0</u>                          | <u>\$2,333,890</u>             | <u>\$2,333,890</u>        |
| Cash Funds - State Education Fund  | 0                                   | 2,302,780                      | 2,302,780                 |
| Federal Funds  | 0                                   | 31,110                         | 31,110                    |
| <b>VIII. Administration:</b> Staff and operating expenses  | <u>\$1,365,954</u>                  | <u>\$1,416,577</u>             | <u>\$50,623</u>           |
| FTE  | <u>11.8</u>                         | <u>11.8</u>                    | <u>0</u>                  |
| Cash Funds - State Education Fund  | 527,368                             | 541,090                        | 13,722                    |
| Federal Funds  | 838,586                             | 875,487                        | 36,901                    |
| <b>Total</b>   | <b><u>\$32,568,016</u></b>          | <b><u>\$36,771,010</u></b>     | <b><u>\$4,202,994</u></b> |
| <b>FTE</b>   | <b><u>11.8</u></b>                  | <b><u>11.8</u></b>             | <b><u>0.0</u></b>         |
| <b>Cash Funds - State Education Fund</b>   | <b><u>24,972,004</u></b>            | <b><u>29,058,189</u></b>       | <b><u>4,086,185</u></b>   |
| <b>Federal Funds</b>   | <b><u>7,596,012</u></b>             | <b><u>7,712,821</u></b>        | <b><u>116,809</u></b>     |
| <b>Request R4</b>  |                                     |                                |                           |
| <b>Augmentation of PARCC (SEF)**</b>   | \$2,000,000                         | \$0                            |                           |
| <b>Implementation of PARCC (SEF)</b>   | 0                                   | 3,440,245                      |                           |

| <b>Summary of Recommendation for CSAP Line Item</b> |                             |                        |                  |
|---|-----------------------------|------------------------|------------------|
| Description   | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
| ACT Student Increases (SEF)                         | 0                           | 189,000                |                  |
| English Language Proficiency (SEF)                  | 0                           | 140,438                |                  |
| Growth Model changes (GF)***                        | 0                           | 75,600                 |                  |
| <b>Total - Request R4:</b>                          | <b>\$2,000,000</b>          | <b>\$3,845,283</b>     |                  |

\* In FY 2013-14, these costs were built into the TCAP contract and not broken out separately.

\*\* H.B. 14-1234 (Supplemental Appropriation) allows the Department to spend these funds over two years.

\*\*\* Staff recommends appropriating these funds to the Longitudinal Analyses of Student Assessment Results line item.

**I. English Language Arts and Mathematics – Contract for development, scoring, and reporting related to the TCAP and alternate TCAP (including mathematics and English language arts) in FY 2013-14 and the CMAS in mathematics and English language arts in FY 2014-15**

The largest component of this line item is a contract to develop, maintain, manufacture, score, and report the assessments in mathematics and English language arts. In FY 2013-14, the contract is with CTB McGraw-Hill for the administration of the TCAP. The costs for FY 2014-15 reflect the Department’s estimates of costs for the CMAS (based on information from PARCC). The following table details the basis for the FY 2014-15 recommendation (the comparison to the FY 2013-14 appropriation is included above in the analysis of request R4).

| <b>Summary Costs of English Language Arts and Mathematics (PARCC) - FY 2014-15</b>   |                       |                         |                |
|--|-----------------------|-------------------------|----------------|
| Description  | Paper/Pencil<br>Tests | Computer-Based<br>Tests | Totals         |
| Base Price per Test  | \$34.70               | \$30.23                 |                |
| Estimated Number of Students taking each test<br>(assume 50% will take paper/pencil) | <u>292,809</u>        | <u>292,809</u>          | <u>585,618</u> |
| Total Cost   | \$10,160,472          | \$8,851,616             | \$19,012,088   |
| State Funds (SEF)  |                       |                         | 16,854,070     |
| Federal  |                       |                         | 2,158,018      |

*Recommendation I. English Language Arts and Mathematics:* As detailed in the above table, staff recommends providing \$19,012,088 to cover the costs of mathematics and English language arts administration in FY 2014-15, including \$16,854,070 cash funds from the State Education Fund and \$2,158,018 federal funds. Section 22-7-409 (3), C.R.S., states that, “for the fiscal year 1998-99 and for fiscal years thereafter, the general assembly shall appropriate moneys in the annual general appropriation act to the department to fund the Colorado student assessment program.” However, consistent with the General Assembly’s appropriations since FY 2002-03, staff recommends including a portion of the federal funding made available through the *No Child Left Behind Act* in this line item, with the balance of the appropriation coming from state funds.

**II. Alternate English Language Arts and Mathematics – Contract with Pearson to develop, score, and report alternate English language arts and mathematics assessments for students with significant cognitive disabilities**

This component supports a contract for alternate English language arts and math assessments, including continued administration of the alternate TCAP assessments in FY 2013-14 (contract with CTB McGraw-Hill) and the administration of new alternate assessments in FY 2014-15 (contract with Pearson).

| <b>Summary of Costs for Alternate English Language Arts and Math</b> |                             |                        |                  |
|--|-----------------------------|------------------------|------------------|
| Description  | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
| <b>Totals Alternate Assessments</b>                                  | \$1,045,000                 | \$1,033,000            | (12,000)         |
| Federal Funds (Assessment & IDEA B)                                  | 1,045,000                   | 1,033,000              | (12,000)         |

*Recommendation II. Alternate English Language Arts and Math:* As shown in the table above, staff recommends appropriating a total of \$1,033,000 federal funds in FY 2014-15 for the development and administration of alternate English language arts and mathematics assessments for students with significant cognitive disabilities.

### **III. Science and Social Studies – Contract with Pearson for New Science and Social Studies Assessments**

This component supports a contract with Pearson for the ongoing development and administration of the new science and social studies assessments. The contract includes piloting and development activities in FY 2013-14 and statewide administration in FY 2013-14 and FY 2014-15.

| <b>Summary of Costs Associated with Pearson Contract for Science and Social Studies</b> |                             |                        |                  |
|---|-----------------------------|------------------------|------------------|
| Description   | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
| Content Development   | \$1,338,395                 | \$1,101,440            | (\$236,955)      |
| Ancillary Development   | 137,322                     | 122,382                | (14,940)         |
| Program Management  | 780,270                     | 723,220                | (57,050)         |
| Information Technology  | 55,300                      | 48,959                 | (6,341)          |
| Psychometrics   | 181,398                     | 222,997                | 41,599           |
| Quality Assurance   | 91,182                      | 143,369                | 52,187           |
| Test Delivery System  | 314,303                     | 512,389                | 198,086          |
| Production, Manufacturing and Distribution  | 199,359                     | 270,666                | 71,307           |
| Receiving/Scanning/Editing  | 10,155                      | 56,240                 | 46,085           |
| Reporting   | 508,199                     | 517,230                |                  |

| <b>Summary of Costs Associated with Pearson Contract for Science and Social Studies</b> |                             |                        |                  |
|---|-----------------------------|------------------------|------------------|
| Description   | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
|   |                             |                        | 9,031            |
| Scoring   | 1,585,965                   | 2,065,405              | 479,440          |
| Travel and Meetings   | <u>348,575</u>              | <u>303,611</u>         | <u>(44,964)</u>  |
| <b>Total Assessments</b>  | <b>\$5,550,423</b>          | <b>\$6,087,908</b>     | <b>\$537,485</b> |
| Cash funds - State Education Fund   | 5,208,292                   | 5,208,292              | 0                |
| Federal Funds (Assessment & IDEA B)   | 342,131                     | 879,616                | 537,485          |

*Recommendation III. Science and Social Studies:* As detailed in the table above, staff recommends appropriating a total of \$6,087,908 for the ongoing development and administration of science and social studies assessments in FY 2014-15, including \$5,208,292 cash funds from the State Education Fund and \$879,616 federal funds.

**IV. Alternate Science and Social Studies – Contract with Pearson to develop, score, and report alternate science and social studies assessments for students with significant cognitive disabilities**

This component supports a contract with Pearson for alternate science and social studies assessments for students with significant cognitive disabilities. The contract includes piloting and development activities in FY 2013-14 and statewide administration in FY 2013-14 and FY 2014-15.

| <b>Summary of Costs Associated with Pearson Contract for Alternate Science and Social Studies</b> |                             |                        |                  |
|---|-----------------------------|------------------------|------------------|
| Description   | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
| Content Development   | \$337,009                   | \$74,515               | (\$262,494)      |
| Ancillary Development   | 4,144                       | 4,756                  | 612              |
| Program Management  | 426,148                     | 390,305                | (35,843)         |
| Information Technology  | 244,304                     | 273,830                | 29,526           |
| Psychometrics   | 246,890                     | 127,937                | (118,953)        |
| Quality Assurance   | 46,445                      | 73,077                 | 26,632           |
| Test Delivery System  | 107,799                     | 232,859                | 125,060          |
| Production, Manufacturing and Distribution  | 111,420                     | 109,995                | (1,425)          |
| Receiving/Scanning/Editing  | 2,673                       | 2,136                  |                  |

| <b>Summary of Costs Associated with Pearson Contract for Alternate Science and Social Studies</b> |                             |                        |                  |
|---|-----------------------------|------------------------|------------------|
| Description   | FY 2013-14<br>Appropriation | FY 2014-15<br>Estimate | Annual<br>Change |
|   |                             |                        | (537)            |
| Reporting   | 336,684                     | 236,513                | (100,171)        |
| Scoring   | 250,000                     | 0                      | (250,000)        |
| Travel and Meetings   | <u>403,685</u>              | <u>266,449</u>         | <u>(137,236)</u> |
| <b>Totals Alternate Assessments</b>   | \$2,517,201                 | \$1,792,372            | (\$724,829)      |
| Cash funds - State Education Fund   | 983,600                     | 983,600                | 0                |
| Federal Funds (Assessment & IDEA B)   | 1,533,601                   | 808,772                | (724,829)        |

*Recommendation IV. Alternate Science and Social Studies:* As detailed in the table above, staff recommends appropriating a total of \$1,792,372 for the development and administration of alternate science and social studies assessments for students with significant cognitive disabilities in FY 2014-15, including \$983,600 cash funds from the State Education Fund and \$802,772 federal funds.

#### **V. English Language Proficiency (ACCESS)**

The above contracts with CTB - McGraw Hill and Pearson do not include funding for the Colorado English Language Assessment (ACCESS). The federal *No Child Left Behind Act* requires Colorado to administer a single, statewide assessment to determine the English language proficiency level of English language learners. The State is required to administer an assessment in the areas of listening, speaking, reading, and writing, and the assessment is to be based on Colorado English language development standards for particular grade configurations. Previously, school districts utilized one of three assessment for this purpose. None of these assessments were aligned with Colorado English language development standards.

The ACCESS program consists of two distinct tests: (1) a screening test used soon after registration to evaluate students whose home language survey indicates that a language other than English is spoken in the home; and (2) an assessment test that is administered in January each year to students identified as "no English language proficiency" (NEP), or "limited English language proficiency" (LEP) in the body of evidence gathered in the screening process. The assessment test measures proficiency in the domains of listening, speaking, reading, and writing, and it is used to calculate academic growth rates for English language learners statewide.

The following table details the basis for the existing FY 2013-14 appropriation and staff's recommendation for FY 2014-15. Please note that the Department changed vendors for this assessment in FY 2013-14 and now contracts with the University of Wisconsin.

| <b>Summary of English Language Proficiency Costs Associated with ACCESS Contract</b> |                                     |                                |                          |
|--|-------------------------------------|--------------------------------|--------------------------|
| <b>(Contract with University of Wisconsin)</b>                                       |                                     |                                |                          |
| <b>Description</b>   | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b> |
| <i>Estimated # of students per contract</i>  | <i>112,350</i>                      | <i>117,967</i>                 | <i>5,617</i>             |
| Development  | \$335,920                           | \$0                            | (\$335,920)              |
| Printing/Distribution/Collection   | 1,395,360                           | 1,395,360                      | 0                        |
| Administration (Perf. Dev. & Research)   | <u>852,770</u>                      | <u>1,553,815</u>               | <u>701,045</u>           |
| <b>Totals</b>  | <b>\$2,584,050</b>                  | <b>\$2,949,175</b>             | <b>\$365,125</b>         |
| Cash funds - State Education Fund  | 881,919                             | 1,022,357                      | 140,438                  |
| Federal Funds  | 1,702,131                           | 1,926,818                      | 224,687                  |
| <i>Cost per Student</i>  | <i>\$23.00</i>                      | <i>\$25.00</i>                 | <i>\$2.00</i>            |

*Recommendation V. English Language Proficiency (ACCESS):* As detailed in the table above, staff recommends appropriating \$2,949,175 total funds (including \$1,022,357 cash funds from the State Education Fund and \$1,926,818 federal funds) to support English language proficiency assessments in FY 2014-15.

#### **VI. ACT - Funding for Administration of Spring 2015 ACT Test**

Section 22-7-409 (1.5), C.R.S., requires all eleventh grade students in public schools to take a "standardized, curriculum-based, achievement, college entrance examination selected by the department, administered throughout the United States, and relied upon by institutions of higher education that, at a minimum, tests in the areas of reading, writing, mathematics, and science...". This same provision requires the Department to "pay all costs associated with administering the curriculum-based, achievement college entrance exam." The Department entered into a contract with ACT, Inc., following the passage of S.B. 00-186. This initial contract covered the statewide ACT tests to be administered from the Spring of 2001 through 2005. Since 2005 the Department has negotiated a contract with ACT annually.

The following table details the basis for the existing FY 2013-14 appropriation and staff's recommendation for FY 2014-15.

| <b>Summary of Costs Associated with ACT Contract</b>             |                               |                                |                          |
|--|-------------------------------|--------------------------------|--------------------------|
| <b>Description</b>   | <b>FY 2013-14<br/>Approp.</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b> |
| <i>Estimated # of students taking ACT on statewide test date</i> | <i>58,000</i>                 | <i>62,000</i>                  | <i>4,000</i>             |
| Price per student (same as national rate)                        | <u>\$32.00</u>                | <u>\$33.00</u>                 | <u>\$1.00</u>            |
| Subtotal: Statewide test date                                    | 1,856,000                     | 2,046,000                      | 190,000                  |

| <b>Summary of Costs Associated with ACT Contract</b>  |                               |                                |                          |
|---|-------------------------------|--------------------------------|--------------------------|
| <b>Description</b>  | <b>FY 2013-14<br/>Approp.</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b> |
| <i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i> | 2,000                         | 2,000                          | 0                        |
| Price per student for voucher   | <u>\$35.00</u>                | <u>\$35.00</u>                 | <u>\$0.00</u>            |
| Subtotal: Alternate test date   | 70,000                        | 70,000                         | 0                        |
| <b>Subtotal: Student testing service costs</b>  | <b>1,926,000</b>              | <b>2,116,000</b>               | <b>190,000</b>           |
| Test administration training workshops  | 4,000                         | 4,000                          | 0                        |
| College Readiness Standards reports (@ \$80/request)  | 0                             | 0                              | <u>\$0.00</u>            |
| Data sent on CDs to schools (\$ 125/CD)   | <u>27,000</u>                 | <u>26,000</u>                  | (1,000)                  |
| <b>Subtotal: Other costs</b>  | <b>\$31,000</b>               | <b>\$30,000</b>                | <b>(\$1,000)</b>         |
| <b>Total - Cash Funds - State Education Fund</b>  | <b>\$1,957,000</b>            | <b>\$2,146,000</b>             | <b>\$189,000</b>         |

*Recommendation VI. ACT:* As detailed in the table above, staff recommends appropriating \$2,146,000 cash funds from the State Education Fund for the ACT contract for FY 2014-15.

**VII. Spanish Language Arts – Support for both of the following in FY 2014-15: (1) ongoing administration of the existing Spanish language arts assessment (from CTB McGraw-Hill) and (2) the development of a new Spanish language arts assessment aligned with the current statewide standards**

This component will support the development and administration of Spanish literacy assessments in FY 2014-15. Section 22-7-409 (3.5), C.R.S., requires the Department to administer Spanish literacy assessments to eligible third and fourth grade students.<sup>2</sup> For eligible students, the Spanish reading and writing assessments substitute for the TCAP/CMAS English language arts assessments. Prior to FY 2014-15, this component was included in the annual contract with CTB McGraw-Hill and not broken out separately by the Department or the vendor. The General Assembly appropriated \$1.5 million cash funds for the development of a new assessment in FY 2013-14. The Department did not contract for development in FY 2013-14, and the supplemental appropriation bill (H.B. 14-1234) eliminated the appropriation for development. For FY 2014-15, the recommendation would support an additional year of administration of the current assessment *and* the development of a new assessment aligned with the current academic standards.

<sup>2</sup> According to the Department, eligible students: (1) must be in grade 3 or 4; (2) must have had instruction in an English language proficiency program three years or less; and must have had instruction and assessments in their native language in reading and writing in the current or previous school year. In FY 2012-13, 1,287 students took these assessments, including 1,179 in grade 3 and 108 in grade 4.

| <b>Summary of Spanish Language Arts (reading and writing)</b> |                                |
|---|--------------------------------|
|   | <b>FY 2014-15<br/>Estimate</b> |
| Development and field testing of new assessment               | \$1,507,844                    |
| Administration of existing assessment                         | <u>826,046</u>                 |
| <b>Total for all Assessments</b>                              | <b>\$2,333,890</b>             |
| Cash funds - State Education Fund                             | \$2,302,780                    |
| Federal Funds   | \$31,110                       |

*Recommendation VII. Spanish Language Arts:* As detailed in the table above, staff recommends appropriating \$2,333,890 total funds (including \$2,302,780 cash funds from the State Education Fund and \$31,110 federal funds) for Spanish language arts assessments in FY 2014-15. The recommendation includes \$1,507,844 total funds for the development and field testing of the new assessment and \$826,046 total funds for the administration of the existing assessment in FY 2014-15.

### **VIII. Administration – Support for state staff that administer exams**

The following table displays the personal services and operating expenses components of the Department’s administration of the statewide assessment program, including the FY 2013-14 appropriation and staff’s FY 2014-15 recommendation.

| <b>Summary of Costs Administration Portion of CSAP Line Item</b> |                               |                                |                          |
|--|-------------------------------|--------------------------------|--------------------------|
| <b>Description</b>   | <b>FY 2013-14<br/>Approp.</b> | <b>FY 2014-15<br/>Estimate</b> | <b>Annual<br/>Change</b> |
| Subtotal Personal Services                                       | \$1,277,806                   | \$1,328,429                    | \$50,623                 |
| FTE  | <u>11.8</u>                   | <u>11.8</u>                    | <u>0.0</u>               |
| Cash funds - State Education Fund                                | 485,288                       | 499,010                        | 13,722                   |
| Federal Funds  | 792,518                       | 829,419                        | 36,901                   |
| Subtotal: Operating Expenses                                     | <u>\$88,148</u>               | <u>\$88,148</u>                | <u>\$0</u>               |
| Cash funds - State Education Fund                                | 42,080                        | 42,080                         | 0                        |
| Federal Funds  | 46,068                        | 46,068                         | 0                        |
| <b>Total Administration Costs</b>                                | <b>\$1,365,954</b>            | <b>\$1,416,577</b>             | <b>\$50,623</b>          |
| FTE  | <b><u>11.8</u></b>            | <b><u>11.8</u></b>             | <b><u>0.0</u></b>        |
| Cash funds - State Education Fund                                | 527,368                       | 541,090                        | 13,722                   |
| Federal Funds  | 838,586                       | 875,487                        | 36,901                   |

*Recommendation VIII. Administration:* As detailed in the above table, staff recommends appropriating \$1,416,577 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program in FY 2014-15. The fund sources in staff’s recommendation are based on information provided by the Department.

**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*. This funding has been provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a state had already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results (e.g., developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation, ensuring the continued validity and reliability of state assessments, refining state assessments to ensure their continued alignment with the state's academic content standards and to improve the alignment of curricula and instructional materials).

**Request:** The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2014-15, with no change from the FY 2013-14 appropriation.

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

**Longitudinal Analyses of Student Assessment Results**

This line item provides funding and staff for longitudinal analyses of student assessment results, including the assignment of individual student identifiers for all students in public schools, including preschool children participating in the Colorado Preschool Program and disabled preschool children receiving special education services. The General Assembly has provided General Fund to support 3.0 FTE within this line item for ongoing work associated with the longitudinal data system. In addition, the Department received a federal grant to improve state longitudinal data systems in FY 2010-11, and has used those funds through FY 2013-14. The Department reports that it has used the federal grant to replace the state's data collection system, link student data from prekindergarten to the workforce, and provide additional enhancements to the state's data systems.

**Request:** The Department requests \$291,820 General Fund and 3.0 FTE for FY 2013-14. The request includes the following changes from the FY 2013-14 appropriation: (1) a reduction of \$4,900,000 federal funds because the Department will have exhausted the available federal grant funds; and (2) an increase of \$5,509 General Fund to annualize FY 2013-14 salary survey and merit pay pursuant to OSPB's common policies.

**Recommendation:** Staff recommends an appropriation of \$367,420 General Fund and 3.0 FTE. The staff recommendation for this line item is \$75,600 General Fund above the request because, as discussed above with the discussion of request R4 (State Assessments), staff recommends appropriating those funds to this line item rather than to the Colorado Student Assessment Program line item. The Department requested the funds to contract with outside experts to link the new statewide assessments with the Colorado growth model, and the Department agrees with the staff recommendation to provide the funds through this line item instead. As requested, the recommendation reflects an increase to annualize FY 2013-14 salary survey and merit pay and

the elimination of \$4.9 million federal funds. The following table shows the components of the request and recommendation.

| <b>Management and Administration, Assessments and Data Analyses, Longitudinal Analyses of Student Assessment Results</b> |                    |                     |                      |            |
|--|--------------------|---------------------|----------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Federal Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                      |            |
| SB 13-230 (Long Bill)  | <u>\$5,186,311</u> | <u>\$286,311</u>    | <u>\$4,900,000</u>   | <u>3.0</u> |
| <b>TOTAL</b>   | <b>\$5,186,311</b> | <b>\$286,311</b>    | <b>\$4,900,000</b>   | <b>3.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                      |            |
| FY 2013-14 Appropriation   | \$5,186,311        | \$286,311           | \$4,900,000          | 3.0        |
| R4 State assessments   | 75,600             | 75,600              | 0                    | 0.0        |
| Annualize prior year salary survey and merit pay   | 5,509              | 5,509               | 0                    | 0.0        |
| Eliminate federal grant funds  | <u>(4,900,000)</u> | <u>0</u>            | <u>(4,900,000)</u>   | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$367,420</b>   | <b>\$367,420</b>    | <b>\$0</b>           | <b>3.0</b> |
| <b>Increase/(Decrease)</b>   | (\$4,818,891)      | \$81,109            | (\$4,900,000)        | 0.0        |
| Percentage Change  | (92.9%)            | 28.3%               | (100.0%)             | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$291,820</b>   | <b>\$291,820</b>    | <b>\$0</b>           | <b>3.0</b> |
| Request Above/(Below) Recommendation   | (\$75,600)         | (\$75,600)          | \$0                  | 0.0        |

**Basic Skills Placement or Assessment**

With the enactment of H.B. 12-1345, the General Assembly established a program to reimburse school districts for costs incurred in administering basic skills placement or assessment tests. The bill authorized school districts to administer the tests as frequently as desired during high school but specifies that the state will only reimburse school districts for one administration per student. The bill provided \$1.0 million cash funds from the State Education Fund in FY 2012-13 for such reimbursements. The General Assembly created this line item in the FY 2013-14 Long Bill to continue to provide funding for the program.

**Request:** The Department requests \$320,917 cash funds from the State Education Fund for FY 2014-15, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. The Department does not have adequate data from FY 2013-14 to revise the projection for FY 2014-15.

**Preschool to Postsecondary Education Alignment**

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

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

[Sections 22-7-1001 through 1019, C.R.S.]. This line item provides funding for the personal services and operating expenses associated with implementing this bill.

**Request:** The Department requests a continuation appropriation of \$579,323 cash funds from the State Education Fund and 3.5 FTE for FY 2014-15 pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of the request and staff recommendation.

| <b>Management and Administration, Assessments and Data Analyses, Preschool to Postsecondary<br/>Education Alignment</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | <u>\$567,685</u>       | <u>\$0</u>              | <u>\$567,685</u>      | <u>3.5</u> |
| <b>TOTAL</b>  | <b>\$567,685</b>       | <b>\$0</b>              | <b>\$567,685</b>      | <b>3.5</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$567,685              | \$0                     | \$567,685             | 3.5        |
| Annualize prior year salary survey and merit pay  | <u>11,638</u>          | <u>0</u>                | <u>11,638</u>         | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$579,323</b>       | <b>\$0</b>              | <b>\$579,323</b>      | <b>3.5</b> |
| <b>Increase/(Decrease)</b>  | \$11,638               | \$0                     | \$11,638              | 0.0        |
| Percentage Change   | 2.1%                   | 0.0%                    | 2.1%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$579,323</b>       | <b>\$0</b>              | <b>\$579,323</b>      | <b>3.5</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                   | 0.0        |

**Educator Effectiveness Unit Administration**

The General Assembly created this line item in FY 2012-13 to support the ongoing costs of the Educator Effectiveness Unit charged with implementation of S.B. 10-191 (Principal and Teacher Effectiveness).

**Request:** The Department requests a continuation appropriation of \$548,108 total funds (including \$432,718 General Fund and \$115,390 cash funds from the State Education Fund) and 4.0 FTE, pursuant to OSPB’s common policies. The request includes the annualization of FY 2013-14 salary survey and merit pay and the annualization of H.B. 13-1257 (Developing Local-Level Educator Evaluation).

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

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Assessments and Data Analyses, Educator Effectiveness Unit<br/>Administration</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | \$424,390              | \$424,390               | \$0                   | 3.0        |
| Other 2013 legislation  | <u>120,093</u>         | <u>0</u>                | <u>120,093</u>        | <u>1.0</u> |
| <b>TOTAL</b>  | <b>\$544,483</b>       | <b>\$424,390</b>        | <b>\$120,093</b>      | <b>4.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$544,483              | \$424,390               | \$120,093             | 4.0        |
| Annualize prior year salary survey and merit pay  | 8,328                  | 8,328                   | 0                     | 0.0        |
| Annualize H.B. 13-1257  | <u>(4,703)</u>         | <u>0</u>                | <u>(4,703)</u>        | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$548,108</b>       | <b>\$432,718</b>        | <b>\$115,390</b>      | <b>4.0</b> |
| <b>Increase/(Decrease)</b>  | \$3,625                | \$8,328                 | (\$4,703)             | 0.0        |
| Percentage Change   | 0.7%                   | 2.0%                    | (3.9%)                | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$548,108</b>       | <b>\$432,718</b>        | <b>\$115,390</b>      | <b>4.0</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                   | 0.0        |

**Educator Effectiveness Implementation**

The General Assembly created this line item in FY 2012-13 to support one-time costs associated with the implementation of S.B. 10-191 (Principal and Teacher Effectiveness). The FY 2012-13 appropriation provided a total of \$8,258,981, including \$6,426,830 cash funds from the State Education Fund (from one-time tax amnesty funds deposited pursuant to S.B. 11-184) and \$1,832,151 federal funds received through a federal Race to the Top grant in FY 2011-12. The General Assembly made the FY 2012-13 cash funds appropriation available for three years (through FY 2014-15) to allow the Department flexibility in the use of funds. Because the General Assembly provided a one-time appropriation of cash funds, no cash fund appropriation is necessary in FY 2014-15. Please note that FY 2014-15 is the final year of expenditures under the original State appropriation, and the Race to the Top grant funding will end in December 2015.

**Request:** The Department requests a total of \$1,740,981 federal funds and 14.5 FTE in FY 2014-15. The request includes: (1) annualization of FY 2013-14 salary survey and merit pay and (2) a reduction of \$200,000 cash funds from the State Education Fund to eliminate one-time funding provided in FY 2013-14 (through S.B. 13-260).

**Recommendation:** Staff recommends reflecting an appropriation of \$2,075,020 federal funds and 14.5 FTE (for informational purposes only). The recommendation is \$334,039 federal funds above the request and reflects updated information from the Department regarding anticipated expenditures in FY 2014-15. The following table shows the components of the staff recommendation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Management and Administration, Assessments and Data Analyses, Educator Effectiveness<br/>Implementation</b> |                        |                         |                       |                          |             |
|--|------------------------|-------------------------|-----------------------|--------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                          |             |
| SB 13-230 (Long Bill)  | \$1,705,312            | \$0                     | \$0                   | \$1,705,312              | 14.5        |
| SB 13-260 (School Finance)   | <u>200,000</u>         | <u>0</u>                | <u>200,000</u>        | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$1,905,312</b>     | <b>\$0</b>              | <b>\$200,000</b>      | <b>\$1,705,312</b>       | <b>14.5</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |                          |             |
| FY 2013-14 Appropriation   | \$1,905,312            | \$0                     | \$200,000             | \$1,705,312              | 14.5        |
| Informational funds adjustment   | 334,039                | 0                       | 0                     | 334,039                  | 0.0         |
| Annualize prior year salary survey and merit pay   | 35,669                 | 0                       | 0                     | 35,669                   | 0.0         |
| Annualize S.B. 13-260  | <u>(200,000)</u>       | <u>0</u>                | <u>(200,000)</u>      | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$2,075,020</b>     | <b>\$0</b>              | <b>\$0</b>            | <b>\$2,075,020</b>       | <b>14.5</b> |
| <b>Increase/(Decrease)</b>   | \$169,708              | \$0                     | (\$200,000)           | \$369,708                | 0.0         |
| Percentage Change  | 8.9%                   | 0.0%                    | (100.0%)              | 21.7%                    | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,740,981</b>     | <b>\$0</b>              | <b>\$0</b>            | <b>\$1,740,981</b>       | <b>14.5</b> |
| Request Above/(Below)<br>Recommendation  | (\$334,039)            | \$0                     | \$0                   | (\$334,039)              | 0.0         |

**Accountability and Improvement Planning**

The General Assembly created this line item in FY 2013-14 to support accountability and improvement planning efforts associated with the implementation of S.B. 09-163. The line item supports training, technical assistance, and data analysis provided to districts and schools, especially low-performing districts and schools. The line item also supports an independent State Review Panel to review struggling schools' and districts' improvement plans and advise the State Board of Education regarding consequences for those districts and schools under the "five-year clock" created by S.B. 09-163.

**Request:** The Department requests \$1,678,364 total funds (including \$1,128,032 General Fund and \$550,332 federal funds) and 11.4 FTE. The request includes: (1) an increase of \$407,123 General Fund and 0.3 FTE to annualize FY 2013-14 R3; (2) a decrease of \$9,490 General Fund and 0.1 FTE to annualize S.B. 13-217 (K-12 Accreditation Alternative Education Campus); and (3) a decrease of \$4,002 General Fund to annualize S.B. 13-193 (Increasing Parent Engagement in Public Schools).

**Recommendation:** Staff recommends approving the request. The increase to annualize FY 2013-14 R3 was included in the decision item that the General Assembly approved last year and is necessary to support the operations of the State Review Panel in FY 2014-15. The following table shows the components of staff's recommendation.

| <b>Management and Administration, Assessments and Data Analyses, Accountability and Improvement Planning</b> |                        |                         |                          |             |
|--|------------------------|-------------------------|--------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                          |             |
| SB 13-230 (Long Bill)  | \$1,117,060            | \$566,728               | \$550,332                | 10.0        |
| Other 2013 legislation   | <u>167,673</u>         | <u>167,673</u>          | <u>0</u>                 | <u>1.2</u>  |
| <b>TOTAL</b>   | <b>\$1,284,733</b>     | <b>\$734,401</b>        | <b>\$550,332</b>         | <b>11.2</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                          |             |
| FY 2013-14 Appropriation   | \$1,284,733            | \$734,401               | \$550,332                | 11.2        |
| Annualize FY 2013-14 R3  | 407,123                | 407,123                 | 0                        | 0.3         |
| Annualize S.B. 13-217  | (9,490)                | (9,490)                 | 0                        | (0.1)       |
| Annualize S.B. 13-193  | <u>(4,002)</u>         | <u>(4,002)</u>          | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$1,678,364</b>     | <b>\$1,128,032</b>      | <b>\$550,332</b>         | <b>11.4</b> |
| <b>Increase/(Decrease)</b>   | \$393,631              | \$393,631               | \$0                      | 0.2         |
| Percentage Change  | 30.6%                  | 53.6%                   | 0.0%                     | 1.8%        |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,678,364</b>     | <b>\$1,128,032</b>      | <b>\$550,332</b>         | <b>11.4</b> |
| Request Above/(Below)<br>Recommendation  | \$0                    | \$0                     | \$0                      | (0.0)       |

## **(D) STATE CHARTER SCHOOL INSTITUTE**

*Background Information.* This subsection includes funding for the State Charter School Institute (SCSI), which is as an independent agency in the Department of Education. The SCSI is allowed to authorize charter schools located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools. The SCSI is governed by a nine-member board, whose statutory mission is to "foster high-quality public school choices offered through institute charter schools, including particularly schools that are focused on closing the achievement gap for at-risk students". The board is authorized to hire staff or contract employees. Any SCSI staff shall be deemed employees subject to the state personnel system, except that all positions classified by the board as professional officers and professional staff "are declared to be educational in nature and exempt from the state personnel system". [Section 22-30.5-505 (1), C.R.S.]

Similar to a school district, the SCSI is authorized to use a portion of its charter schools' per pupil revenues to cover its expenditures related to authorizing and overseeing charter schools. Thus, the Department is directed to withhold a portion of the State Share of Districts' Total Program funding from each school district where an Institute charter school is located and to

forward the withheld amount to the Institute. Currently, a total of 5.0 percent may be withheld from payments to Institute charter schools and spent at the state level for the following purposes:

- Up to 3.0 percent for the SCSI's costs for administration, oversight, and management services [Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.];
- Up to 1.0 percent for the Department as reimbursement for the reasonable and necessary costs associated with the SCSI and its charter schools [Section 22-30.5-501 (4) (a) (I), C.R.S.]; and
- 1.0 percent is annually credited to the Institute Charter School Assistance Fund [Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5 515.5, C.R.S.].

Section 22-30.5-506, C.R.S., as amended by S.B. 12-121 during the 2012 Session, continuously appropriates the State Charter School Institute Fund, which is the Institute's primary fund source, to the Institute. Prior to FY 2012-13, the Institute's funds were subject to annual appropriation in the Long Bill. However, of the Institute's four line items in the FY 2013-14 Long Bill, three are now continuously appropriated and would be shown in the FY 2014-15 Long Bill for informational purposes only. Under current law, the Institute Charter School Assistance Fund is the only line item still subject to annual appropriation (with the exception of the Department Implementation of Section 22-30.5-501 et seq., C.R.S., line item which supports departmental operations rather than Institute operations).

There are currently 26 Institute charter schools<sup>3</sup>, including 10,025.8 funded pupils. The Charter School Institute expects the number of schools to rise to 29 in FY 2014-15, with an estimated pupil count of 11,482.5 (an increase of 1,456.7 (14.5 percent)). The following table provides a recent funding history for the Institute, including the number of Institute schools and funded pupils for each year.

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<sup>3</sup> Institute charter schools in FY 2013-14 include: *Adams - Adams 12*: Pinnacle Charter School; *Adams - Brighton*: Academy at High Point; *Adams - Commerce City*: Community Leadership Academy; *Adams - Westminster*: Early College of Arvada and Ricardo Flores Magnon Academy; *Denver*: New America School; *Eagle*: Stone Creek Elementary; *El Paso - Calhan*: Frontier Academy; *El Paso - Colorado Springs*: Pikes Peak Prep, Scholars to Leaders Academy, Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, Global Village Academy, James Irwin, and Mountain Song Community School; *Garfield - Roaring Fork*: Ross Montessori; *La Plata - Durango*: Animas Charter School, and Mountain Middle School; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Calvert Online, Colorado Early Colleges – Fort Collins, Global Village Academy – Poudre, and Provost Online; *Mesa - Mesa Valley*: Caprock Academy; and *Pueblo - Pueblo*: Youth & Family Academy.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>State Charter School Institute: Funding</b>                    |                      |                      |                        |                               |
|---|----------------------|----------------------|------------------------|-------------------------------|
| Description   | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Estimate | FY 2014-15<br>Estim./ Request |
| <i>Total Transfer from State Share line item a/</i>               |                      |                      |                        |                               |
| Number of Institute Charter Schools                               | 22                   | 23                   | 26                     | 29                            |
| Funded Pupil Count  | 10,125.5             | 11,288.5             | 10,025.8               | 11,482.5                      |
| Average Per Pupil Funding   | \$6,289.99           | \$6,278.83           | \$6,403.06             | \$6,684.68                    |
| <b>Total Transfer from State Share line item</b>                  | <b>\$62,808,334</b>  | <b>\$69,905,787</b>  | <b>\$64,150,215</b>    | <b>\$76,756,800.00</b>        |
| <b>SCSI Administration, Oversight, and Management b/</b>          |                      |                      |                        |                               |
| Reappropriated Funds  | \$1,884,250          | \$2,097,174          | \$1,924,506            | \$2,302,704                   |
| FTE   | 11.1                 | 11.1                 | 11.7                   | 11.7                          |
| <b>Other Transfers to Institute Charter Schools - RF b/</b>       | <b>\$2,243,812</b>   | <b>\$3,000,786</b>   | <b>\$3,622,979</b>     | <b>\$3,622,979</b>            |
| <b>Transfer of Federal Moneys to Institute Charter Schools b/</b> |                      |                      |                        |                               |
| Reappropriated Funds  | \$5,214,512          | \$5,597,366          | \$5,730,000            | \$6,330,000                   |
| FTE   | 4.6                  | 3.0                  | 4.5                    | 4.5                           |

Sources:

a/ Pupil count and State Share information from the Department's Charter School Institute payment worksheets for FY 2011-12 through FY 2013-14. FY 2014-15 is based on the estimated increase in average per pupil funding, according to the FY 2014-15 Revised Budget Request, over current FY 2013-14 average per pupil spending.

b/ For FY 2011-12 and FY 2012-13, reflects actual data reported in the Department's FY 2014-15 budget request; for FY 2013-14, reflects appropriation; and for FY 2014-15, reflects the Department's November 1, 2013 budget request.

**State Charter School Institute Administration, Oversight, and Management**

This line item reflects the SCSi's expenditure of a portion of Institute charter schools' per pupil funding. Section 22-30.5-513 (2) (b) authorizes the SCSi to withhold up to 3.0 percent of Institute charter schools' per pupil funding for administrative overhead costs for services provided to Institute charter schools. In prior years, this line item was subject to annual appropriation. However, Section 22-30.5-506 (1), C.R.S., enacted through S.B. 12-121, now continuously appropriates these funds to the SCSi.

**Request:** The Department requests a total of \$2,831,760 reappropriated funds and 11.7 FTE, an increase of \$365,017 reappropriated funds above the FY 2013-14 appropriation, to be reflected in the Long Bill for informational purposes only. The request reflects the SCSi's anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

**Recommendation:** Staff recommends approval of the request to reflect the Institute's anticipated expenditures for informational purposes. The following table shows the components of the request and staff recommendation.

| <b>Management and Administration, State Charter School Institute, State Charter School<br/>Institute Administration, Oversight, and Management</b> |                    |                 |                         |             |
|--|--------------------|-----------------|-------------------------|-------------|
|  | Total<br>Funds     | General<br>Fund | Reappropriated<br>Funds | FTE         |
| <b>FY 2013-14 Appropriation</b>  |                    |                 |                         |             |
| SB 13-230 (Long Bill)  | <u>\$2,466,743</u> | <u>\$0</u>      | <u>\$2,466,743</u>      | <u>11.7</u> |
| <b>TOTAL</b>   | <b>\$2,466,743</b> | <b>\$0</b>      | <b>\$2,466,743</b>      | <b>11.7</b> |

| <b>Management and Administration, State Charter School Institute, State Charter School<br/>Institute Administration, Oversight, and Management</b> |                        |                         |                                 |             |
|--|------------------------|-------------------------|---------------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                                 |             |
| FY 2013-14 Appropriation   | \$2,466,743            | \$0                     | \$2,466,743                     | 11.7        |
| Informational funds adjustment   | <u>365,017</u>         | <u>0</u>                | <u>365,017</u>                  | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$2,831,760</b>     | <b>\$0</b>              | <b>\$2,831,760</b>              | <b>11.7</b> |
| <b>Increase/(Decrease)</b>   | \$365,017              | \$0                     | \$365,017                       | 0.0         |
| Percentage Change  | 14.8%                  | 0.0%                    | 14.8%                           | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$2,831,760</b>     | <b>\$0</b>              | <b>\$2,831,760</b>              | <b>11.7</b> |
| Request Above/(Below)<br>Recommendation  | \$0                    | \$0                     | \$0                             | 0.0         |

**Institute Charter School Assistance Fund**

Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5-515.5, C.R.S., credit 1.0 percent of Institute charter schools' per pupil funding to the Institute Charter School Assistance Fund for direct and indirect costs associated with the following:

- Awarding grants and interest-free loans to assist Institute charter schools in meeting capital construction needs, including obtaining financial assistance through the Building Excellent Schools Today (BEST) program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction of buildings; or
- Addressing other facility or special education funding emergencies.

Under current law, this is Institute's only line item that remains subject to annual appropriation.

**Request:** The Department requests a total of \$750,000 cash funds, an increase of \$290,000 from the FY 2013-14 appropriation. Section 22-30.5-507 (4) (a), C.R.S., enacted through S.B. 12-121, transfers surplus revenues from the State Charter School Institute Fund to the Institute Charter School Assistance Fund. The Institute anticipates a transfer of approximately \$290,000 at the end of FY 2013-14 and is requesting additional spending authority to utilize those funds in FY 2014-15.

**Recommendation:** Staff recommends a continuation appropriation of \$460,000 cash funds, equal to the FY 2013-14 appropriation and \$290,000 below the request. The Department (and the Institute) did not submit a decision item justifying the additional spending authority, and staff does not recommend providing the increase. The following table summarizes the staff recommendation.

| <b>Management and Administration, State Charter School Institute, Institute Charter School Assistance Fund</b> |                    |                     |                   |            |
|--|--------------------|---------------------|-------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                   |            |
| SB 13-230 (Long Bill)  | <u>\$460,000</u>   | <u>\$0</u>          | <u>\$460,000</u>  | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$460,000</b>   | <b>\$0</b>          | <b>\$460,000</b>  | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                   |            |
| FY 2013-14 Appropriation   | \$460,000          | \$0                 | \$460,000         | 0.0        |
| No change  | <u>0</u>           | <u>0</u>            | <u>0</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$460,000</b>   | <b>\$0</b>          | <b>\$460,000</b>  | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | \$0                | \$0                 | \$0               | 0.0        |
| Percentage Change  | 0.0%               | 0.0%                | 0.0%              | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$750,000</b>   | <b>\$0</b>          | <b>\$750,000</b>  | <b>0.0</b> |
| Request Above/(Below) Recommendation   | \$290,000          | \$0                 | \$290,000         | 0.0        |

**Other Transfers to Institute Charter Schools**

This line item reflects anticipated transfers of other state moneys (e.g., state funding for categorical programs) to Institute charter schools. In prior years, the line item was subject to annual appropriation but the funds are now continuously appropriated to the SCSI pursuant to S.B. 12-121.

**Request:** The Department requests a continuation appropriation of \$3,622,979 reappropriated funds, with no change from the FY 2013-14 appropriation, to reflect anticipated expenditures under the continuous appropriation.

**Recommendation:** Staff recommends approval of the request and reflection of the requested amount in the Long Bill for informational purposes.

**Transfer of Federal Moneys to Institute Charter Schools**

This line item reflects federal funds received by the SCSI for pass-through to Institute charter schools, along with the SCSI FTE supported with federal funds. Moneys appropriated to this line item are reappropriated as these moneys are first reflected within other line items within the Department’s budget (e.g., Special Education Programs for Children with Disabilities, English Language Proficiency Program, Federal Nutrition Programs, and Appropriated Sponsored Programs). The request reflects the SCSI’s anticipated expenditures under the continuous appropriation provided by S.B. 12-121.

**Request:** The Department requests an appropriation of \$6,330,000 reappropriated funds and 4.5 FTE, an increase of \$600,000, to be reflected in the Long Bill for informational purposes only.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

The request reflects the Department’s estimate of expenditures in FY 2014-15 under the Institute’s continuous appropriation.

**Recommendation:** Staff recommends approving the request. The following table shows the components of the request and staff recommendation.

| <b>Management and Administration, State Charter School Institute, Transfer of Federal Moneys to<br/>Institute Charter Schools</b> |                        |                         |                                 |            |
|---|------------------------|-------------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                                 |            |
| SB 13-230 (Long Bill)   | <u>\$5,730,000</u>     | <u>\$0</u>              | <u>\$5,730,000</u>              | <u>4.5</u> |
| <b>TOTAL</b>  | <b>\$5,730,000</b>     | <b>\$0</b>              | <b>\$5,730,000</b>              | <b>4.5</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                                 |            |
| FY 2013-14 Appropriation  | \$5,730,000            | \$0                     | \$5,730,000                     | 4.5        |
| Informational funds adjustment  | <u>600,000</u>         | <u>0</u>                | <u>600,000</u>                  | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$6,330,000</b>     | <b>\$0</b>              | <b>\$6,330,000</b>              | <b>4.5</b> |
| <b>Increase/(Decrease)</b>  | \$600,000              | \$0                     | \$600,000                       | 0.0        |
| Percentage Change   | 10.5%                  | 0.0%                    | 10.5%                           | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$6,330,000</b>     | <b>\$0</b>              | <b>\$6,330,000</b>              | <b>4.5</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                             | 0.0        |

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

This line item authorizes the Department to spend a portion of SCSi charter schools’ per pupil funding. Pursuant to Section 22-30.5-513 (4) (a) (I), C.R.S., the Department is authorized to withhold up to 1.0 percent of SCSi charter schools’ per pupil funding as reimbursement for the "reasonable and necessary costs to the department to implement” [Part 5 of Title 22, Article 30.5, C.R.S.].

**Request:** The Department requests a continuation appropriation of \$214,782 reappropriated funds and 1.6 FTE for FY 2014-15 pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay). The following table details the Department’s anticipated expenditures under this line item.

| <b>FY 2014-15 Request: Implementation of Section 22-30.5-501 et seq., C.R.S.</b> |               |            |
|--|---------------|------------|
| <b>Department Expenditure/Description</b>  | <b>Amount</b> | <b>FTE</b> |
| School Finance Unit Technical Assistance and Support                             | \$21,024      | 0.2        |
| Budget Unit Technical Assistance and Support                                     | 53,876        | 0.5        |
| Innovation and Choice Unit Technical Assistance and Support                      | 40,071        | 0.3        |
| Information Technology Unite Assistance/ Help Desk                               | 39,565        | 0.5        |
| Information Technology Cost Allocation   | <u>60,246</u> | <u>0.0</u> |
| FY 2014-15 Request   | \$214,782     | 1.5        |

**Recommendation:** Staff recommends approving the request. The following table shows the components of the staff recommendation.

| <b>Management and Administration, State Charter School Institute, Department Implementation of<br/>Section 22-30.5-501 et seq., C.R.S.</b> |                        |                         |                                 |            |
|--|------------------------|-------------------------|---------------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                                 |            |
| SB 13-230 (Long Bill)  | \$210,014              | \$0                     | \$210,014                       | 1.6        |
| <b>TOTAL</b>   | <b>\$210,014</b>       | <b>\$0</b>              | <b>\$210,014</b>                | <b>1.6</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                                 |            |
| FY 2013-14 Appropriation   | \$210,014              | \$0                     | \$210,014                       | 1.6        |
| Annualize prior year salary survey and merit pay   | 4,768                  | 0                       | 4,768                           | 0.0        |
| <b>TOTAL</b>   | <b>\$214,782</b>       | <b>\$0</b>              | <b>\$214,782</b>                | <b>1.6</b> |
| <b>Increase/(Decrease)</b>   | \$4,768                | \$0                     | \$4,768                         | 0.0        |
| Percentage Change  | 2.3%                   | 0.0%                    | 2.3%                            | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$214,782</b>       | <b>\$0</b>              | <b>\$214,782</b>                | <b>1.6</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | \$0                             | 0.0        |

**State Charter School Institute Emergency Reserve**

The General Assembly created this line item in H.B. 12-1182, the Department's FY 2011-12 supplemental appropriation bill, to separate out appropriations for emergency needs by either the Institute or CSI schools. Because the Institute's funding is now continuously appropriated, the line item is no longer necessary.

**(E) INDIRECT COST ASSESSMENT**

**Indirect Cost Assessment**

Pursuant to the Committee's common policy to improve the transparency of the treatment of indirect costs, the FY 2013-14 Long Bill included a new of a new subdivision and line item to reflect indirect cost assessments from the various subdivisions and line items in the Management and Administration division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

**Request:** The Department is requests a continuation appropriation of \$567,196 total funds (including \$329,060 cash funds and \$238,136 federal funds), with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends appropriating \$508,113 total funds (including \$282,540 cash funds and \$225,573 federal funds) based on updated information provided by the

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Department. The following table shows the recommended change from the FY 2013-14 appropriation.

| <b>Management and Administration, Indirect Cost Assessment, Indirect Cost Assessment</b> |                        |                         |                       |                          |            |
|--|------------------------|-------------------------|-----------------------|--------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                          |            |
| SB 13-230 (Long Bill)  | <u>\$567,196</u>       | <u>\$0</u>              | <u>\$329,060</u>      | <u>\$238,136</u>         | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$567,196</b>       | <b>\$0</b>              | <b>\$329,060</b>      | <b>\$238,136</b>         | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |                          |            |
| FY 2013-14 Appropriation   | \$567,196              | \$0                     | \$329,060             | \$238,136                | 0.0        |
| Indirect cost assessment   | <u>(59,083)</u>        | <u>0</u>                | <u>(46,520)</u>       | <u>(12,563)</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$508,113</b>       | <b>\$0</b>              | <b>\$282,540</b>      | <b>\$225,573</b>         | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | (\$59,083)             | \$0                     | (\$46,520)            | (\$12,563)               | 0.0        |
| Percentage Change  | (10.4%)                | 0.0%                    | (14.1%)               | (5.3%)                   | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   |                        |                         |                       |                          |            |
| Request Above/(Below)  | <b>\$567,196</b>       | <b>\$0</b>              | <b>\$329,060</b>      | <b>\$238,136</b>         | <b>0.0</b> |
| Recommendation   | \$59,083               | \$0                     | \$46,520              | \$12,563                 | 0.0        |

## (2) Assistance to Public Schools

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts. The following table summarizes staff’s recommendation for the Assistance to Public Schools division in FY 2014-15.

| <b>Assistance to Public Schools</b>            |                        |                         |                        |                                 |                          |              |
|--|------------------------|-------------------------|------------------------|---------------------------------|--------------------------|--------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b>  | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| <b>FY 2013-14 Appropriation</b>                |                        |                         |                        |                                 |                          |              |
| SB 13-230 (Long Bill)                          | \$4,458,473,227        | \$3,076,221,591         | \$773,825,121          | \$7,286,233                     | \$601,140,282            | 198.7        |
| SB 13-260 (School Finance)                     | 85,324,410             | 0                       | 85,324,410             | 0                               | 0                        | 0.0          |
| HB 14-1234 (Supplemental)                      | 170,505                | 100,000                 | (29,495)               | 100,000                         | 0                        | 0.0          |
| HB 14-1250 (Flood and Local Revenue)           | 3,467,768              | 1,733,884               | 0                      | 1,733,884                       | 0                        | 0.0          |
| HB 14-1251 (Mid-year School Finance)           | <u>55,437,495</u>      | <u>51,637,093</u>       | <u>3,800,402</u>       | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>   |
| <b>TOTAL</b>                                   | <b>\$4,602,873,405</b> | <b>\$3,129,692,568</b>  | <b>\$862,920,438</b>   | <b>\$9,120,117</b>              | <b>\$601,140,282</b>     | <b>198.7</b> |
| <b>FY 2014-15 Recommended Appropriation</b>    |                        |                         |                        |                                 |                          |              |
| FY 2013-14 Appropriation                       | \$4,602,873,405        | \$3,129,692,568         | \$862,920,438          | \$9,120,117                     | \$601,140,282            | 198.7        |
| R1/BA1 Increase total program                  | 194,579,392            | 146,660,657             | 47,918,735             | 0                               | 0                        | 0.0          |
| Annualize prior year funding                   | 11,170,129             | (1,561,773)             | 0                      | (1,585,901)                     | 14,317,803               | 0.3          |
| R10 BEST gross debt appropriation              | 8,000,000              | 0                       | 8,000,000              | 0                               | 0                        | 0.0          |
| R2 Categorical programs increase               | 7,528,064              | 0                       | 7,528,064              | 0                               | 0                        | 0.0          |
| R8 Early literacy assessment tool              | 2,679,484              | 0                       | 2,679,484              | 0                               | 0                        | 0.0          |
| Centrally appropriated line items              | 709,721                | 2,420                   | 82,876                 | 63,086                          | 561,339                  | 0.0          |
| R7 State support for English language learners | 311,682                | 311,682                 | 0                      | 0                               | 0                        | 4.1          |
| R9 Start smart nutrition program               | 225,000                | 150,000                 | (75,000)               | 150,000                         | 0                        | 0.0          |
| R5 College and career readiness                | 170,845                | 170,845                 | 0                      | 0                               | 0                        | 1.8          |
| Indirect cost assessment                       | 29,864                 | 0                       | (62,695)               | 40,165                          | 52,394                   | 0.0          |
| Informational funds adjustment                 | (300,000)              | 0                       | 0                      | 0                               | (300,000)                | 0.0          |
| Other changes                                  | <u>(24,337)</u>        | <u>0</u>                | <u>(24,337)</u>        | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>   |
| <b>TOTAL</b>                                   | <b>\$4,827,953,249</b> | <b>\$3,275,426,399</b>  | <b>\$928,967,565</b>   | <b>\$7,787,467</b>              | <b>\$615,771,818</b>     | <b>204.9</b> |
| <b>Increase/(Decrease)</b>                     | \$225,079,844          | \$145,733,831           | \$66,047,127           | (\$1,332,650)                   | \$14,631,536             | 6.2          |
| Percentage Change                              | 4.9%                   | 4.7%                    | 7.7%                   | (14.6%)                         | 2.4%                     | 3.1%         |
| <b>FY 2014-15 Executive Request</b>            | <b>\$4,859,380,560</b> | <b>\$3,217,806,585</b>  | <b>\$1,017,947,066</b> | <b>\$7,599,319</b>              | <b>\$616,027,590</b>     | <b>205.9</b> |
| Request Above/(Below)<br>Recommendation        | \$31,427,311           | (\$57,619,814)          | \$88,979,501           | (\$188,148)                     | \$255,772                | 1.0          |

**(A) PUBLIC SCHOOL FINANCE**

This subsection provides the State share of funding required pursuant to the statutory school finance formula, as well as funding for other related distributions. This subsection also provides funding for staff that are responsible for administering the formula and conducting related school district audits. Finally, this subsection provides funding for staff who administer the Colorado Preschool Program and full-day kindergarten programs.

**Administration**

This line item includes funding to support Department staff who administer the School Finance Act, the Colorado Preschool Program, and full-day kindergarten programs. This unit oversees the Financial Policy and Procedures Advisory Committee, and provides technical assistance to school districts related to preschool and full-day kindergarten programs, as well as statutory and regulatory budgetary, accounting, and reporting requirements. This unit works with the State Treasurer’s Office to intercept charter school debt payments, and with the Department of Human Services to withhold School to Work Alliance Program matching funds for vocational rehabilitation. This unit also distributes funding for other programs, including facility school funding, transportation reimbursements, small attendance center aid, grant writing funds for boards of cooperative services, and concurrent enrollment funding.

This line item also supports an audit team to ensure compliance related to funds that districts receive for school finance, public school transportation, and English language proficiency programs, as well as funds that facility schools and state agencies receive for education programs.

As authorized by S.B. 09-215, this line item is supported by "off-the-top" funding from the State Share of Districts’ Total Program Funding line item. This funding mechanism was reinstated in 2009 to reduce General Fund expenditures and maintain critical Department functions. The Long Bill shows the majority of the line item’s funding as reappropriated funds from the State Share of Districts’ Total Program Funding line item, with some cash funds from the State Education Fund.

**Request:** The Department requests a continuation appropriation of \$1,541,836 (including \$1,521,071 reappropriated funds and \$20,765 cash funds from the State Education Fund) and 17.2 FTE according to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Public School Finance, Administration</b> |                        |                         |                       |                                 |            |
|--|------------------------|-------------------------|-----------------------|---------------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
|  |                        |                         |                       |                                 |            |

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Committee Decision*

| <b>Assistance to Public Schools, Public School Finance, Administration</b> |                        |                         |                       |                                 |             |
|--|------------------------|-------------------------|-----------------------|---------------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                                 |             |
| SB 13-230 (Long Bill)  | <u>\$1,501,265</u>     | <u>\$0</u>              | <u>\$20,418</u>       | <u>\$1,480,847</u>              | <u>17.2</u> |
| <b>TOTAL</b>   | <b>\$1,501,265</b>     | <b>\$0</b>              | <b>\$20,418</b>       | <b>\$1,480,847</b>              | <b>17.2</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                                |                        |                         |                       |                                 |             |
| FY 2013-14 Appropriation   | \$1,501,265            | \$0                     | \$20,418              | \$1,480,847                     | 17.2        |
| Annualize prior year salary survey and merit pay                           | <u>40,571</u>          | <u>0</u>                | <u>347</u>            | <u>40,224</u>                   | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$1,541,836</b>     | <b>\$0</b>              | <b>\$20,765</b>       | <b>\$1,521,071</b>              | <b>17.2</b> |
| <b>Increase/(Decrease)</b>   | \$40,571               | \$0                     | \$347                 | \$40,224                        | 0.0         |
| Percentage Change  | 2.7%                   | 0.0%                    | 1.7%                  | 2.7%                            | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>                                       | <b>\$1,541,836</b>     | <b>\$0</b>              | <b>\$20,765</b>       | <b>\$1,521,071</b>              | <b>17.2</b> |
| Request Above/(Below)  |                        |                         |                       |                                 |             |
| Recommendation   | \$0                    | \$0                     | \$0                   | \$0                             | 0.0         |

**State Share of Districts' Total Program Funding**

*General Note - JBC Decisions Related to This Line Item.* While the next several pages of this document pertain to a single line item, staff offers three decisions (and associated recommendations) that the Committee should consider prior to finalizing the FY 2014-15 budget.

1. What total amount of state funds should the General Assembly appropriate in the FY 2014-15 Long Bill for the State Share of Districts' Total Program Funding (based on current law requiring funding sufficient to increase statewide average per pupil funding by the rate of inflation)?
2. How should the General Assembly balance the use of General Fund and the State Education Fund for school finance appropriations in FY 2014-15 and future years given a large transfers of one-time funds to the State Education Fund?
3. Should the General Assembly target a higher fund balance in the State Education Fund in future years to serve as a potential reserve for school finance appropriations?

Finally, staff has included options for the Committee to consider regarding one decision:

4. What “placeholder” amount, if any, should the Committee include in its FY 2013-14 budget package to reflect changes to be accomplished through the annual school finance bill?

*Background Information - Statutory School Finance Formula.* The General Assembly has established a statutory public school finance formula under which all public school districts

operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among districts and to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating a specific per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same base amount of funding per pupil for every district (referred to as statewide base per pupil funding). Section 17 of Article IX of the State Constitution requires the General Assembly to provide annual inflationary increases in base per pupil funding. For FY 2014-15, base per pupil funding will need to increase from \$5,954.28 to \$6,121.00 (2.8 percent), based on the actual change in the Denver-Boulder consumer price index (CPI) in CY 2013.

The formula then increases this statewide base per pupil funding for each district based on factors that affect districts' costs of providing educational services. Thus, per pupil funding allocations vary for each district. These factors currently add funding for: (a) districts with a higher cost of living; (b) the presence of students who may be at risk of failing or dropping out of school (determined based on the number and concentration of students eligible for free lunch under the federal school lunch program, and English language learners); and (c) districts with a lower enrollment to recognize the economies of scale experienced by larger school districts. In addition, the school finance formula establishes a minimum (floor) level of per pupil funding, regardless of the impact of the cost of living, at-risk, and size factors described above.

The School Finance Act also provides a flat rate of funding per pupil (estimated at \$6,242<sup>4</sup> for FY 2014-15 based on current law) for two types of students:

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

Finally, the formula includes a "negative" factor designed to reduce districts' total program funding to a specified amount. For FY 2014-15, based on current law requiring statewide average per pupil funding to increase by at least the rate of inflation, this factor is estimated to be 15.4%, requiring a statewide reduction of \$1,046 million. Thus, the Department will calculate total program funding for each district based on the formula described above, and will then reduce each district's total program funding by 15.4 percent<sup>5</sup>. Because statewide base per pupil funding cannot decrease, the negative factor effectively reduces the funding attributed to the other formula factors.

Each individual district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding. Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property

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<sup>4</sup> This amount is after the application of the negative factor.

<sup>5</sup> Please note that for some districts, this reduction exceeds the state share of total program funding. In this case, the reduction in total program funding is limited to the state share of funding.

and specific ownership taxes provide the first source of revenue for each district's total program funding, and the remainder is covered by state funds. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when a registering motor vehicle. For FY 2014-15, Legislative Council Staff's December 2013 Revenue Forecast projects that local property taxes and specific ownership taxes will increase by \$41.1 million (2.1 percent) above FY 2013-14 levels.

*Description.* The State Share of Districts' Total Program Funding line item provides for the State's share of funding under the statutory school finance formula; the appropriation does not reflect the local share of funding.

**➔ R1/BA1 – Increase Total Program**

*Request.* As modified by budget amendment BA1, the Department's request for school finance for FY 2014-15 would increase the state share of districts' total program funding by \$225.7 million total funds above the FY 2013-14 appropriation (as adjusted by H.B. 14-1251). The request is based on the Office of State Planning and Budgeting's December 2013 forecast of the inflation rate for CY 2013 (a projection of 2.6 percent vs. the actual rate of 2.8 percent) but does not incorporate the most recent projections of: the funded pupil count, the at-risk pupil count, and available local revenues. As adjusted by BA1, the request would:

- Increase *total program* funding by a total of \$264.6 million above the FY 2013-14 level as adjusted by H.B. 14-1251 (including increases of \$225.7 million in the state share and \$41.0 million in the local share of funding).
- Increase the General Fund appropriation for the state share by \$146.7 million above the FY 2013-14 adjusted appropriation.
- Increase the cash funds appropriation from the State Education Fund by \$54.4 million above the FY 2013-14 adjusted appropriation.
- Reduce the cash funds appropriation from the State Public School Fund by \$6.7 million based on projections of available revenues.
- Reduce the negative factor from \$1,004,302,068 (15.4 percent) in FY 2013-14 to \$1,002,131,805 (14.7 percent) in FY 2014-15. Thus the request "buys down" \$2,170,263 of the negative factor in FY 2014-15.

***Staff Recommendation for Long Bill, Based on Current Law.*** Staff recommends appropriating a total of **\$3,782,486,008** in the Long Bill for the State Share of Districts' Total Program Funding for FY 2014-15 (an increase of \$194,385,748 (5.4 percent) relative to the FY 2013-14 appropriation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

Staff's recommendation for the FY 2014-15 Long Bill is based on current law, as enacted in S.B. 13-108, which specifies that the current law appropriation for FY 2014-15 will be sufficient to increase statewide average per pupil funding from FY 2013-14 by the rate of inflation from CY 2013. Thus, staff's recommendation increases statewide average per pupil funding from \$6,652.28 in FY 2013-14 to \$6,838.54. That per pupil funding level requires an increase of \$235,469,662 total funds relative to the FY 2013-14 appropriation, including \$194,385,748 in state funding and a projected \$41,083,914 in local funds.

The following table summarizes the key components of the Department's request and staff's recommendation; for purposes of comparison, FY 2013-14 data is provided as well. [Appendix B-3 provides a comparison of the FY 2014-15 request and the Long Bill recommendation, calculating the differences between the two.]

| <b>Total Program Funding Recommendation for Long Bill</b>                              |                                   |                                  |                                  |                          |
|--|-----------------------------------|----------------------------------|----------------------------------|--------------------------|
|  | <b>FY 2013-14</b>                 | <b>FY 2014-15</b>                |                                  |                          |
|  | <b>Adjusted<br/>Appropriation</b> | <b>Request</b>                   | <b>Staff Recomm.</b>             | <b>Annual<br/>Change</b> |
| Funded Pupil Count /1,2  | 830,833.0                         | 842,636.5                        | 842,636.5                        | 11,803.5                 |
| <i>Annual Percent Change</i>   | <i>1.6%</i>                       | <i>1.4%</i>                      | <i>1.4%</i>                      |                          |
| Statewide <u>Base</u> Per Pupil Funding /3   | \$5,954.28                        | \$6,109.09                       | \$6,121.00                       | \$166.72                 |
| <i>Annual Percent Change</i>   | <i>1.9%</i>                       | <i>2.6%</i>                      | <i>2.8%</i>                      |                          |
| Total Program Funding PRIOR TO<br>Negative Factor /1                                   | \$6,531,235,817                   | \$6,795,822,309                  | \$6,809,064,459                  | \$277,828,642            |
| LESS: Negative Factor Reduction /1<br><i>Negative Factor as % of Total<br/>Program</i> | (1,004,302,068)<br><i>-15.4%</i>  | (1,002,131,805)<br><i>-14.7%</i> | (1,046,661,048)<br><i>-15.4%</i> | (42,358,980)             |
| <b>EQUALS: Adjusted Total Program<br/>Funding /4</b>                                   | <b>\$5,526,933,749</b>            | <b>\$5,793,690,504</b>           | <b>\$5,762,403,411</b>           | <b>\$235,469,662</b>     |
| <i>Annual Percent Change</i>   | <i>4.3%</i>                       | <i>4.8%</i>                      | <i>4.3%</i>                      | <b>2</b>                 |
| Statewide Average Per Pupil Funding<br>(for adjusted total program funding)            | \$6,652.28                        | \$6,875.67                       | \$6,838.54                       | \$186.26                 |
| <i>Annual Percent Change</i>   | <i>2.7%</i>                       | <i>3.4%</i>                      | <i>2.8%</i>                      |                          |
| <u>Local Share</u> of Districts' Total Program<br>Funding                              | <u>\$1,938,833,489</u>            | <u>\$1,979,865,840</u>           | <u>\$1,979,917,403</u>           | <u>\$41,083,914</u>      |
| Property Tax Revenue /1  | 1,807,968,947                     | 1,844,421,038                    | 1,844,472,602                    | 36,503,655               |
| Specific Ownership Tax Revenue /1<br><i>Annual Percent Change on Total</i>             | 130,864,542<br><i>2.0%</i>        | 135,444,802<br><i>2.1%</i>       | 135,444,801<br><i>2.1%</i>       | 4,580,259                |
| <b><u>State Share</u> of Districts' Total<br/>Program Funding</b>                      | <b>\$3,588,100,260</b>            | <b>\$3,813,824,664</b>           | <b>\$3,782,486,008</b>           | <b>\$194,385,748</b>     |
| <i>Annual Percent Change</i>   | <i>6.2%</i>                       | <i>6.3%</i>                      | <i>5.4%</i>                      | <b>8</b>                 |
| <i>State Share as Percent of Districts'<br/>Total Program</i>                          | <i>64.9%</i>                      | <i>65.8%</i>                     | <i>65.6%</i>                     |                          |

1/ The recommendation is based on Legislative Council Staff projection or calculation.

2/ The recommended funded pupil count includes: 11,680 FTE to serve 23,360 at-risk children through a half-day preschool program; 38,307.3 FTE to serve 66,047.0 students through a full-day kindergarten program; and 708 FTE to allow 708 students to participate in the ASCENT Program (discussed further below).

3/ The recommendation is based on the actual change in the Denver-Boulder consumer price index for CY 2013 (2.8 percent). The final request was based on the December 2013 OSPB Revenue Forecast of 2.6 percent.

4/ Consistent with General Assembly action since FY 2010-11, the recommendation is \$4,363,930 higher than the statutory total program funding floor based on the amount of negative factor reduction that cannot be absorbed by school districts that receive little or no state funding.

Please note the following in relation to the FY 2014-15 recommended figures above:

- The Department’s request reflects 708 FTE participants in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program based on the Department’s estimates of participation in FY 2014-15. The request aligns with estimates of participation in FY 2014-15 that the districts submitted in September 2013 and February 2014. The request represents an increase of 317.5 student FTE above actual participation in FY 2013-14, which staff suspects may be unrealistically high. However, staff assumes that the General Assembly intends to continue to fund all eligible applicants. Based on a rate of \$6,242/FTE, staff’s recommendation includes a total of \$4,419,336 for ASCENT participants. While staff’s recommendation assumes that the General Assembly wishes to continue to provide funding for all students expected to be designated as ASCENT participants, the Committee may also wish to consider reducing the ASCENT “cap” to limit participation in the program and reduce costs.

| <b>ASCENT Program Participation</b> |   |  |                                       |
|-------------------------------------|---|--|---------------------------------------|
| <b>Fiscal Year</b>                  | <b>Estimate from<br/>Previous<br/>September</b> | <b>Update from<br/>Previous<br/>February</b> | <b>Actual October<br/>Pupil Count</b> |
| FY 2010-11                          | 675   | 277  | 99                                    |
| FY 2011-12                          | 2,481   | 753  | 205                                   |
| FY 2012-13                          | 1,231   | 601  | 281.5                                 |
| FY 2013-14                          | 1,811   | 1,080  | 390.5                                 |
| FY 2014-15                          | 708   | 708  | TBD                                   |

**Staff Recommended Fund Sources.** Staff recommends a total of **\$3,131,971,540 General Fund** (an increase of **\$146,660,657 (4.9 percent)** over the FY 2013-14 appropriation); **\$580,666,087 cash funds** from the State Education Fund (an increase of **\$53,245,099 (10.1 percent)**); and **\$69,848,381 cash funds** from the State Public School Fund (a decrease of **\$5,520,008 (7.3 percent)**).

As was discussed extensively at the FY 2014-15 budget briefing for the Department of Education, \$1.07 billion of “excess” FY 2012-13 General Fund revenues transferred to the State Education Fund in December 2013 as a result of H.B. 12-1338. As discussed at the briefing, increased use of one-time funding could relieve pressure on the General Fund in FY 2014-15.

However, staff remains concerned about relying heavily upon one-time funding for ongoing operations such as school finance funding. **Thus, staff recommends increasing the use of General Fund (relative to the request) to “even out” General Fund growth over the next several years.**

**As staff also discussed at the FY 2014-15 budget briefing, staff also recommends that the General Assembly plan to maintain an increased balance in the State Education Fund to provide an additional reserve for education funding. As proposed by the Governor, staff recommends that the General Assembly maintain a long term balance of \$400 million for that purpose.** For reference, in recent years, the General Assembly has assumed a targeted year-end balance of \$100 million.

Based on the request and recommendation, Legislative Council Staff and JBC Staff developed a range of scenarios based on a goal of ending FY 2017-18 with \$400.0 million in the State Education Fund (as proposed by the Governor and recommended by JBC Staff). For example:

- Based on current revenue estimates, the General Assembly could increase statewide average per pupil funding by the rate of inflation (per S.B. 13-108) with approximately 4.9 percent annual growth in the General Fund appropriation, supporting the remainder of the necessary increases primarily with the State Education Fund.
- The General Assembly could maintain a constant negative factor at \$1.002 billion (as proposed by the Governor) with approximately 6.1 percent annual growth in the General Fund appropriation, supporting the remainder of the necessary increases primarily with the State Education Fund.

The following table summarizes staff's recommendation, by fund source, in relation to both the request and existing appropriations. Staff has provided a discussion of each funding source following the table.

| <b>Sources of Funds Appropriated for the State Share of Districts' Total Program</b> |                        |                        |                                      |                          |
|--|------------------------|------------------------|--------------------------------------|--------------------------|
| <b>Fund Source</b>   | <b>FY 2013-14</b>      | <b>Request</b>         | <b>FY 2014-15</b>                    |                          |
|  |                        |                        | <b>Recomm. Long<br/>Bill Approp.</b> | <b>Annual<br/>Change</b> |
| Cash Funds (State Public School Fund)  | \$75,368,389           | \$79,000,000           | \$69,848,381                         | (\$5,520,008)            |
| <i>Annual Percent Change</i>   | -60.3%                 | 4.8%                   | -7.3%                                |                          |
| Cash Funds (State Education Fund)  | 527,420,988            | 660,754,362            | 580,666,087                          | 53,245,099               |
| <i>Annual Percent Change</i>   | 56.3%                  | 25.3%                  | 10.1%                                |                          |
| General Fund   | 2,985,310,883          | 3,074,070,302          | 3,131,971,540                        | 146,660,657              |
| <i>Annual Percent Change</i>   | 4.7%                   | 3.0%                   | 4.9%                                 |                          |
| <b>Total State Funds</b>   | <b>\$3,588,100,260</b> | <b>\$3,813,824,664</b> | <b>\$3,782,486,008</b>               | <b>\$194,385,748</b>     |
| <i>Annual Percent Change</i>   | 6.2%                   | 6.3%                   | 5.4%                                 |                          |

**State Public School Fund.** The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF annually receives revenues from three primary sources<sup>6</sup>, discussed below.

<sup>6</sup> Please note that the Department is required to transfer to the SPSF, on a quarterly basis, amounts appropriated from the General Fund for the state share of districts' total program funding [see Section 22-54-114 (1), C.R.S.]. The SPSF thus serves as a flow-through account for much of the state funding for school finance. These portions of the SPSF are excluded from the above discussion.

1. Federal Mineral Lease Revenues. A portion of federal funds received by the State for sales, bonuses, royalties, and rentals of public lands within the State are also credited to the SPSF. These federal mineral lease (FML) revenues are primarily derived from coal, gas, and oil, and most revenues are earned from federal lands on the Western Slope. Due to production and price changes, federal mineral lease revenues can vary significantly from year to year, and are therefore difficult to project. However, pursuant to S.B. 08-218, the amount of FML credited to the SPSF annually is capped [see Section 34-63-102 (5.4) (a), C.R.S.]. For FY 2013-14 and FY 2014-15, staff's projections are based on the December 2013 Legislative Council Staff Revenue Forecast.
  
2. Interest and Investment Income Earned on Public School ("Permanent") Fund. For FY 2013-14 and subsequent years, current law [see Section 22-41-102 (3) (d), C.R.S.] credits the first \$16.0 million of any interest or income earned on the investment of moneys in the Permanent Fund to the SPSF.
  
3. District Audit Recoveries. The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits. The time period over which a district may pay back overpayments to the Department is equivalent to the number of years covered by the audit [see Section 22-2-113 (1) (g), C.R.S.]. The Department offsets a large portion of its accounts receivable from districts (an asset) with deferred revenue equal to those amounts that are not anticipated to be received within the following fiscal year (a liability). Thus, the SPSF balance reflects only that portion of accounts receivable that the Department actually anticipates receiving within the following fiscal year.

In some years, the General Assembly has authorized time-limited transfers of other moneys to the SPSF. For example, three bills<sup>2</sup> have authorized transfers of certain moneys to the SPSF that would otherwise have been credited to the Public School ("Permanent") Fund. In other cases (e.g., S.B. 11-230), the General Assembly has transferred excess General Fund revenues to the SPSF. However, barring additional legislative changes, these one-time moneys will be exhausted prior to FY 2014-15, and the SPSF will operate based on routine annual revenues. The following table details the calculations underlying staff's FY 2014-15 recommended appropriation from the SPSF, as well as comparable information for FY 2013-14.

| <b>State Public School Fund Revenues and Expenditures: FY 2013-14 and FY 2014-15</b> |                                     |   |
|--|-------------------------------------|---|
| <b>Description</b>   | <b>FY 2013-14<br/>Appropriation</b> | <b>Recommended<br/>FY 2014-15<br/>Appropriation</b> |
| Beginning Fund Balance /1  | \$8,309,047                         | \$232,135   |
| Federal Mineral Lease Revenues /2  | 58,119,228                          | 60,443,997  |
| Interest/ Investment Income on Permanent Fund  | <u>16,000,000</u>                   | <u>16,000,000</u>                                   |
| Total Projected Funds Available  | \$82,428,275                        | \$76,676,132  |
| State Match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]         | 2,472,644                           | 2,472,644   |
| At-risk Supplemental Aid [pursuant to Section 22-30.5-112.2, C.R.S.]                 | 3,839,627                           | 3,839,627   |

<sup>2</sup> Legislation authorizing these transfers include: S.B. 09-260, S.B. 10-150, and S.B. 11-230.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>State Public School Fund Revenues and Expenditures: FY 2013-14 and FY 2014-15</b>         |                             |  |
|--|-----------------------------|--|
| Description  | FY 2013-14<br>Appropriation | Recommended<br>FY 2014-15<br>Appropriation |
| Supplemental On-Line Education Programs [pursuant to Sections 22-2-130 and 22-5-119, C.R.S.] | 480,000                     | 480,000                                    |
| Amount Required to Print Public School Laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]   | 35,480                      | 35,480                                     |
| Subtotal: Expenditures for Purposes Other than School Finance Act                            | 6,827,751                   | 6,827,751                                  |
| <b>Appropriation for the State Share of Districts' Total Program Funding</b>                 | <b>\$75,368,389</b>         | <b>\$69,848,381</b>                        |
| Ending Fund Balance  | \$232,135                   | \$0  |

1/ The district audit recoveries anticipated to be collected each fiscal year are reflected in the beginning fund balance.

2/ Reflects December 2013 Legislative Council Staff Revenue Forecast.

For purposes of this document, staff assumes that the Committee will continue the appropriations identified above, and will not appropriate moneys from this fund for other purposes for FY 2014-15. If the Committee approves appropriations from the SPSF that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly. In addition, the Legislative Council Staff March 2014 Revenue Forecast may change staff's assumptions regarding federal mineral lease revenues in FY 2013-14 and/or FY 2014-15. If the changes are significant, staff intends to return to the Committee with a comeback to align with anticipated revenues.

**State Education Fund.** The State Education Fund (SEF) consists of one-third of one percent of income tax revenues, plus any interest earned on the fund balance and any additional transfers from the General Fund. The General Assembly may annually appropriate moneys from the SEF for a number of education-related purposes, including complying with the requirement to annually increase base per pupil funding. SEF revenues are not subject to the constitutional limitation on fiscal year spending, and any appropriation from the SEF is not subject to the statutory limitation on state General Fund appropriations.

The following table details the calculations underlying staff's FY 2014-15 recommended appropriation from the SEF, as well as comparable information for FY 2013-14. As discussed above, staff's recommendation is predicated on maintaining a minimum SEF balance of at least \$400 million over the next four years (through FY 2017-18). Legislative Council Staff and Joint Budget Committee Staff have used projections of income tax revenues to the State Education Fund and the transfer of FY 2012-13 excess General Fund revenues to target a fund balance of \$400 million at the end of FY 2017-18. Given the large one-time transfer to the SEF in 2013, staff believes that retaining a share of that transfer as a reserve in case of future need is prudent.

| <b>State Education Fund Revenues and Expenditures: FY 2013-14 and FY 2014-15</b> |                             |  |
|--|-----------------------------|--|
| Description  | FY 2013-14<br>Appropriation | Recommended<br>FY 2014-15<br>Appropriation |
| Beginning Fund Balance   | \$183,358,547               | \$1,053,734,042                            |
| Transfer of FY 2012-13 General Fund Revenues Pursuant to H.B. 12-1338 /1         | 1,073,500,000               | 0  |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>State Education Fund Revenues and Expenditures: FY 2013-14 and FY 2014-15</b> |                                     |   |
|--|-------------------------------------|---|
| <b>Description</b>   | <b>FY 2013-14<br/>Appropriation</b> | <b>Recommended<br/>FY 2014-15<br/>Appropriation</b> |
| Transfer of FY 2013-14 General Fund Revenues Pursuant to S.B. 13-260 /1          | 0                                   | 0   |
| FPPA Repayment Pursuant to S.B. 13-234   | 45,321,079                          | 25,321,079  |
| General Fund Revenues Directed to SEF Pursuant to Amendment 23 /2                | 477,000,000                         | 511,700,000   |
| Interest Income /3   | <u>16,717,766</u>                   | <u>39,114,578</u>                                   |
| <b>Total Projected Funds Available</b>   | <b>\$1,795,897,392</b>              | <b>\$1,629,869,699</b>                              |
| Categorical Programs /4  | 127,093,954                         | 134,622,018   |
| Various Other Existing Programs and Functions /5                                 | 87,648,408                          | 93,305,694  |
| Subtotal: Expenditures for Purposes Other than School Finance Act                | 214,742,362                         | 227,927,712   |
| <b>Appropriation for the State Share of Districts' Total Program Funding</b>     | <b>\$527,420,988</b>                | <b>\$580,666,087</b>                                |
| Ending Fund Balance  | \$1,053,734,042                     | \$821,275,900                                       |

1/ H.B. 12-1338 transferred \$1.1 billion of FY 2012-13 excess General Fund revenues to the State Education Fund in December 2013. The December 2013 OSPB Revenue Forecast does not anticipate a transfer of excess FY 2013-14 General Fund revenues pursuant to S.B. 13-260.

2/ Reflects estimates included in OSPB's December 2013 revenue forecast.

3/ Amounts are estimated by Legislative Council Staff, including the projected transfers of General Fund revenue pursuant to H.B. 12-1338 and S.B. 13-260.

4/ Assumes that the full increase in state funding required for FY 2014-15 will be appropriated from the SEF, as requested.

5/ Assumes staff recommended amounts for other appropriations, which primarily include: \$29.1 million for statewide assessments; \$17.1 million for facility school funding; \$16.0 million transferred to the Early Literacy Fund; \$7.3 million for hold-harmless full-day kindergarten; \$7.0 million for charter school facilities; \$5.0 million for the School Counselor Corps Grant Program; \$3.0 million for the Quality Teacher Recruitment Program; \$2.7 million for the Early Literacy Assessment tool; \$1.3 million for BOCES funding; and \$850,000 for the School Lunch Protection Program.

For purposes of this document, staff assumes that the Committee will appropriate the full required inflationary increase in state funding for categorical programs from the SEF, and will appropriate the recommended amounts from the SEF for programs other than school finance. If the Committee approves appropriations from the SEF that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item as necessary.

**General Fund.** Although moneys available in the SPSF and the SEF may be used to provide a portion of the funding required for districts' total program funding, the state General Fund has always been and will continue to be the primary source of funding for this purpose. In FY 2013-14, the General Fund provides about 83 percent of the *state* funding for districts' total program funding.

For purposes of providing a historical perspective, the following table summarizes annual appropriations for the *state share* of school districts' total program funding since FY 1994-95 (when the current School Finance Act was adopted). From FY 1994-95 to FY 2000-01, the compound annual growth rate in General Fund appropriations for districts' total program funding was 5.98 percent. This compares to a compound annual growth rate of 3.08 percent for the thirteen years following the passage of Amendment 23 (FY 2001-02 through FY 2013-14).

| <b>Recent History of Appropriations for the State Share of Districts' Total<br/>Program Funding</b> |                     |                                |                                     |                                |                              |                                |
|---|---------------------|--------------------------------|-------------------------------------|--------------------------------|------------------------------|--------------------------------|
| <b>State Public<br/>School Fund/<br/>State<br/>Education<br/>Fund</b>                               |                     |                                |                                     |                                |                              |                                |
| <b>Fiscal<br/>Year</b>  | <b>General Fund</b> | <b>Annual<br/>%<br/>Change</b> | <b>State<br/>Education<br/>Fund</b> | <b>Annual<br/>%<br/>Change</b> | <b>Total State<br/>Funds</b> | <b>Annual<br/>%<br/>Change</b> |
| 1994-95   | \$1,393,562,482     |                                | \$34,016,762                        |                                | \$1,427,579,244              |                                |
| 1995-96   | 1,469,655,920       | 5.5%                           | 56,613,541                          | 66.4%                          | 1,526,269,461                | 6.9%                           |
| 1996-97   | 1,594,123,930       | 8.5%                           | 53,580,360                          | -5.4%                          | 1,647,704,290                | 8.0%                           |
| 1997-98   | 1,689,946,178       | 6.0%                           | 35,647,023                          | -33.5%                         | 1,725,593,201                | 4.7%                           |
| 1998-99   | 1,776,015,806       | 5.1%                           | 74,830,202                          | 109.9%                         | 1,850,846,008                | 7.3%                           |
| 1999-00   | 1,887,449,285       | 6.3%                           | 42,685,306                          | -43.0%                         | 1,930,134,591                | 4.3%                           |
| 2000-01   | 1,974,673,211       | 4.6%                           | 73,400,663                          | 72.0%                          | 2,048,073,874                | 6.1%                           |
| <b>Passage of Amendment 23</b>  |                     |                                |                                     |                                |                              |                                |
| 2001-02   | 2,073,406,872       | 5.0%                           | 156,629,363                         | 113.4%                         | 2,230,036,235                | 8.9%                           |
| 2002-03   | 2,137,582,405       | 3.1%                           | 346,960,158                         | 121.5%                         | 2,484,542,563                | 11.4%                          |
| 2003-04   | 2,247,917,791       | 5.2%                           | 379,156,261                         | 9.3%                           | 2,627,074,052                | 5.7%                           |
| 2004-05   | 2,342,782,148       | 4.2%                           | 401,122,658                         | 5.8%                           | 2,743,904,806                | 4.4%                           |
| 2005-06   | 2,480,460,455       | 5.9%                           | 390,768,821                         | -2.6%                          | 2,871,229,276                | 4.6%                           |
| 2006-07   | 2,657,663,684       | 7.1%                           | 403,505,151                         | 3.3%                           | 3,061,168,835                | 6.6%                           |
| 2007-08   | 2,790,546,868       | 5.0%                           | 362,163,909                         | -10.2%                         | 3,152,710,777                | 3.0%                           |
| 2008-09   | 2,930,074,211       | 5.0%                           | 462,870,995                         | 27.8%                          | 3,392,945,206                | 7.6%                           |
| 2009-10   | 3,076,277,922       | 5.0%                           | 442,677,995                         | -4.4%                          | 3,518,955,917                | 3.7%                           |
| 2010-11   | 2,797,831,709       | -9.1%                          | 408,557,173                         | -7.7%                          | 3,206,388,882                | -8.9%                          |
| 2011-12   | 2,671,845,744       | -4.5%                          | 660,076,411                         | 61.6%                          | 3,331,922,155                | 3.9%                           |
| 2012-13   | 2,852,301,877       | 6.8%                           | 527,412,414                         | -20.1%                         | 3,379,714,291                | 1.4%                           |
| 2013-14   | 2,985,310,883       | 4.7%                           | 602,789,377                         | 14.3%                          | 3,588,100,260                | 6.2%                           |

Please note that staff’s recommended General Fund appropriation is predicated on Committee actions concerning appropriations from the SEF and the SPSF for other line items (outside of school finance). If the Committee approves appropriations from these cash funds that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly.

Finally, staff’s recommendations are based on Legislative Council Staff’s December 2013 revenue forecast. If the March 2014 forecast significantly changes projected income tax revenues credited to the SEF and/or anticipated revenues for the SPSF, staff will bring information back to the Committee to potentially adjust the fund sources appropriated for this line item.

*Non-Supplantation Requirement.* Article IX, Section 17 (5) of the State Constitution states that moneys appropriated from the SEF may not be used to supplant the level of General Fund

appropriations that existed on December 28, 2000 (the effective date of Amendment 23) for categorical programs and total program. The General Fund appropriation for the State Share of Districts' Total Program Funding on December 28, 2000 was \$1,982,638,862. Thus, the FY 2014-15 General Fund appropriation must exceed this amount.

**Options for Alternative Funding Levels.** The Committee and General Assembly may wish to provide more (or less) funding than staff is recommending for school finance in FY 2014-15 (most likely to be changed through the annual school finance bill). **Staff is not including a specific recommendation regarding a different funding level in this packet. However, the following table shows the funding increases necessary to achieve specific funding benchmarks in FY 2014-15 (relative to the FY 2013-14 adjusted appropriation).**

| <b>State Funding Required for FY 2014-15 under Four Scenarios</b>                          |  |   |  |   |
|--|--|---|--|---|
| <b>Description</b>   | <b>Statewide<br/>Average Per<br/>Pupil<br/>Funding</b> | <b>Incremental<br/>Annual Change in<br/>State Funding from<br/>FY 2013-14<br/>Appropriation</b> | <b>Cumulative<br/>Annual<br/>Change in<br/>State Funding</b> | <b>Change from<br/>Staff<br/>Recommendation</b> |
| Increase FY 2013-14 Per Pupil Funding by Inflation (2.8%) (staff Long Bill recommendation) | 6,838.54   | 194,385,748   | 194,385,748  | 0   |
| Maintain FY 2013-14 Negative Factor (\$1,002,131,805) (Governor's Request)                 | 6,891.39   | 44,529,243  | 238,914,991  | 44,529,243                                      |
| \$50.0 million reduction to negative Factor  | 6,948.15   | 47,829,737  | 286,744,728  | 92,358,980                                      |
| Eliminate Negative Factor  | 8,080.67   | 954,302,068   | 1,241,046,796  | 1,046,661,048                                   |

**Hold-harmless Full-day Kindergarten Funding**

Current law [Section 22-28-104 (2) (a) (III), C.R.S.] authorizes a total of 23,360 half-day preschool slots for the Colorado Preschool Program (CPP) for FY 2013-14, including 3,200 slots for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. Pursuant to H.B. 08-1388, schools can no longer use standard (non-ECARE) CPP slots to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, this act included a "hold harmless" provision [Section 22-54-130, C.R.S.]. Thus, these 60 districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP.

**Request:** As discussed above with the State Share of Districts' Total Program line item, the Department requests \$7,351,222 cash funds from the State Education fund for FY 2014-15. The request includes an increase of \$242,050 associated with request R1 (discussed above).

**Recommendation:** Based on current law, staff recommends an appropriation of \$7,302,816 cash funds from the State Education Fund to provide the estimated amount necessary to fund this line

item under staff's recommendation for school finance in FY 2014-15. The following table shows the components of the staff recommendation relative to the FY 2013-14 appropriation.

| <b>Assistance to Public Schools, Public School Finance, Hold-harmless Full-day Kindergarten</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Funding</b>         |                         |                       |            |
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | \$7,057,924            | \$0                     | \$7,057,924           | 0.0        |
| SB 13-260 (School Finance)  | <u>51,248</u>          | <u>0</u>                | <u>51,248</u>         | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$7,109,172</b>     | <b>\$0</b>              | <b>\$7,109,172</b>    | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$7,109,172            | \$0                     | \$7,109,172           | 0.0        |
| R1/BA1 Increase total program   | <u>193,644</u>         | <u>0</u>                | <u>193,644</u>        | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$7,302,816</b>     | <b>\$0</b>              | <b>\$7,302,816</b>    | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$193,644              | \$0                     | \$193,644             | 0.0        |
| Percentage Change   | 2.7%                   | 0.0%                    | 2.7%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  |                        |                         |                       |            |
| Request Above/(Below) Recommendation  | \$48,406               | \$0                     | \$48,406              | 0.0        |

**District Per Pupil Reimbursements for Juveniles Held in Jail**

Section 22-32-141, C.R.S., enacted as S.B. 10-054, requires the General Assembly to appropriate moneys to reimburse school districts for educational services provided to juveniles held in jails. This act authorized the appropriation of moneys from the Read-to-Achieve Cash Fund for such purpose. The enactment of H.B. 12-1238 (Early Literacy) eliminated the Read-to-Achieve Cash Fund and supported this line item with cash funds from the State Education Fund in FY 2012-13.

This line item provides funding for two types of expenses:

- Funding for all juveniles receiving educational services in jail (whether or not they were included in a district's pupil enrollment): The district providing educational services receives the daily rate established for facility schools for each day of service (recognizing that they are only required to provide four hours of educational services per week).
- Funding for juveniles who were not included in a district's pupil enrollment: The district providing educational services can receive reimbursement for costs incurred up to state average per pupil revenue, prorated for the period services are provided.

**Request:** The Department requests continuation level funding (\$25,000 cash funds from the State Education Fund) for school district reimbursements in FY 2014-15. The General Assembly reduced the appropriation from \$100,000 in FY 2012-13 to \$25,000 in FY 2013-14 because: (1)

usage in recent years was well below the previous appropriation; and (2) two bills enacted in the 2012 Session (H.B. 12-1139 and H.B. 12-1271) appear likely to further reduce the number of juveniles held in adult jails.

**Recommendation:** Staff recommends approving the request. The Department had no expenditures from this line item in FY 2012-13, and the appropriation may no longer be necessary. However, staff recommends appropriating the requested continuation funding to provide flexibility in the event that the Department receives a request. Any unspent moneys will remain in the State Education Fund.

**At-risk Supplemental Aid**

House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools. The bill provided an appropriation of \$3,839,627 cash funds from the State Education Fund in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount as in FY 2012-13.

**Request:** The Department requests a continuation appropriation of \$3,839,627 cash funds from the State Education Fund, with no change from the FY 2013-14 appropriation.

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

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

These two appropriations were included in S.B. 11-157 to reflect the availability of two sources of federal funds. These funds are no longer available.

**(B) CATEGORICAL PROGRAMS**

*Background Information - Constitutional Funding Requirement.* Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2012 the percentage change in the Denver-Boulder consumer price index was 1.9 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$4,640,166) for FY 2013-14.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$126.7 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally required amount, resulting in appropriations that are now \$57.8 million higher

than the minimum amount that would have otherwise been required. The following table details the allocation of the \$126.7 million among categorical programs.

| <b>Increases in State Funding for Categorical Programs Since FY 2000-01</b> |                                     |                                     |   |              |
|---|-------------------------------------|-------------------------------------|---|--------------|
| <b>Long Bill Line Item</b>  | <b>FY 2000-01<br/>Appropriation</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>Total Increase in<br/>Annual Appropriation<br/>of State Funds Since<br/>FY 2000-01</b> |              |
| Special Education - Children with Disabilities                              | \$71,510,773                        | \$157,221,408                       | \$85,710,635  | 119.9%       |
| English Language Proficiency Program  | 3,101,598                           | 15,240,040                          | 12,138,442  | 391.4%       |
| Public School Transportation  | 36,922,227                          | 52,811,338                          | 15,889,111  | 43.0%        |
| Career and Technical Education Programs                                     | 17,792,850                          | 24,528,307                          | 6,735,457   | 37.9%        |
| Special Education - Gifted and Talented Children                            | 5,500,000                           | 9,600,000                           | 4,100,000   | 74.5%        |
| Expelled and At-risk Student Services Grant Program                         | 5,788,807                           | 7,493,560                           | 1,704,753   | 29.4%        |
| Small Attendance Center Aid   | 948,140                             | 959,379                             | 11,239  | 1.2%         |
| Comprehensive Health Education  | 600,000                             | 1,005,396                           | 405,396   | 67.6%        |
| <b>Total</b>  | <b>\$142,164,395</b>                | <b>\$268,859,428</b>                | <b>\$126,695,033</b>  | <b>89.1%</b> |

The constitution also requires that moneys from the State Education Fund shall not be used to supplant the level of General Fund appropriations existing on December 28, 2000, for categorical programs [see Section 17 (5) of Article IX of the Colorado Constitution]. Staff's recommendations for this section ensure that General Fund appropriations are maintained at \$141,765,474 to comply with this requirement.

Finally, please note that pursuant to Section 22-55-107 (3), C.R.S., for FY 2008-09 budget year and each budget year thereafter, on or before February 15, "the education committees of the house of representatives and senate, or any successor committees, may submit to the joint budget committee of the general assembly a joint recommendation regarding the allocation of the increase in total state funding for all categorical programs as required by subsection (1) of this section for the next budget year. The joint budget committee shall consider but shall not be bound by any joint recommendations made pursuant to this subsection (3) when developing the annual general appropriation bill for the budget year for which the joint recommendation is made". To date, these Committees have not made any such recommendation.

An overview of staff's recommendations related to the constitutionally required funding increase for this group of programs is below. A more detailed description of each categorical program line item, including a description of the funds available -- other than state funds -- for each program follows the overview of recommendations.

**Overview of Staff Recommendation for All Categorical Programs**

*Allocation of Required Funding Increase for FY 2014-15.* As noted above, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation (based on the change in the Denver-Boulder Consumer Price Index for calendar year 2013) for FY 2014-15. The Department's request for FY 2014-15 includes a \$6,990,344 increase, based on a projected 2.6 percent inflation rate from the OSPB September 2013 Revenue Forecast. **Based on an actual change in the CPI for CY 2013 (2.8**

**percent), staff recommends adding a total of \$7,528,064 state funds for categorical programs for FY 2014-15.** Staff's recommendation would appropriate *all* of the recommended increases as cash funds from the State Education Fund.

Since December 2006, staff has recommended that the Committee consider four factors when allocating state funds among categorical programs:

1. Are districts statutorily required to provide the services?
2. If the program has a statutory reimbursement formula, how close does state funding come to the maximum statutory reimbursement?
3. What percent of districts' actual expenditures are covered by state and federal funds?
4. Are districts' expenditures for providing the service proportionate, or are certain districts impacted significantly more than others?

**Consistent with prior years, for FY 2014-15, staff recommends: (a) maintaining existing state funding levels for the Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education; and (b) allocating the required increase among the remaining programs based on the relative gaps between the sum of state and federal funding, and actual district expenditures (see Table A, below).**

Staff's recommendation is based on the actual change in CPI (2.8 percent) in calendar year 2013, while the Department's request was based on a projected rate of 2.6 percent. In addition, staff has treated transportation expenses differently than the Department in calculating the allocation of additional categorical funding. The Department compared state distributions for transportation to local education providers' total reported transportation expenditures. Staff compared the state distributions to costs that were reported as eligible for reimbursement from the state (excluding capital costs for new buses and costs associated with activity trips such as sporting events and field trips, for example).

The following pages include three tables associated with categorical funding.

- Table A shows the gap between state and federal funding and actual local expenditures in FY 2011-12.
- Table B shows the gap between FY 2012-13 funding levels and "full funding" for the programs with statutory formulas for that year.
- Table C summarizes the allocation recommended by staff, the allocation requested by the Department, and two other potential options for discussion purposes.

| <b>TABLE A: Categorical Program Revenues and Expenditures: FY 2011-12</b> |               |               |                               |                             |                                     |                             |
|---|---------------|---------------|-------------------------------|-----------------------------|-------------------------------------|-----------------------------|
|   | (a)           | (b)           | (c) = (a) + (b)               | (d)                         | (e) = (c)/(d)                       | (f) = (d) - (c)             |
| Long Bill Line Item   | State Funds   | Federal Funds | Total State and Federal Funds | Total District Expenditures | State/Federal Share of Expenditures | Local Share of Expenditures |
| <b>District Programs Required by Statute</b>                              |               |               |                               |                             |                                     |                             |
| Special Education - Children with Disabilities a/                         | \$157,090,672 | \$161,576,589 | \$318,667,261                 | \$802,713,233               | 39.7%                               | 484,045,972                 |
| English Language Proficiency Program                                      | 13,085,778    | 12,315,631    | 25,401,409                    | 188,182,589                 | 13.5%                               | 162,781,180                 |
| <b>Other Categorical Programs</b>   |               |               |                               |                             |                                     |                             |
| Public School Transportation  | 51,783,051    | 0             | 51,783,051                    | 209,550,189                 | 24.7%                               | 157,767,138                 |
| Career and Technical Education  | 22,777,620    | 5,480,528     | 28,258,148                    | 75,434,493                  | 37.5%                               | 47,176,345                  |
| Special Education - Gifted and Talented Children                          | 9,059,127     | 0             | 9,059,127                     | 33,153,474                  | 27.3%                               | 24,094,347                  |
| <b>Total</b>  |               |               |                               |                             |                                     | <b>\$875,864,982</b>        |

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

| <b>TABLE B: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2012-13</b> |  |                          |                              |  |  |
|---|--|--------------------------|------------------------------|--|--|
| <b>Long Bill Line Item</b>  | <b>Description of What Determines Maximum State Funding</b>  | <b>Total State Funds</b> | <b>Maximum State Funding</b> | <b>Percent of Maximum Covered by State Funds</b> | <b>Estimated Increase Required to Fund Statutory maximum</b> |
| <b>District Programs Required by Statute:</b>   |  |                          |                              |  |  |
| Special Education - Children With Disabilities a/   | Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services                 | \$132,339,541            | \$229,730,589                | 57.6%  | \$97,391,048   |
| English Language Proficiency Program  | Driven by the number of eligible students and statewide average per pupil operating revenue  | 14,460,255               | 40,106,820                   | 36.1%  | 25,646,565   |
| <b>Other Categorical Programs (with specified statutory reimbursement levels):</b>                          |  |                          |                              |  |  |
| Public School Transportation  | Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)  | 53,053,629               | 85,963,629                   | 61.7%  | 32,909,999   |
| Colorado Vocational Distributions Act   | Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue | 24,218,018               | 24,218,018                   | 100.0%   | 0  |
| Small Attendance Center Aid   | Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding  | 959,379                  | 1,052,015                    | 91.2%  | 92,636   |
| <b>Total</b>  |  |                          |                              |  | \$156,040,248  |

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$108,362,500 (\$1.250 for each student with disabilities); \$116,868,089 (assuming districts received \$6,000 per student for 100 percent of the 19,478 students with specified disabilities, rather than for 16.7 percent of these students); \$4,000,000 for high cost grants; and \$500,000 for "educational orphans." Staff has not attempted to estimate the costs of "fully funding" the high cost grant program.

| <b>TABLE C: Required Increase in State Funding for Categorical Programs in FY 2014-15</b> |                         |   |             |                         |             |                    |             |                    |             |
|---|-------------------------|---|-------------|-------------------------|-------------|--------------------|-------------|--------------------|-------------|
| <b>Long Bill Line Item</b>  | <b>FY 13-14 Approp.</b> | <b>Examples of Options for Allocating Required Increase</b> |             |                         |             |                    |             |                    |             |
|   |                         | <b>A: Staff Recomm.</b>                                     | <b>%</b>    | <b>B: Dept. Request</b> | <b>%</b>    | <b>C</b>           | <b>%</b>    | <b>D</b>           | <b>%</b>    |
| Special education programs for children with disabilities                                 | \$157,221,408           | \$4,160,378   | 2.6%        | \$3,859,359             | 2.5%        | \$6,862,825        | 4.4%        | \$4,402,199        | 2.8%        |
| English language proficiency programs   | 15,240,040              | 1,399,105   | 9.2%        | 1,297,875               | 8.5%        | \$665,239          | 4.4%        | 426,721            | 2.8%        |
| Public school transportation  | 52,811,338              | 1,356,009   | 2.6%        | 1,221,295               | 2.3%        | 0                  | 0.0%        | 1,478,717          | 2.8%        |
| Career and technical education  | 24,528,307              | 405,481   | 1.7%        | 419,708                 | 1.7%        | 0                  | 0.0%        | 686,793            | 2.8%        |
| Special education programs for gifted and talented children                               | 9,600,000               | 207,091   | 2.2%        | 192,107                 | 2.0%        | 0                  | 0.0%        | 268,800            | 2.8%        |
| Expelled and at-risk student services grant program                                       | 7,493,560               | 0   | 0.0%        | 0                       | 0.0%        | 0                  | 0.0%        | 209,820            | 2.8%        |
| Small attendance center aid   | 959,379                 | 0   | 0.0%        | 0                       | 0.0%        | 0                  | 0.0%        | 26,863             | 2.8%        |
| Comprehensive health education  | 1,005,396               | 0   | 0.0%        | 0                       | 0.0%        | 0                  | 0.0%        | 28,151             | 2.8%        |
| <b>Totals (may not sum due to rounding)</b>   | <b>\$268,859,428</b>    | <b>\$7,528,064</b>  | <b>2.8%</b> | <b>\$6,990,344</b>      | <b>2.6%</b> | <b>\$7,528,064</b> | <b>2.8%</b> | <b>\$7,528,064</b> | <b>2.8%</b> |

## **(I) District Programs Required by Statute**

### **Special Education Programs for Children with Disabilities**

The federal *Individuals with Disabilities Education Act (IDEA)* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.] require school districts to provide free educational services to children, ages three to 21, who by reason of one or more conditions are unable to receive reasonable benefit from ordinary educational services. Districts are also required to provide free educational services to children "whose presence in the ordinary educational program is detrimental to the education of others and who must therefore receive modified or supplementary assistance and services in order to function and learn". Services provided must be individualized and appropriate for the specific needs of the child, and, to the extent possible, be provided in the least restrictive environment. Federal and state law require administrative units (usually a school district or a board of cooperative service) to provide all necessary services to children identified as having a disability regardless of the cost or other district needs and priorities.

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children<sup>7</sup>), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

Pursuant to Sections 22-20-114 and 114.5, C.R.S., the Department allocates *state funds* among units as follows:

- "Tier A": Administrative units receive \$1,250 for each child with a disability who was reported on the prior year special education count.
- "Tier B": Administrative units receive an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: intellectual disability; serious emotional disability; hearing impairment, including deafness; vision impairment, including blindness; deaf-blindness; autism spectrum disorders; traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation.
- "Tier C": Administrative units receive grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. These grants are distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.

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<sup>7</sup> Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

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

**Request:** The Department's request for FY 2014-15 includes a total of \$161.1 million state funds (including \$71.6 million General Fund and \$89.5 million cash funds from the State Education Fund), an increase of \$3.9 million (2.5 percent) in state funding. The Department's request also reflects \$104,043 reappropriated funds and 1.0 FTE from funds transferred from the Department of Human Services, Division of Vocational Rehabilitation, and \$155.4 million in federal funds that are anticipated to be available to reimburse administrative units and support 63.5 federally-funded Department FTE. The request includes the following increases above the FY 2013-14 appropriation:

- \$3,859,359 cash funds from the State Education Fund (an 2.5 percent increase in state funding) to provide the inflationary increase required by amendment 23 (request R2); and
- \$2,231 reappropriated funds (originally federal funds in the department of Human Services) and \$290,720 federal funds to annualize FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends reflecting a total appropriation of \$316,873,313, including \$71,572,347 General Fund and \$89,809,439 cash funds from the State Education Fund (a 2.6 percent annual increase in *state* funding associated with the inflationary increase required by Amendment 23). Staff also recommends reflecting the requested reappropriated funds and federal funds, as well as the associated FTE. Staff recommends reflecting the annualization of prior year salary survey and merit pay for this line item because the funds are not state funds, are not base building for the categorical programs, and are therefore not subject to inflationary increases required by Amendment 23. The following table reflects the components of the staff recommendation.

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| <b>Assistance to Public Schools, Categorical Programs, Special Education - Children with Disabilities</b> |                        |                         |                       |                                 |                          |             |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                                 |                          |             |
| SB 13-230 (Long Bill)   | \$292,419,984          | \$71,572,347            | \$65,649,061          | \$101,812                       | \$155,096,764            | 63.0        |
| SB 13-260 (School Finance)  | <u>20,000,000</u>      | <u>0</u>                | <u>20,000,000</u>     | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>  |
| <b>TOTAL</b>  | <b>\$312,419,984</b>   | <b>\$71,572,347</b>     | <b>\$85,649,061</b>   | <b>\$101,812</b>                | <b>\$155,096,764</b>     | <b>63.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                                 |                          |             |
| FY 2013-14 Appropriation  | \$312,419,984          | \$71,572,347            | \$85,649,061          | \$101,812                       | \$155,096,764            | 63.0        |
| R2 Categorical programs increase  | 4,160,378              | 0                       | 4,160,378             | 0                               | 0                        | 0.0         |
| Annualize prior year salary survey and merit pay (not state funds)  | <u>292,951</u>         | <u>0</u>                | <u>0</u>              | <u>2,231</u>                    | <u>290,720</u>           | <u>0.0</u>  |
| <b>TOTAL</b>  | <b>\$316,873,313</b>   | <b>\$71,572,347</b>     | <b>\$89,809,439</b>   | <b>\$104,043</b>                | <b>\$155,387,484</b>     | <b>63.0</b> |
| <b>Increase/(Decrease)</b>  | \$4,453,329            | \$0                     | \$4,160,378           | \$2,231                         | \$290,720                | 0.0         |
| Percentage Change   | 1.4%                   | 0.0%                    | 4.9%                  | 2.2%                            | 0.2%                     | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$316,572,294</b>   | <b>\$71,572,347</b>     | <b>\$89,508,420</b>   | <b>\$104,043</b>                | <b>\$155,387,484</b>     | <b>63.0</b> |
| Request Above/(Below) Recommendation  | (\$301,019)            | \$0                     | (\$301,019)           | \$0                             | \$0                      | 0.0         |

**English Language Proficiency Program**

Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students with limited English proficiency. The Department previously provided data detailing the number of students eligible for state funding as well as the number receiving English language learner (ELL) services who are not eligible for state funding, by grade level. This data indicated that the largest numbers of students are receiving ELL services in preschool through third grade (46 percent).

Some federal funding is available for such programs, and the State provides assistance to districts through two mechanisms. First, districts receive "at-risk" funding through the School Finance Act for some students with limited English proficiency. Second, districts receive funding through the English Language Proficiency Act (ELPA) for students with limited English proficiency. Section 22-24-104 (3), C.R.S., however, limits state ELPA funding to a maximum of two years per student.

Section 22-24-104 (4) (c), C.R.S., requires the Department to allocate funding in two parts:

- Three-quarters of the amount appropriated provides funding to districts serving students who:
  - (a) speak languages other than English and do not comprehend or speak English; or
  - (b) students who comprehend or speak some English, but whose primary comprehension or

speech is in a language other than English. Annual per eligible student funding for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

- The remaining 25 percent of the amount appropriated is distributed to districts that serve students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either: (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on the instrument or technique developed and approved by the Department. Annual per eligible student funding for these students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

**Request:** The Department's request for FY 2014-15 includes a total of \$17.0 million state funding (including \$3.5 million General Fund and \$13.5 million cash funds from the State Education Fund) and \$11.2 million federal funds. The request reflects continuation of 4.6 federally funded FTE. The request includes the following increases above the FY 2013-14 appropriation:

- \$1,297,875 cash funds from the State Education Fund associated with R2 to provide the inflationary increase required by Amendment 23. The request represents an increase of 8.5 percent in state funding.
- \$429,345 General Fund and 4.1 FTE (annualizing to \$441,612 and 4.5 FTE in FY 2015-16) associated with request R7 (State Support for English Language Learners, discussed below).
- \$7,350 federal funds to annualize FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends a total appropriation of \$27,883,302, including \$3,101,598 General Fund and \$13,537,147 cash funds from the State Education Fund, an increase of \$1,399,105 (9.2 percent) in state funding. Staff recommends reflecting \$11,244,157 federal funds and 4.6 federally funded FTE in this line item. The recommendation includes the following increases above the FY 2013-14 appropriation:

- \$1,399,105 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2). The recommended increase is \$101,230 above the request, primarily because of the increased inflation rate (2.8 percent) relative to the 2.6 percent assumed in the request.
- \$7,350 federal funds (reflected for informational purposes) to annualize FY 2013-14 salary survey and merit pay. Because these are not state funds, are not base building for Amendment 23 inflationary purposes, and are reflected for informational purposes, staff recommends reflecting the increase in the Long Bill.

With respect to R7 (State Support for English Language Learners, discussed in greater detail below), staff recommends providing \$311,682 General Fund and 4.1 FTE (annualizing to

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\$389,205 General Fund and 4.5 FTE in FY 2015-16) through a separate line item outside of the categorical program. Staff agrees that the additional funds and FTE are necessary but does not recommend including those costs within the categorical program because of the base building impacts under Amendment 23. Instead, staff recommends creating a new line item to support the requested FTE.

The following table shows the components of staff’s recommendation relative to the FY 2013-14 appropriation for the English Language Proficiency categorical program.

| <b>Assistance to Public Schools, Categorical Programs, English Language Proficiency Program</b> |                        |                         |                       |                          |            |
|---|------------------------|-------------------------|-----------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                          |            |
| SB 13-230 (Long Bill)   | <u>\$26,476,847</u>    | <u>\$3,101,598</u>      | <u>\$12,138,442</u>   | <u>\$11,236,807</u>      | <u>4.6</u> |
| <b>TOTAL</b>  | <b>\$26,476,847</b>    | <b>\$3,101,598</b>      | <b>\$12,138,442</b>   | <b>\$11,236,807</b>      | <b>4.6</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                          |            |
| FY 2013-14 Appropriation  | \$26,476,847           | \$3,101,598             | \$12,138,442          | \$11,236,807             | 4.6        |
| R2 Categorical programs increase  | 1,399,105              | 0                       | 1,399,105             | 0                        | 0.0        |
| Annualize prior year salary survey and merit pay (not state funds)                              | 7,350                  | 0                       | 0                     | 7,350                    | 0.0        |
| R7 State support for English language learners  | <u>0</u>               | <u>0</u>                | <u>0</u>              | <u>0</u>                 | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$27,883,302</b>    | <b>\$3,101,598</b>      | <b>\$13,537,547</b>   | <b>\$11,244,157</b>      | <b>4.6</b> |
| <b>Increase/(Decrease)</b>  | \$1,406,455            | \$0                     | \$1,399,105           | \$7,350                  | 0.0        |
| Percentage Change   | 5.3%                   | 0.0%                    | 11.5%                 | 0.1%                     | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$28,211,417</b>    | <b>\$3,530,943</b>      | <b>\$13,436,317</b>   | <b>\$11,244,157</b>      | <b>8.7</b> |
| Request Above/(Below) Recommendation  | \$328,115              | \$429,345               | (\$101,230)           | \$0                      | 4.1        |

**➔ R7 State Support for English Language Learners**

- The request includes an increase of \$429,345 General Fund and 4.1 FTE to provide additional training and technical assistance to support school districts’ English Language Learner (ELL) programs in FY 2014-15 (increasing to \$441,612 and 4.5 FTE in FY 2015-16 and beyond). The Department submitted the request as an increase to the English Language Proficiency categorical program.

- Staff recommends approving an increase of \$311,682 General Fund and 4.1 FTE for FY 2014-15. However, staff recommends creating a new line item

outside of the categorical program (specifically within the Professional Development and Instructional Support sub-subdivision) to support the appropriation. Staff further recommends that the General Assembly enact legislation modifying the English Language Proficiency Program and providing additional funds to districts and schools serving ELL students.

*Request:* The Department is requesting an increase of \$429,345 General Fund and 4.1 FTE to provide additional support to school districts for their English Language Learner (ELL) programs in FY 2014-15 (increasing to \$441,612 and 4.5 FTE in FY 2015-16 and beyond). The request seeks to improve training and technical assistance for schools serving ELL students. The request does not include statutory changes to the English Language Proficiency Act and does not include additional funding for schools and districts serving ELL students.

*Recommendation:* Staff recommends: (1) creating a new line item entitled “English Language Learners Technical Assistance” within the Professional Development and Instructional Support sub-subdivision; (2) appropriating \$311,682 General Fund and 4.1 FTE to the newly created line item in FY 2014-15 (annualizing to \$370,525 and 4.5 FTE in FY 2015-16 and beyond). The recommendation differs from the Department’s request in two ways:

- First, staff recommends creating a new line item outside of the categorical programs because these funds will support ongoing staffing needs rather than distributions to schools. Staff does not recommend making the resources subject to Amendment 23 inflationary requirements for categorical program.
- Second, the recommendation is \$117,663 below the request because: (1) staff recommends using the Department’s range minimum salary for each position (a total reduction of \$44,504 below the request); (2) the request includes \$43,229 for centrally appropriated items related to personal services (HLD, AED, SAED, and STD), and pursuant to Committee policy staff recommends denying those funds in the first year; and (3) pursuant to Committee policy, staff recommends denying the request for additional funding for leased space in the first year. The following table compares the Department request and the staff recommendation for FY 2014-15.

| <b>R7 State Support for English Language Learners</b> |                      |            |                   |            |                   |            |
|---|----------------------|------------|-------------------|------------|-------------------|------------|
| <b>Cost Component</b>                                 | <b>FY 2014-15</b>    |            |                   |            | <b>FY 2015-16</b> |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> | <b>FY 2015-16</b> | <b>FTE</b> |
| <b>Personal Services</b>                              |                      |            |                   |            |                   |            |
| Salaries  | \$266,043            | 4.1        | \$226,166         | 4.1        | \$246,738         | 4.5        |
| PERA (10.15 percent)                                  | 27,003               |            | 22,956            |            | 25,044            |            |
| Medicare  | <u>3,858</u>         |            | <u>3,279</u>      |            | <u>3,577</u>      |            |
| Subtotal - Personal Services                          | \$296,904            | 4.1        | \$252,400         | 4.1        | \$275,359         | 4.5        |
| <b>Centrally Appropriated Items</b>                   |                      |            |                   |            |                   |            |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>R7 State Support for English Language Learners</b> |                      |            |                   |            |                   |            |
|---|----------------------|------------|-------------------|------------|-------------------|------------|
| <b>Cost Component</b>                                 | <b>FY 2014-15</b>    |            |                   |            | <b>FY 2015-16</b> |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> | <b>FY 2015-16</b> | <b>FTE</b> |
| Health-Life-Dental                                    | \$22,105             |            | \$0               |            | \$22,105          |            |
| AED   | 10,642               |            | 0                 |            | 10,856            |            |
| SAED  | 9,977                |            | 0                 |            | 10,486            |            |
| STD   | <u>505</u>           |            | <u>0</u>          |            | <u>469</u>        |            |
| Subtotal - Centrally Appropriated Items               | \$43,229             |            | \$0               |            | \$43,916          |            |
| <b>Operating Expenses</b>                             |                      |            |                   |            |                   |            |
| Regular FTE Operating Expenses \$500 per FTE          | \$2,050              |            | \$2,050           |            | \$2,250           |            |
| Telephone Expenses \$450 per FTE                      | 1,845                |            | 1,845             |            | 2,025             |            |
| Personal Computer (one-time - \$1,230 per FTE)        | 5,043                |            | 5,043             |            | 0                 |            |
| Office Furniture (one-time - \$3,473 per FTE)         | 14,239               |            | 14,239            |            | 0                 |            |
| Rent - Leased Space (\$2,500 per FTE)                 | 29,930               |            | 0                 |            | 11,250            |            |
| Travel, Printing, Consulting, etc.                    | <u>36,105</u>        | -          | <u>36,105</u>     | -          | <u>35,725</u>     |            |
| Subtotal - Operating Expenses                         | \$89,212             |            | \$59,282          |            | \$51,250          |            |
| <b>Total Request</b>                                  | <b>\$429,345</b>     | <b>4.1</b> | <b>\$311,682</b>  | <b>4.1</b> | <b>\$370,525</b>  | <b>4.5</b> |

As discussed at the FY 2014-15 Joint Budget Committee Staff Budget Briefing for the Department of Education, staff further recommends that the General Assembly enact legislation modifying the English Language Proficiency Program to: (1) increase the Department's oversight and technical assistance regarding ELL programs; (2) increase the number of years that districts may receive funding for services provided to ELL students; and (3) provide additional funding to school districts serving ELL students.

*Analysis:*

*Note: For additional background on the English Language Proficiency Program, see the issue paper beginning on page 49 of the FY 2014-15 JBC Staff Budget Briefing on the Department of Education.*

**Background**

*State and Federal Legal Requirements for ELLs*

Both state and federal law require school districts to identify and provide programs for students with limited English proficiency. At the state level, the English Language Proficiency Act (ELPA) [Article 24 of Title 22, C.R.S.], enacted in 1981, establishes the English Language Proficiency Program and defines requirements for school districts and the Department. Section 22-24-105, C.R.S., requires local school districts to: (1) identify ELLs based on a common statewide assessment; (2) report data regarding the ELL students and the number of languages spoken by those students to the Department annually; and (3) administer and provide programs

for students with limited English proficiency. The statute largely defers program design and implementation to local school districts.

Section 22-24-106, C.R.S., requires the Department to: (1) approve a single statewide assessment for the identification of ELL students; (2) set thresholds (cut points) to determine proficiency; (3) assist districts, upon request, with the identification and assessment of ELLs; (4) audit districts' identification and testing procedures and evaluate the effectiveness of programs; (5) determine which students are counted for additional funding through the State's categorical program and allocate funds accordingly; and (6) disaggregate testing data to track the academic progress of students with limited English proficiency.

Multiple federal laws also affect (and create requirements for) English language proficiency programs. Major relevant laws include:

- *The Civil Rights Act of 1964* [Title VI] prohibits discrimination based on race, color, or national origin and prohibits exclusion from any program or activity receiving federal financial assistance (such as public education). As implemented by the U.S. Department of Education Office for Civil Rights, the Act: requires school districts to take affirmative steps to rectify language deficiencies; prohibits assignment to special education classes based on English language skills; requires parent notification of school activities; and forbids specialized programs for limited English proficiency students that operate as an educational dead-end or a permanent track.
- *The Equal Educational Opportunities Act of 1974* prohibits the denial of "equal educational opportunity"; prohibits discrimination against faculty, staff, and students, including racial segregation of students; and requires school districts to take action to overcome barriers to students' equal participation (such as language deficiencies).
- The *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students] creates requirements for state and local education authorities regarding English language proficiency and provides federal funding for programs through a formula grant program. Federal funds from Title III support nearly all of the Department's staff associated with English language proficiency programs.

#### *State Funding*

The federal government provides some funding for ELL programs. As discussed above, the State provides assistance to districts through two mechanisms: (1) the School Finance Act provides "at-risk" funding for some students with limited English proficiency; and (2) the ELPA categorical program provides additional funding for ELL students on a per pupil basis. The annual appropriation is below the statutory limits for the categorical program. For example, in FY 2012-13, the General Assembly appropriated \$14.5 million total state funds, while the statutory limit was \$40.1 million. Because the available appropriation covered only 36.1 percent of the statutory amount, the Department prorated each eligible district's appropriation accordingly. Staff notes two additional points with respect to ELL funding from the categorical program.

- First, the annual state and federal funding covers a relatively small share of school district costs for services to ELL students. The Department reports to the Committee annually regarding district costs associated with all of the categorical programs and the share of total costs covered by state and federal. Because of lags in reporting, the most recent year for which we have district expenditure data is FY 2011-12. In FY 2011-12, the State provided \$13.1 million for the ELPA categorical program, and federal funding provided another \$12.3 million (for total state and federal funding of \$25.4 million). However, school districts spent \$188.2 million on ELL programs and services that year, so state and federal funds covered only 13.5 percent of district expenditures.<sup>8</sup> Although ELPA funding increases each year through the Committee’s allocation of constitutionally required inflationary increases (pursuant to Amendment 23), ELPA remains the most “underfunded” categorical program in percentage terms.
- Second, Section 22-24-104 (3), C.R.S., limits state ELPA funding to a maximum of two years per student. State and federal law require school districts to provide services until students become proficient in English, which often takes significantly longer than two years. According to the Department, five to seven years is a more realistic time-frame to reach proficiency.<sup>9</sup>

Thus, the shortfall in funding relative to (legally required) district expenditures appears to have two causes. First, according to the Department, the annual per pupil allocation would not fund all of the necessary services for ELL students that do receive state funding. Second, statute will not allow funding for more than two years of services, while districts must continue to provide services until the student is proficient, so costs continue even after the state funding ends for a particular student.

#### *Existing ELPA Staff*

The Department currently has 4.25 FTE (actually representing portions of thirteen different positions) devoted to ELL issues, almost all supported by federal (Title III) funds. The Department currently uses \$40,000 in state funds to support 0.4 FTE (portions of two positions). Based on data provided by the Department, the federally supported positions are largely focused on the development and monitoring of Title III programs, with limited ability to provide technical assistance regarding the use of the federal funding. Thus, the Department has virtually no existing technical assistance staff focused on the State funds and State program.

#### ***FY 2014-15 Request***

With request R7, the Department is requesting additional resources to provide technical assistance and training to local school districts. The Department reports that the existing staff is unable to meet the need for technical assistance and that the need is particularly acute in small, rural districts. The Department is requesting the additional funding and staff to provide:

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<sup>8</sup> To the extent that local school districts are either underidentifying ELL students or exiting students from services early (both of which are concerns for the federal agencies monitoring ELL implementation), district expenditures would also understate the amount the amount of services districts are required to provide under state and federal law.

<sup>9</sup> Expert testimony during the *Lobato* trial also indicated that five to seven years was more realistic.

- Technical assistance to school districts in planning, implementing, and evaluating English language acquisition programs;
- Technical assistance in meeting state and federal requirements pertaining to ELLs;
- Intensive, ongoing support for small, rural school districts without expertise in ELL programs;
- Technical assistance in unified improvement planning for schools and districts that are not meeting expectations for ELL achievement and growth;
- Reviews of Priority Improvement and Turnaround Unified Improvement Plans;
- CDE coordinated support teams for school districts;
- Guidance, publications, and other materials that are supportive of schools in meeting the needs of ELLs;
- Improved integration of ELL efforts across CDE divisions, units, and offices; and
- Improved capacity throughout the Department to develop policies and procedures that support ELL students.

The Department is requesting the resources to support 4.5 FTE on an ongoing basis. The requested positions include:

- *1.0 FTE Principal Consultant:* Provide technical assistance and onsite professional development to develop, implement, and evaluate English language development programs based on district need. The position would focus on highly impacted, low performing urban and rural school districts.
- *2.0 FTE Senior Consultants:* Provide technical assistance similar to the principal consultant position but focus on medium and high impacted, low performing mountain and rural districts.
- *1.0 FTE Consultant:* Provide technical assistance serving low impacted and rural districts.
- *0.5 FTE Administrative Assistant III:* Provide administrative support to consultants including but not limited to handling administrative tasks related to travel, trainings, technical assistance, professional development, and meetings.

The request assumes an ongoing caseload of approximately 40 school districts per technical assistance FTE. In addition to standard personal services and operating costs, the request includes some additional funding for travel, printing costs for resource materials, consulting fees for contracts with national experts, and fees associated with conferences and training.

### ***Evidence of Need***

The Department points to five basic lines of evidence of a need for additional technical assistance: (1) growing ELL populations; (2) growth and achievement gaps between ELL students and non-ELL students; (3) a high prevalence of ELL students in lower performing school districts and schools under the State's accountability system; (4) unmet demand from the field; and (5) concerns about federal enforcement and compliance.

*ELL Population Growth and Distribution:* The population of ELL students in Colorado is growing, and ELL students are found throughout the State. According to the Department, ELLs comprise more than 20 percent of the population of 30 school districts in Colorado, including both urban and rural districts. The following table shows changes in the ELL student population from FY 2002-03 to FY 2012-13. The ELL population has grown both in terms of the number of students and as a percentage of the total student population. In FY 2012-13, one in seven students in Colorado were ELL.

| <b>ELL Enrollment Growth Relative to Overall Student Enrollment</b> |                          |                      |                       |                               |                                  |
|---|--------------------------|----------------------|-----------------------|-------------------------------|----------------------------------|
| School Year   | Total Student Population | Total ELL Population | Statewide Percent ELL | Number of Districts with ELLs | Number of Districts without ELLs |
| 2002-03   | 751,862                  | 86,129               | 11.5%                 | Not Available                 | Not Available                    |
| 2007-08   | 802,639                  | 106,413              | 13.3%                 | 153                           | 30                               |
| 2012-13   | 863,561                  | 124,701              | 14.4%                 | 160                           | 23                               |

The population of languages is also diverse. While Spanish is by far the most prevalent (spoken by 84.1 percent of ELLs in FY 2012-13), the Department reports that 235 languages other than English are spoken in the homes of Colorado ELL students. The increasing population, the increasing prevalence of ELLs in certain districts, and the increasing numbers of districts serving ELLs are placing additional pressures on school districts and the Department reports increasing need and demand for technical assistance.

*Growth and Achievement Gaps:* Colorado ELLs have shown increasing achievement (as measured by proficiency on statewide standardized assessments) but the achievement gaps between ELL students and non-ELL students remain persistent (see table below). Comparing Colorado’s ELL students to other student subgroups tracked by the Department, ELL achievement also lags behind both minority and free and reduced price lunch subgroup achievement in elementary, middle, and high school.

| <b>Comparison of ELL and non-ELL Proficiency Rates</b> |             |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2003-04     | 2004-05     | 2005-06     | 2006-07     | 2007-08     | 2008-09     | 2009-10     | 2010-11     | 2011-12     | 2012-13     |
| <b>Reading Percent Proficient and Advanced</b>         |             |             |             |             |             |             |             |             |             |             |
| Non-ELL  | 71.1        | 71.2        | 72.3        | 73.1        | 73.3        | 73.9        | 73.9        | 73.4        | 74.9        | 74.8        |
| ELL  | <u>32.1</u> | <u>32.6</u> | <u>32.8</u> | <u>34.5</u> | <u>37.8</u> | <u>38.9</u> | <u>40.9</u> | <u>41.6</u> | <u>43.5</u> | <u>45.7</u> |
| Gap  | 39.0        | 38.6        | 39.5        | 38.6        | 35.5        | 35.0        | 33.0        | 31.8        | 31.4        | 29.1        |
| <b>Writing Percent Proficient and Advanced</b>         |             |             |             |             |             |             |             |             |             |             |
| Non-ELL  | 57.0        | 58.7        | 58.0        | 59.2        | 58.6        | 59.9        | 58.1        | 60.5        | 58.8        | 58.8        |
| ELL  | <u>22.8</u> | <u>24.5</u> | <u>21.8</u> | <u>24.4</u> | <u>25.0</u> | <u>27.9</u> | <u>27.2</u> | <u>30.5</u> | <u>32.1</u> | <u>33.2</u> |
| Gap  | 34.2        | 34.2        | 36.2        | 34.8        | 33.6        | 32.0        | 30.9        | 30.0        | 26.7        | 25.6        |
| <b>Math Percent Proficient and Advanced</b>            |             |             |             |             |             |             |             |             |             |             |
| Non-ELL  | 45.5        | 54.2        | 55.6        | 57.1        | 57.2        | 58.5        | 58.9        | 59.7        | 59.9        | 60.7        |
| ELL  | <u>20.1</u> | <u>27.6</u> | <u>29.3</u> | <u>30.9</u> | <u>32</u>   | <u>34</u>   | <u>35.2</u> | <u>36.9</u> | <u>36.9</u> | <u>38.6</u> |

| <b>Comparison of ELL and non-ELL Proficiency Rates</b> |             |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2003-<br>04 | 2004-<br>05 | 2005-<br>06 | 2006-<br>07 | 2007-<br>08 | 2008-<br>09 | 2009-<br>10 | 2010-<br>11 | 2011-<br>12 | 2012-<br>13 |
| Gap  | 25.4        | 26.6        | 26.3        | 26.2        | 25.2        | 24.5        | 23.7        | 22.8        | 23.0        | 22.1        |

In addition, Colorado’s ELL students have lower graduation rates and higher dropout rates than the state student population as a whole, demonstrating a gap in college and career readiness. According to the Department’s data (shown in the following table), ELL students’ graduation rate exceeded the state average in 2004 but have deteriorated significantly relative to the state average since then.

| <b>ELL Graduation and Dropout Rates vs. State Average</b> |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2004         | 2006         | 2008         | 2010         | 2012         |
| <b>Graduation Rate</b>                                    |              |              |              |              |              |
| State Average   | 82.5%        | 74.1%        | 73.9%        | 72.4%        | 75.4%        |
| ELL   | <u>88.6%</u> | <u>65.9%</u> | <u>52.0%</u> | <u>49.2%</u> | <u>53.3%</u> |
| Gap   | -6.1%        | 8.2%         | 21.9%        | 23.2%        | 22.1%        |
| <b>Dropout Rate</b>                                       |              |              |              |              |              |
| State Average   | 3.8%         | 4.5%         | 3.8%         | 3.2%         | 2.9%         |
| ELL   | <u>5.3%</u>  | <u>7.7%</u>  | <u>6.8%</u>  | <u>6.0%</u>  | <u>5.1%</u>  |
| Gap   | 1.5%         | 3.2%         | 3.0%         | 2.8%         | 2.2%         |

*Prevalence in Struggling School Districts:* According to the Department, the majority of ELL students (54.3 percent) attend schools in either Priority Improvement or Turnaround status school districts. The Department’s data show that Priority Improvement and Turnaround *schools* and *school districts* both struggle to meet expectations with respect to ELL achievement, relative to higher performing schools and districts, indicating a need for additional technical assistance.

*Unmet Demand:* According to the Department, many school districts are either unaware of federal and state requirements for ELL programs or do not have the internal expertise necessary to meet the requirements. As federal agencies have worked to increase awareness of the requirements, the Department reports that more school districts are contacting the Department for support. The Department has been unable to accommodate the increased demand for technical assistance.

*Federal Requirements and Enforcement:* The Office for Civil Rights (OCR), within the U.S. Department of Education, and the U.S. Department of Justice monitor state and local implementation of the federal legal requirements. Historically, enforcement activities in Colorado have focused on local school districts. According to the Colorado Department of Education, ten Colorado school districts are currently working under resolution agreements with OCR and two school districts (Denver Public Schools and Adams 12 Five Star) are working under court orders from the Department of Justice.

While federal enforcement to date has focused on local districts, in response to rapid growth in the population of students lacking English language proficiency, the Department of Justice has

expanded its focus to the state level. In response to requests from the Department of Justice, the Colorado Department of Education has provided graduation and dropout rates for current and former ELL students. The Department of Justice has taken action against other states, notably Arizona.

As discussed above, Colorado’s ELPA largely leaves English language proficiency program development to local districts. According to staff at the Colorado Department of Law, the Department of Justice has indicated that other state educational authorities take a more active role in ensuring that students overcome language barriers. The Department of Law has also indicated that the Department of Justice looked favorably previous legislation attempting to reform the ELPA, although those bills have not passed (e.g., H.B. 13-1211).

### **Staff Conclusion**

Staff agrees that the data show a need for additional technical assistance and support for local school districts. Based on conversations with Department staff, federal agency staff, the Department of Law, and other education stakeholders, additional technical assistance and support is necessary. In addition, the potential for costly enforcement actions from the relevant federal agencies adds urgency to the issue.

Staff notes, however, that representatives of local school districts also indicate that a shortage of resources and funding *at the local level* is a limiting factor, and in many cases a more pressing problem than the lack of technical assistance from the Department.

Based on the available information, staff believes that both additional technical assistance and increases in funding and resources for local school districts will be necessary to improve the outlook for ELL education in Colorado. Districts with insufficient expertise need technical assistance from the Department but will most likely need additional resources to implement better programs. Districts with “in-house” expertise report a shortage of available funding and resources.

Given the need for both additional funding for local school districts and funds and staff for the Department, staff recommends that the General Assembly enact legislation to improve the ELPA program, increase State oversight and technical assistance, and provide additional resources for the Department and for local school districts. Based on the available information, staff believes that additional technical assistance in the absence of legislation would be helpful, and staff recommends approving the request for additional staff. However, staff also recommends more comprehensive change to the ELPA program through legislation in the 2014 Session.

## **(II) Other Categorical Programs**

### **Public School Transportation**

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that one of Colorado's 178 school districts (San Juan – Silverton) does not provide transportation services.

Statewide, over 42 percent of students are transported. School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 59 million miles each year.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Eight districts have received voter approval to levy separate mills to generate additional local revenues.<sup>10</sup> Currently, nine districts report that they are collecting fees from individuals for transporting students to and from school.<sup>11</sup> In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

This line item also supports 2.0 FTE who provide oversight of student transportation programs in school districts. This unit administers regulations related to safe transportation of students, and provides extensive training, technical assistance, and monitoring to assist districts in providing safe, efficient, and effective transportation of children.

**Request:** The Department's request for FY 2014-15 includes a total of \$54,487,374, including \$54,037,374 in state funding (a 2.3 percent annual increase) and 2.0 FTE and a continuation appropriation of \$450,000 from the State Public School Transportation Fund, which consists of moneys that are recovered by the Department when it identifies a transportation-related overpayment to a district. The requested appropriation from the State Public School Transportation Fund would allow the Department to re-distribute moneys that are recovered in the current fiscal year in FY 2014-15. The request includes the following increases above the FY 2013-14 appropriation:

- \$1,221,295 cash funds from the State Education Fund to provide inflationary increases required by Amendment 23 (request R2); and
- \$4,741 cash funds from the State Education Fund to annualize FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends a total appropriation of \$54,617,347 and 2.0 FTE. The recommendation includes \$36,922,227 General Fund, \$17,245,120 cash funds from the State Education Fund, and \$450,000 cash funds from the State Public school Transportation Fund.

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<sup>10</sup> Districts include: Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

<sup>11</sup> Districts collecting fees include: Adams – Adams 12 Five Star, Adams - Brighton, Delta, Douglas, El Paso – Falcon 49, Jefferson, Kit Carson – Burlington, Summit, and Teller – Woodland Park.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

The recommendation includes an increase of \$1,356,009 cash funds from the State Education Fund associated with request R2 to provide the inflationary increase required by Amendment 23 (\$134,714 above the requested increase).

In a change from the request, staff does not recommend providing additional state funding to annualize FY 2013-14 salary survey and merit pay. Staff does not recommend including additional base building funds (under Amendment 23) in the appropriation for that purpose. Particularly given the limited amount of funding involved (a total of \$4,741), staff recommends that the Department absorb those costs within the recommended inflationary increase as part of the cost of operating the program.

The following table shows the components of staff’s recommendation relative to the FY 2013-14 appropriation. For transparency purposes, the table shows the requested increase to annualize salary survey and merit pay and the recommended elimination of that increase.

| <b>Assistance to Public Schools, Categorical Programs, Public School Transportation</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | <u>\$53,261,338</u>    | <u>\$36,922,227</u>     | <u>\$16,339,111</u>   | <u>2.0</u> |
| <b>TOTAL</b>  | <b>\$53,261,338</b>    | <b>\$36,922,227</b>     | <b>\$16,339,111</b>   | <b>2.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$53,261,338           | \$36,922,227            | \$16,339,111          | 2.0        |
| R2 Categorical programs increase  | 1,356,009              | 0                       | 1,356,009             | 0.0        |
| Annualize prior year salary survey and merit pay (state funds)                          | 4,741                  | 0                       | 4,741                 | 0.0        |
| Eliminate salary survey and merit pay annualization (state funds)                       | <u>(4,741)</u>         | <u>0</u>                | <u>(4,741)</u>        | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$54,617,347</b>    | <b>\$36,922,227</b>     | <b>\$17,695,120</b>   | <b>2.0</b> |
| <b>Increase/(Decrease)</b>  | \$1,356,009            | \$0                     | \$1,356,009           | 0.0        |
| Percentage Change   | 2.5%                   | 0.0%                    | 8.3%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$54,487,374</b>    | <b>\$36,922,227</b>     | <b>\$17,565,147</b>   | <b>2.0</b> |
| Request Above/(Below)<br>Recommendation   | (\$129,973)            | \$0                     | (\$129,973)           | 0.0        |

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

The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.]. The state funds are distributed to school districts to partially reimburse costs related to personnel,

books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250.

The program requires each participating district to estimate program costs and enrollments at the beginning of each school year and provide actual cost data at the end of the school year. Districts receive funding quarterly based on such estimated figures. Any difference between a district's estimated and actual costs is added or subtracted from the first quarterly payment in the following fiscal year. If the appropriation is insufficient to fully fund the amount districts are eligible to receive, the Department of Higher Education prorates distributions accordingly.

**Request:** The Department requests a total of \$24.9 million in state funding in FY 2014-15 (a 1.7 percent annual increase).

**Recommendation:** Staff recommends a total appropriation of \$24,933,788, including \$17,792,850 General Fund and \$7,140,938 cash funds from the State Education Fund (a 1.7 percent increase in state funding). The recommendation includes an increase of \$405,481 cash funds from the State Education Fund associated with request R2 (\$14,227 below the requested increase). The following table shows the components of staff's recommendation relative to the FY 2013-14 appropriation.

| <b>Assistance to Public Schools, Categorical Programs, Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education</b> |                     |                     |                    |            |
|---|---------------------|---------------------|--------------------|------------|
|   | <b>Total Funds</b>  | <b>General Fund</b> | <b>Cash Funds</b>  | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                     |                     |                    |            |
| SB 13-230 (Long Bill)   | <u>\$24,528,307</u> | <u>\$17,792,850</u> | <u>\$6,735,457</u> | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$24,528,307</b> | <b>\$17,792,850</b> | <b>\$6,735,457</b> | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                     |                     |                    |            |
| FY 2013-14 Appropriation  | \$24,528,307        | \$17,792,850        | \$6,735,457        | 0.0        |
| R2 Categorical programs increase  | <u>405,481</u>      | <u>0</u>            | <u>405,481</u>     | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$24,933,788</b> | <b>\$17,792,850</b> | <b>\$7,140,938</b> | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$405,481           | \$0                 | \$405,481          | 0.0        |
| Percentage Change   | 1.7%                | 0.0%                | 6.0%               | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$24,948,015</b> | <b>\$17,792,850</b> | <b>\$7,155,165</b> | <b>0.0</b> |
| Request Above/(Below) Recommendation  | \$14,227            | \$0                 | \$14,227           | 0.0        |

**Special Education Programs for Gifted and Talented Children**

The state *Exceptional Children's Educational Act* defines gifted children as those whose "abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs" [see Section 22-20-202 (7), C.R.S.]. Pursuant to Section 22-20-204, C.R.S., each administrative unit is required to adopt and implement a program to identify and serve gifted children who are at least five years of age. The plan is to be implemented "to the extent that funds are provided for the implementation". State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for teacher salaries, staff training and development, and activities, materials and equipment associated with the education of gifted students. In order to receive funding, a district or board of cooperative service must submit a complete and thorough plan for gifted education programming. However, the Department does use portions of the appropriation: (a) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school districts; (b) to support ten regional gifted education consultants; and (c) for state administration.

**Request:** The Department requests a total of \$9.8 million in state funding (a 2.0 percent annual increase) and 0.5 FTE in FY 2014-15. The request includes the following increases above the FY 2013-14 appropriation: (1) \$129,107 cash funds from the State Education Fund associated with request R2; and (2) \$3,329 cash funds from the State Education Fund to annualize FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends a total appropriation of \$9,807,091 and 0.5 FTE, including \$5,500,000 General Fund and \$4,307,091 cash funds from the State Education Fund (a 2.2 percent increase in state funding). The recommendation includes an increase of \$207,091 cash funds from the State Education Fund associated with request R2 (\$14,984 above the requested increase). Similar to the staff recommendation for transportation, staff recommends rejecting the requested increase to annualize FY 2013-14 salary survey and merit pay and directing the Department to absorb those increases within the inflationary increase associated with R2. The following table shows the components of staff's recommendation relative to the FY 2013-14 appropriation.

| <b>Assistance to Public Schools, Categorical Programs, Special Education Programs for Gifted and Talented Children</b> |                    |                     |                    |            |
|--|--------------------|---------------------|--------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b>  | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                    |            |
| SB 13-230 (Long Bill)  | <u>\$9,600,000</u> | <u>\$5,500,000</u>  | <u>\$4,100,000</u> | <u>0.5</u> |
| <b>TOTAL</b>   | <b>\$9,600,000</b> | <b>\$5,500,000</b>  | <b>\$4,100,000</b> | <b>0.5</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                    |            |
| FY 2013-14 Appropriation   | \$9,600,000        | \$5,500,000         | \$4,100,000        | 0.5        |
| R2 Categorical programs increase   | 207,091            | 0                   | 207,091            | 0.0        |

| <b>Assistance to Public Schools, Categorical Programs, Special Education Programs for Gifted and Talented Children</b> |                    |                     |                    |            |
|--|--------------------|---------------------|--------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b>  | <b>FTE</b> |
| Annualize prior year salary survey and merit pay (state funds)   | 3,329              | 0                   | 3,329              | 0.0        |
| Eliminate salary survey and merit pay annualization (state funds)  | <u>(3,329)</u>     | <u>0</u>            | <u>(3,329)</u>     | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$9,807,091</b> | <b>\$5,500,000</b>  | <b>\$4,307,091</b> | <b>0.5</b> |
| <b>Increase/(Decrease)</b>   | \$207,091          | \$0                 | \$207,091          | 0.0        |
| Percentage Change  | 2.2%               | 0.0%                | 5.1%               | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$9,795,436</b> | <b>\$5,500,000</b>  | <b>\$4,295,436</b> | <b>0.5</b> |
| Request Above/(Below) Recommendation   | (\$11,655)         | \$0                 | (\$11,655)         | 0.0        |

**Expelled and At-risk Student Services Grant Program**

This program, first funded in FY 1997-98, provides grants to school districts, boards of cooperative services, and charter schools [see Section 22-38-101 et seq., C.R.S.] for the provision of educational services to expelled students and to students at risk of being suspended or expelled. The Department evaluates grant applications received, and the State Board of Education approves annual grant awards. The Department places strong emphasis on research-validated programs and strategies, and programs are required to show significant district support for program sustainability after grant funding ends. Pursuant to Section 22-33-205, C.R.S., the Board is required to award grants based on the following:

- at least 45 percent of moneys appropriated for the program shall be annually awarded to applicants that provide educational services to students from more than one school district; and
- at least one-half of any increases in the appropriation for FY 2009-10 (\$500,000) shall be annually awarded to applicants that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

The Department awards grants on a rolling basis (i.e., when one grant is completed, the funding is reallocated to fund a new award).

The Department is also authorized to retain: (a) up to one percent of moneys appropriated for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated for the purpose of partnering with organizations and agencies that provide services and supports designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

For FY 2009-10, the General Assembly increased funding for this program by approximately \$1.0 million. The Department approved funding for 19 new sites from a total of 50 applicants.

The Department also increased funding for seven existing sites (by a total of \$635,700) for the purpose of providing services and supports designed to reduce the number of truancy cases requiring court involvement. These awards were targeted toward those judicial districts with the highest number of truancy court referrals. Finally, the Department contracted with Rocky Mountain Children’s Law Center (a total of \$25,000) to work with selected judicial districts to develop alternatives to guardian ad litem services in truancy proceedings.

**Request:** The Department requests a continuation appropriation of \$7,496,506 state funds and 1.0 FTE in FY 2014-15. The request includes \$2,946 cash funds from the State Education Fund to annualize FY 2013-14 salary survey and merit pay. Consistent with prior years, the request does not include an inflationary increase for this program associated with request R2.

**Recommendation:** Staff recommends a continuation appropriation of \$7,493,560 total funds (including \$5,788,807 General Fund and \$1,704,753 cash funds from the State Education Fund) with no change from the FY 2013-14 appropriation. The recommendation is \$2,946 cash funds below the request because the recommendation does not annualize FY 2013-14 salary survey and merit pay. The Department requested the annualization of salary survey and merit pay outside of request R2 (Categorical Programs Increase). Because funding the categorical programs above the inflationary increase required by Amendment 23 will require additional inflationary increases indefinitely, staff does not recommend appropriating the additional funding in FY 2014-15. Staff’s recommendation would require the Department to absorb the annualization within existing funds. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Categorical Programs, Expelled and At-risk Student Services Grant Program</b> |                    |                     |                    |            |
|--|--------------------|---------------------|--------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b>  | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                    |            |
| SB 13-230 (Long Bill)  | <u>\$7,493,560</u> | <u>\$5,788,807</u>  | <u>\$1,704,753</u> | <u>1.0</u> |
| <b>TOTAL</b>   | <b>\$7,493,560</b> | <b>\$5,788,807</b>  | <b>\$1,704,753</b> | <b>1.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                    |            |
| FY 2013-14 Appropriation   | \$7,493,560        | \$5,788,807         | \$1,704,753        | 1.0        |
| Annualize prior year salary survey and merit pay   | 2,946              | 0                   | 2,946              | 0.0        |
| Eliminate salary survey and merit pay annualization  | <u>(2,946)</u>     | <u>0</u>            | <u>(2,946)</u>     | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$7,493,560</b> | <b>\$5,788,807</b>  | <b>\$1,704,753</b> | <b>1.0</b> |
| <b>Increase/(Decrease)</b>   | \$0                | \$0                 | \$0                | 0.0        |
| Percentage Change  | 0.0%               | 0.0%                | 0.0%               | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$7,496,506</b> | <b>\$5,788,807</b>  | <b>\$1,707,699</b> | <b>1.0</b> |
| Request Above/(Below) Recommendation   | \$2,946            | \$0                 | \$2,946            | 0.0        |

**Small Attendance Center Aid**

Pursuant to Section 22-54-122, C.R.S., school districts that operate a school with fewer than 200 pupils that is located twenty or more miles from any similar school in the same district are eligible to receive additional state funding to offset the unique costs associated with operating such schools. In addition, since FY 2008-09, small attendance center aid has been limited to those districts that received the aid prior to FY 2008-09. The amount of additional state aid that a district is eligible to receive is based on the number of eligible schools it operates, the number of pupils in each eligible school, and the district's per pupil funding.

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. From FY 1998-99 through FY 2007-08, the appropriation for this line item was sufficient to reimburse eligible districts for the full amount statutorily allowed. Since FY 2008-09, the appropriation has fallen short of full funding. The following table details the allocation of small attendance center aid for FY 2012-13 (data is not yet available for FY 2013-14). On average, eligible schools received an additional \$1,070 per pupil in FY 2012-13.

| <b>Small Attendance Center Aid: FY 2012-13</b> |                                 |                             |   |                               |                                 |
|--|---------------------------------|-----------------------------|---|-------------------------------|---------------------------------|
| <b>School District</b>                         | <b>School</b>                   | <b>12-13<br/>Enrollment</b> | <b>Full<br/>Funding Per<br/>Formula</b> | <b>Amount<br/>Distributed</b> | <b>Distribution<br/>per FTE</b> |
| Dolores  | Rico Elementary                 | 7.2                         | \$15,585                                | \$14,213                      | \$1,974                         |
| Gunnison                                       | Marble Charter School           | 31.2                        | 86,522                                  | 78,903                        | 2,529                           |
| Huerfano                                       | Gardner School                  | 77.6                        | 110,665                                 | 100,921                       | 1,301                           |
| La Plata - Durango                             | Fort Lewis Mesa Elementary      | 129.8                       | 117,868                                 | 107,489                       | 828                             |
| Larimer - Poudre                               | Red Feather Elementary          | 23.2                        | 69,676                                  | 63,541                        | 2,739                           |
| Logan - Valley                                 | Caliche Elementary              | 140.4                       | 95,746                                  | 87,315                        | 622                             |
| Logan - Valley                                 | Caliche Jr./Sr. High            | 138.0                       | 98,781                                  | 90,083                        | 653                             |
| Mesa - Mesa Valley                             | Gateway School                  | 34.7                        | 92,241                                  | 84,118                        | 2,424                           |
| Moffatt  | Maybell Elementary              | 8.2                         | 26,452                                  | 24,123                        | 2,942                           |
| Montrose - West<br>End                         | Paradox Valley Charter School   | 36.3                        | 66,439                                  | 60,589                        | 1,471                           |
| Park   | Guffey Community Charter School | 24.2                        | 64,105                                  | 58,460                        | 2,416                           |
| Park   | Lake George Charter School      | 100.6                       | 116,525                                 | 106,264                       | 1,056                           |
| Pueblo 70                                      | Beulah School                   | 145.4                       | 91,410                                  | 83,361                        | 573                             |
| <b>Totals</b>                                  |                                 | <b>896.8</b>                | <b>\$1,052,015</b>                      | <b>\$959,379</b>              | <b>\$1,070</b>                  |

**Request:** The Department requests a continuation appropriation of \$959,379 in state funds, with no change from the FY 2013-14 appropriation.

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

**Comprehensive Health Education**

The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended guideline for implementing these local programs; develop a plan for training teachers to provide comprehensive health education and student wellness; and provide technical assistance upon the request of a school district or board of cooperative services (and within available resources).

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds. Fiscal year 2013-14 is the first year of a three-year grant cycle for both the comprehensive health education programs and the local student wellness programs.

**Request:** The Department requests a continuation appropriation of \$1,007,771 in state funds and 1.0 FTE, including an increase of \$2,375 cash funds from the State Education Fund to annualize FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends a continuation appropriation of \$1,005,396 total funds (including \$300,000 General Fund and \$705,396 cash funds from the State Education Fund) with no change from the FY 2013-14 appropriation. The recommendation is \$2,375 cash funds below the request because the recommendation does not annualize FY 2013-14 salary survey and merit pay. The Department requested the annualization of salary survey and merit pay outside of request R2 (Categorical Programs Increase). Because funding the categorical programs above the amount required by Amendment 23 will require additional inflationary increases indefinitely, staff does not recommend appropriating the additional funding in FY 2014-15. Staff's recommendation would require the Department to absorb the annualization within existing funds. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Categorical Programs, Comprehensive Health Education</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | <u>\$1,005,396</u>     | <u>\$300,000</u>        | <u>\$705,396</u>      | <u>1.0</u> |
| <b>TOTAL</b>  | <b>\$1,005,396</b>     | <b>\$300,000</b>        | <b>\$705,396</b>      | <b>1.0</b> |

| <b>Assistance to Public Schools, Categorical Programs, Comprehensive Health Education</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$1,005,396            | \$300,000               | \$705,396             | 1.0        |
| Annualize prior year salary survey and merit pay  | 2,375                  | 0                       | 2,375                 | 0.0        |
| Eliminate prior year salary survey and merit pay annualization                            | <u>(2,375)</u>         | <u>0</u>                | <u>(2,375)</u>        | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,005,396</b>     | <b>\$300,000</b>        | <b>\$705,396</b>      | <b>1.0</b> |
| <b>Increase/(Decrease)</b>  | \$0                    | \$0                     | \$0                   | 0.0        |
| Percentage Change   | 0.0%                   | 0.0%                    | 0.0%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$1,007,771</b>     | <b>\$300,000</b>        | <b>\$707,771</b>      | <b>1.0</b> |
| Request Above/(Below) Recommendation  | \$2,375                | \$0                     | \$2,375               | 0.0        |

## **(C) GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE**

### **(I) Health and Nutrition**

*Background Information - Federal School Lunch Program:* The National School Lunch Program provides low cost or free meals (breakfast, lunch, and after school snacks) to children. Public or non-profit private schools and residential child care institutions that participate in the program receive federal cash subsidies and donated commodities from the U.S. Department of Agriculture for each meal served. In return, they must serve meals that meet federal nutrition requirements, and they must offer free or reduced price meals to eligible children based on the following eligibility criteria:

- *Free* meals: Families with incomes below 130% of the federal poverty level (e.g., \$30,615 for a family of four in FY 2013-14) are eligible.
- *Reduced price* meals: Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$30,616 and \$43,568 for a family of four in FY 2013-14) are eligible.

Federal per meal reimbursements differ depending on whether the meal was served to a child who is eligible for free, reduced, or "full" price meals. For example, for school breakfasts, most schools currently receive \$1.58 for each free meal served, \$1.28 for each reduced price meal served, and \$0.28 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the Department of Education administers the National School Lunch and Breakfast Programs and operates the programs through agreements with local school food authorities (usually school districts). Families are asked to complete a meal application to determine eligibility for free or reduced price meals. This information is confidential and is not shared with any other state or local agencies unless allowed by federal regulation. In FY 2012-13, per the October 1 pupil count, a total of 297,167 children were eligible for free meals, and another 61,732 children were eligible for reduced price meals. The percentage of students who are eligible for *free* meals is used as a factor to determine the level of per pupil funding for each school district, so districts have a financial incentive to encourage families to complete these forms even if they do not plan to participate in the school’s lunch or breakfast program.

The following table provides Colorado eligibility and participation data related to the National School Lunch and Breakfast Programs.

| <b>Data Concerning National School Lunch Program in Colorado</b>   |                 |                   |                   |                 |                 |
|--|-----------------|-------------------|-------------------|-----------------|-----------------|
|  | <b>FY 09-10</b> | <b>FY 2010-11</b> | <b>FY 2011-12</b> | <b>FY 12-13</b> | <b>FY 13-14</b> |
|  | <b>Actual</b>   | <b>Actual</b>     | <b>Actual</b>     | <b>Actual</b>   | <b>Estimate</b> |
| Children <i>eligible</i> for <u>free</u> meals   | 258,899         | 279,275           | 288,568           | 297,167         | 304,962         |
| <i>Annual % Change</i>   | <i>12.0%</i>    | <i>7.9%</i>       | <i>3.3%</i>       | <i>3.0%</i>     | <i>2.6%</i>     |
| Children <i>eligible</i> for <u>reduced</u> price meals  | 60,529          | 57,168            | 60,362            | 61,732          | 62,822          |
| <i>Annual % Change</i>   | <i>4.1%</i>     | <i>-5.6%</i>      | <i>5.6%</i>       | <i>2.3%</i>     | <i>1.8%</i>     |
| Children eligible for free or reduced price meals  | 319,428         | 336,443           | 348,930           | 358,899         | 367,784         |
| Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>lunch</u> program | 64.9%           | 63.6%             | 62.3%             | 59.6%           | 59.6%           |
| Percent of children eligible for reduced price meals who participate in breakfast program                  | 24.7%           | 26.6%             | 28.9%             | 30.3%           | 30.3%           |

**Federal Nutrition Programs**

This line item reflects (for informational purposes) all federal funding that is available for nutrition programs. The federal funds and a small amount of General Fund included in this line item support 9.0 FTE who administer the various state and federal nutrition programs. It is staff’s understanding that the state funding in this line item is required to comply with a federal maintenance of effort requirement associated with these federal funds.

**Request:** The Department requests continuation level funding of \$156,554,776 total funds (including \$84,747 General Fund and \$156,470,029 federal funds) and 9.0 FTE. The request is for a continuation appropriation including annualization of FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends approving the request. The following table shows the components of staff’s recommendation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Federal Nutrition Programs</b> |                      |                     |                      |            |
|--|----------------------|---------------------|----------------------|------------|
|  | <b>Total Funds</b>   | <b>General Fund</b> | <b>Federal Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                      |                     |                      |            |
| SB 13-230 (Long Bill)  | <u>\$156,531,965</u> | <u>\$82,327</u>     | <u>\$156,449,638</u> | <u>9.0</u> |
| <b>TOTAL</b>   | <b>\$156,531,965</b> | <b>\$82,327</b>     | <b>\$156,449,638</b> | <b>9.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                      |                     |                      |            |
| FY 2013-14 Appropriation   | \$156,531,965        | \$82,327            | \$156,449,638        | 9.0        |
| Annualize prior year salary survey and merit pay   | <u>22,811</u>        | <u>2,420</u>        | <u>20,391</u>        | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$156,554,776</b> | <b>\$84,747</b>     | <b>\$156,470,029</b> | <b>9.0</b> |
| <b>Increase/(Decrease)</b>   | \$22,811             | \$2,420             | \$20,391             | 0.0        |
| Percentage Change  | 0.0%                 | 2.9%                | 0.0%                 | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$156,554,776</b> | <b>\$84,747</b>     | <b>\$156,470,029</b> | <b>9.0</b> |
| Request Above/(Below) Recommendation   | \$0                  | \$0                 | \$0                  | 0.0        |

**State Match for Federal School Lunch Program**

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. It is possible the state would risk losing about \$21 million of the federal funds if this appropriation were eliminated.

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

**Request:** The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2014-15, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the Department’s request. Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the MOE requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It is possible that the State would risk the loss of about \$21 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- interest and investment income earned on the Public School (Permanent) Fund that is credited to the State Public School Fund.

**Child Nutrition School Lunch Protection Program**

Pursuant to S.B. 08-123 [Section 22-82.9-101 et seq., C.R.S.], the Child Nutrition School Lunch Protection Program provides state funding to reimburse school districts for each lunch served to a child in kindergarten through second grade who is eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through this program based on the number of lunches served to eligible children.

The following table provides data related to districts’ school lunch programs and the Child Nutrition School Lunch Protection Program.

| <b>Data Concerning Districts' School Lunch Programs and the Child Nutrition School Lunch Protection Program</b> |                            |                            |                            |                              |
|---|----------------------------|----------------------------|----------------------------|------------------------------|
|   | <b>FY 10-11<br/>Actual</b> | <b>FY 11-12<br/>Actual</b> | <b>FY 12-13<br/>Actual</b> | <b>FY 13-14<br/>Estimate</b> |
| Total number of reduced priced lunches served (all grade levels)  | 6,223,050                  | 6,319,954                  | 6,130,901                  | 6,363,320                    |
| Number of above meals for which state reimbursement is available (PreK through 2nd grade only)                  | 1,695,562                  | 1,718,516                  | 1,785,307                  | 1,877,128                    |
| Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy           | 11,465                     | 10,031                     | 10,850                     | 11,042                       |
| Child Nutrition School Lunch Protection Program Expenditures  | \$688,274                  | \$683,230                  | \$710,020                  | \$750,851                    |
| <i>Annual percent change</i>  | <i>-7.0%</i>               | <i>-0.7%</i>               | <i>3.9%</i>                | <i>5.8%</i>                  |

The act requires that "the General Assembly shall annually appropriate by separate line item in the annual general appropriation bill an amount of not less than \$850,000 and not more than \$1.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through second grade participating in the school lunch program who would otherwise be required to pay a reduced price for lunch." The act authorizes the Department to spend up to 2.0 percent of appropriated moneys for administrative costs (e.g., \$17,000 for an \$850,000 appropriation).

**Request:** The Department requests continuation funding of \$850,000 cash funds from the State Education Fund for FY 2014-15, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Consistent with current law, staff recommends approving the request.

**Start Smart Nutrition Program Fund and Start Smart Nutrition Program**

Pursuant to S.B. 07-059 [Section 22-82.7-101 et seq., C.R.S.], the Start Smart Nutrition Program provides state funding to reimburse school districts for each breakfast served to a child eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through the Start Smart Program based on the number of breakfasts served to children eligible for reduce price meals. The cost of the Program is driven by three factors:

- the number of districts and schools that provide a school breakfast program;
- the number of children who are eligible for reduced price meals; and
- the number of eligible children who participate in school breakfast programs.

The following table provides data related to districts’ school breakfast programs and the Start Smart Nutrition Program.

| <b>Data Concerning Districts' School Breakfast Programs and the Start Smart Nutrition Program</b> |                            |                            |                            |                              |                              |
|---|----------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
|   | <b>FY 10-11<br/>Actual</b> | <b>FY 11-12<br/>Actual</b> | <b>FY 12-13<br/>Actual</b> | <b>FY 13-14<br/>Estimate</b> | <b>FY 14-15<br/>Estimate</b> |
| Number of <i>school districts</i> that offer a school breakfast program                           | 170                        | 169                        | 166                        | 172                          | 172                          |
| Number of <i>schools</i> that offer a school breakfast program                                    | 1,385                      | 1,305                      | 1,325                      | 1,342                        | 1,361                        |
| Number of reduced price breakfasts served (and reimbursed by State)                               | 2,264,611                  | 2,542,715                  | 2,727,002                  | 2,924,645                    | 3,629,813                    |
| Estimated number of students who benefit from Start Smart subsidy                                 | 15,207                     | 17,445                     | 18,705                     | 19,035                       | 19,371                       |
| Start Smart expenditures*   | \$679,996                  | \$765,105                  | \$818,589                  | \$877,394                    | \$1,088,967                  |
| <i>Annual percent change</i>  | -2.3%                      | 12.5%                      | 7.0%                       | 7.2%                         | 24.1%                        |

\*Anticipated FY 2014-15 expenditures include \$147,983 General Fund to annualize H.B. 13-1006 (Breakfast After the Bell).

**Request:** With request R9 (discussed below), the Department requests an appropriation of 950,000 General Fund to the Start Smart Nutrition Program Fund in FY 2014-15 (an increase of \$150,000 above the FY 2013-14 adjusted appropriation). The request also includes a total appropriation of \$1,138,983 (including \$147,983 General Fund, \$950,000 reappropriated funds and \$41,000 cash funds) to support the Start Smart Nutrition Program in FY 2014-15. The request includes the following changes from the FY 2013-14 appropriation (as adjusted by the FY 2013-14 supplemental bill):

- an increase of \$150,000 General Fund associated with R9 which is then reappropriated out of the program’s cash fund as reappropriated funds (Start Smart Nutrition Program, discussed below);

- an increase of \$147,983 General Fund to annualize H.B. 13-1006 (Breakfast After the Bell) and reflect anticipated increases in participation as a result of that bill;
- a decrease of \$73,000 cash funds from the Start Smart Nutrition Program Fund to reflect a declining fund balance.

**Recommendation:** Staff recommends the following appropriations for the line items supporting the Start Smart Nutrition Program:

- \$1,097,983 General Fund for the Start Smart Nutrition Program Fund line item, an increase of \$147,983 above the request for this line item. The Department requested that amount of General Fund (which annualizes H.B. 13-1006) as a direct appropriation to the second Start Smart line item. Based on discussions with the Department, this appears to have been an oversight, and staff recommends consistent treatment of all General Fund appropriations supporting Start Smart (appropriating General Fund into the cash fund through the first line item and out of the cash fund as reappropriated funds through the second line item). The following table shows the components of the staff recommendation for the Start Smart Nutrition Program Fund line item.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Start Smart Nutrition Program Fund</b> |                    |                     |            |
|--|--------------------|---------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |            |
| SB 13-230 (Long Bill)  | \$700,000          | \$700,000           | 0.0        |
| HB 14-1234 (Supplemental)  | <u>100,000</u>     | <u>100,000</u>      | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$800,000</b>   | <b>\$800,000</b>    | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |            |
| FY 2013-14 Appropriation   | \$800,000          | \$800,000           | 0.0        |
| R9 Start smart nutrition program   | 150,000            | 150,000             | 0.0        |
| Annualize HB 13-1006   | <u>147,983</u>     | <u>147,983</u>      | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,097,983</b> | <b>\$1,097,983</b>  | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | \$297,983          | \$297,983           | 0.0        |
| Percentage Change  | 37.2%              | 37.2%               | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$950,000</b>   | <b>\$950,000</b>    | <b>0.0</b> |
| Request Above/(Below) Recommendation   | (\$147,983)        | (\$147,983)         | 0.0        |

- \$1,136,983 total funds for the Start Smart Nutrition Program line item, including a reduction of \$2,000 cash funds below the request. Staff’s recommendation incorporates updated data regarding the anticipated balance of the Start Smart cash fund. The following table shows the components of the staff recommendation for the Start Smart Nutrition Program line item.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Start Smart Nutrition Program</b> |                    |                     |                   |                             |            |
|---|--------------------|---------------------|-------------------|-----------------------------|------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b> | <b>Reappropriated Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                    |                     |                   |                             |            |
| SB 13-230 (Long Bill)   | \$843,495          | \$0                 | \$143,495         | \$700,000                   | 0.0        |
| HB 14-1234 (Supplemental)   | <u>70,505</u>      | <u>0</u>            | <u>(29,495)</u>   | <u>100,000</u>              | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$914,000</b>   | <b>\$0</b>          | <b>\$114,000</b>  | <b>\$800,000</b>            | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                     |                   |                             |            |
| FY 2013-14 Appropriation  | \$914,000          | \$0                 | \$114,000         | \$800,000                   | 0.0        |
| Annualize HB 13-1006  | 147,983            | 0                   | 0                 | 147,983                     | 0.0        |
| R9 Start smart nutrition program  | <u>75,000</u>      | <u>0</u>            | <u>(75,000)</u>   | <u>150,000</u>              | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,136,983</b> | <b>\$0</b>          | <b>\$39,000</b>   | <b>\$1,097,983</b>          | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$222,983          | \$0                 | (\$75,000)        | \$297,983                   | 0.0        |
| Percentage Change   | 24.4%              | 0.0%                | (65.8%)           | 37.2%                       | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$1,138,983</b> | <b>\$147,983</b>    | <b>\$41,000</b>   | <b>\$950,000</b>            | <b>0.0</b> |
| Request Above/(Below)   |                    |                     |                   |                             |            |
| Recommendation  | \$2,000            | \$147,983           | \$2,000           | (\$147,983)                 | 0.0        |

As detailed in the following table, the Department expects moneys in the Start Smart Nutrition Program Fund to be sufficient to cover the requested appropriation.

| <b>Start Smart Nutrition Program Fund</b>                     |                            |                            |                              |                              |
|---|----------------------------|----------------------------|------------------------------|------------------------------|
|   | <b>FY 11-12<br/>Actual</b> | <b>FY 12-13<br/>Actual</b> | <b>FY 13-14<br/>Estimate</b> | <b>FY 14-15<br/>Estimate</b> |
| Beginning Fund Balance  | \$284,907                  | \$226,764                  | \$114,434                    | \$39,040                     |
| General Fund Appropriation to the Cash Fund                   | 700,000                    | 700,000                    | 800,000                      | 1,097,983                    |
| Interest Earnings   | 6,962                      | 6,259                      | 2,000                        | 2,000                        |
| Program Expenditures  | <u>(765,105)</u>           | <u>(818,589)</u>           | <u>(877,394)</u>             | <u>(1,088,967)</u>           |
| Ending Fund Balance   | \$226,764                  | \$114,434                  | \$39,040                     | \$50,056                     |
| Spending Authority (Annual Appropriation from the Cash Fund)* | \$843,495                  | \$843,495                  | \$914,000                    | \$1,136,983                  |
| Appropriation Exceeds/(Falls Short of) Expenditures           | \$78,390                   | \$24,906                   | \$36,606                     | \$48,016                     |

\*FY 2013-14 spending authority includes adjustments in the FY 2013-14 supplemental bill (H.B. 14-1234).

**➔ R9 Start Smart Nutrition Program**

- The Department requests an increase of \$227,000 total funds (including \$150,000 General Fund) to support anticipated growth in the Start Smart program in FY 2014-15.

- Staff recommends approving the request.

*Request:* The request includes an increase of \$227,000 total funds (including \$150,000 General Fund) to support anticipated growth in the Start Smart program in FY 2014-15. The request would increase the appropriation of General Fund into the Start Smart Nutrition Program Fund from \$800,000 (the FY 2013-14 appropriation as adjusted by the FY 2013-14 supplemental bill) to \$950,000 in FY 2014-15 and beyond. The request reappropriates those funds through the Start Smart Nutrition Program line item, increasing the reappropriated funds appropriation by \$150,000. The increase is partially offset by a reduction of \$73,000 cash funds (relative to the adjusted FY 2013-14 appropriation), reflecting an anticipated reduction in the available fund balance in the Start Smart Nutrition Program Fund.

*Recommendation:* Staff recommends approving the request, with one modification. Based on updated data from the Department, staff recommends reducing the cash funds spending authority by \$75,000 rather than \$73,000 to reflect the anticipated fund balance. Without the requested increase in funding, the Department's projections indicate that the Department will be unable to support anticipated participation in Start Smart in FY 2014-15, forcing participating schools to either absorb the additional costs or pass the additional costs through to participating students.

*Staff Analysis:* The Start Smart Program, created in S.B. 07-059 (Section 22-82.7-103, C.R.S.), reimburses schools \$0.30 per meal for breakfasts served to students eligible for reduced price meals. Thus, the program covers the difference between the free and reduced price reimbursement and allows students eligible for reduced price meals to receive breakfast for free. Without the program, schools generally charge students the \$0.30 difference between the reimbursements for free and reduced price meals.

Section 22-82.7-105, C.R.S., creates the Start Smart Nutrition Program Fund (Start Smart Fund) to support the program. Section 22-82.7-104 (1), C.R.S., requires the General Assembly to appropriate between \$700,000 and \$1.5 million into the fund each fiscal year, which is then reappropriated out of the fund to support the actual program. The General Assembly has appropriated \$700,000 General Fund into the Start Smart Fund each year since the fund's inception in FY 2007-08. Thus, the FY 2013-14 Long Bill appropriated \$700,000 General Fund into the Start Smart Fund and reappropriated those funds out of the fund to support the program (shown as reappropriated funds in the Long Bill). Based on a projected need for additional funds in FY 2013-14, the General Assembly approved a supplemental appropriation of \$100,000 General Fund (and an increase of the same amount in reappropriated funds) to increase funding for reimbursements in FY 2013-14.

Prior to FY 2011-12, the program spent less than \$700,000 per year and therefore accumulated a balance in the Start Smart Fund. However, participation in the program (as measured by the number of meals reimbursed) has increased each year. As shown in the following table, expenditures since FY 2011-12 have exceeded the annual General Fund appropriation, depleting the balance of the of the cash fund.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Start Smart Nutrition Program Fund History</b>                               |                            |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | <b>FY 09-10<br/>Actual</b> | <b>FY 10-11<br/>Actual</b> | <b>FY 11-12<br/>Actual</b> | <b>FY 12-13<br/>Actual</b> |
| <i>Meals Reimbursed</i>   | 2,233,459                  | 2,264,611                  | 2,542,715                  | 2,727,002                  |
| Beginning Fund Balance  | \$236,826                  | \$253,547                  | \$284,907                  | \$226,764                  |
| General Fund Appropriation to the Cash Fund                                     | 700,000                    | 700,000                    | 700,000                    | 700,000                    |
| Interest Earnings   | 12,739                     | 11,356                     | 6,962                      | 6,259                      |
| Program Expenditures  | <u>(696,018)</u>           | <u>(679,996)</u>           | <u>(765,105)</u>           | <u>(818,589)</u>           |
| Ending Fund Balance   | \$253,547                  | \$284,907                  | \$226,764                  | \$114,434                  |
| Spending Authority Provided From Fund (Annual Appropriation from the Cash Fund) | \$670,000                  | \$794,229                  | \$843,495                  | \$843,495                  |
| Appropriation Exceeds/(Falls Short of) Expenditures                             | (\$26,018)                 | \$114,233                  | \$78,390                   | \$24,906                   |

*FY 2014-15 budget request*

With R9, the Department requests an increase to allow the program to continue to provide reimbursements for all eligible breakfasts. The following table shows the Department’s anticipated expenditures for Start Smart, including the impacts of Breakfast After the Bell. As shown in the table, without the funds requested through R9, the Department expects to exhaust the funds available in the Start Smart Nutrition Program Fund, preventing additional reimbursements under the program. Doing so would require schools to either absorb the additional costs or charge eligible students the remaining \$0.30 per breakfast. Based on the estimated shortfall of \$99,944, the Department would be unable to reimburse schools for approximately 333,000 eligible breakfasts in FY 2014-15 (roughly 9.2 percent of the estimated reduced price breakfasts served).

| <b>Impact of R9 - Start Smart Nutrition Program</b>           |                            |   |   |  |
|---|----------------------------|---|---|--|
|   | <b>FY 12-13<br/>Actual</b> | <b>FY 13-14<br/>Appropriation/<br/>Estimate</b> | <b>FY 14-15<br/>Estimate<br/>without R9</b> | <b>FY 14-15<br/>Estimate<br/>with R9</b> |
| Beginning Fund Balance  | \$226,764                  | \$114,434                                       | \$39,040                                    | \$39,040                                 |
| General Fund Appropriation to the Cash Fund                   | 700,000                    | 800,000   | 947,983                                     | 1,097,983                                |
| Interest Earnings   | 6,259                      | 2,000   | 2,000                                       | 2,000                                    |
| Program Expenditures  | <u>(818,589)</u>           | <u>(877,394)</u>                                | <u>(1,088,967)</u>                          | <u>(1,088,967)</u>                       |
| Ending Fund Balance   | \$114,434                  | \$39,040  | (\$99,944)                                  | \$50,056                                 |
| Spending Authority (Annual Appropriation from the Cash Fund)* | \$843,495                  | \$914,000                                       | \$991,000                                   | \$1,136,983                              |
| Appropriation Exceeds/(Falls Short of) Expenditures           | \$24,906                   | \$36,606  | (\$97,967)                                  | \$48,016                                 |

\*FY 2013-14 spending authority includes adjustments in the FY 2013-14 supplemental bill (H.B. 14-1234).

Given the legislative direction to appropriate between \$700,000 and \$1.5 million per year for Start Smart, staff assumes the legislative intent is to fully reimburse schools for breakfasts served up that amount. Staff recommends approving the request.

**BREAKFAST AFTER THE BELL (NEW LINE ITEM REQUESTED)**

The Department requests the creation of a new line item to support the Breakfast After the Bell program created in H.B. 13-1006. For FY 2014-15, the bill requires schools where at least 80 percent of students qualify for free or reduced-price lunch to offer a free breakfast to every student enrolled in the school. In FY 2015-16, the program expands to include all schools with at least 70 percent of students qualifying for free or reduced-price lunch. The bill exempts schools in small rural districts with fewer than 1,000 total students. Schools may choose the method and time to offer breakfast, so long as it occurs after the first bell of the school day. Schools where at least 90 percent of students ride to bus to school may choose to offer breakfast on the bus rather than at school.

The proposed line item includes \$24,128 General Fund and 0.3 FTE to administer the Breakfast After the Bell program and \$14.3 million federal funds to reflect anticipated federal reimbursements for breakfasts served under the program. State costs for meal reimbursements (for reduced price breakfasts) are included in the Start Smart Nutrition Program line items. As discussed above, the Department's request includes \$147,983 General Fund to support anticipated Start Smart reimbursements associated with the implementation of Breakfast After the Bell.

**Request:** The request includes \$14,341,931 total funds (including \$24,128 General Fund and \$14,317,803 federal funds) and 0.3 FTE for the newly requested line item. The requested funding aligns with the Legislative Council Staff Final Fiscal Note for H.B. 13-1006.

**Recommendation:** Staff recommends approving the request. The request annualizes H.B. 13-1006 in accordance with the Final Fiscal Note for H.B. 13-1006.

**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 services<sup>12</sup> 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

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<sup>12</sup> 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).

materials, 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). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. Since FY 2006-07, the appropriation to the Department of Education has only reflected the federal Medicaid funds that are used by the Department of Education to administer the program.

**Request:** The Department requests a continuation appropriation of \$137,806 reappropriated funds and 1.4 FTE pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

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

The following table shows the components of staff’s recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, S.B. 97-101<br/>Public School Health Services</b> |                        |                         |                                 |            |
|---|------------------------|-------------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                                 |            |
| SB 13-230 (Long Bill)   | <u>\$134,593</u>       | <u>\$0</u>              | <u>\$134,593</u>                | <u>1.4</u> |
| <b>TOTAL</b>  | <b>\$134,593</b>       | <b>\$0</b>              | <b>\$134,593</b>                | <b>1.4</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                                 |            |
| FY 2013-14 Appropriation  | \$134,593              | \$0                     | \$134,593                       | 1.4        |
| Annualize prior year salary survey and merit pay  | <u>3,213</u>           | <u>0</u>                | <u>3,213</u>                    | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$137,806</b>       | <b>\$0</b>              | <b>\$137,806</b>                | <b>1.4</b> |
| <b>Increase/(Decrease)</b>  | \$3,213                | \$0                     | \$3,213                         | 0.0        |
| Percentage Change   | 2.4%                   | 0.0%                    | 2.4%                            | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$137,806</b>       | <b>\$0</b>              | <b>\$137,806</b>                | <b>1.4</b> |

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, S.B. 97-101<br/>Public School Health Services</b> |                        |                         |                                 |            |
|---|------------------------|-------------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                             | 0.0        |

**(II) Capital Construction**

*Background Information - Building Excellent Schools Today (BEST) Program.* House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the BEST program. The BEST program was designed to increase the amount of state financial assistance provided and allow projects to be completed more quickly. Rather than relying on annual General Fund appropriations, this new program is supported by royalty and rental income earned on state trust lands, interest earned on the Public School Fund, and lottery proceeds. Under current law, the following moneys are annually credited to the Public School Capital Construction Assistance (PSCCA) Fund:

- 50 percent of the gross amount of revenues from income and mineral royalties derived from state public school lands, or more if required to make lease payments under the terms of lease-purchase agreements (\$61.7 million in FY 2012-13);
- all interest proceeds payable to the State under the terms of such lease-purchase agreements (\$3.5 million of interest earned on proceeds held by a trustee was credited to the PSCCA Fund in FY 2012-13);
- all local matching moneys for COP projects (\$10.3 million in FY 2012-13);
- lottery proceeds that would otherwise be transferred to the General Fund (\$8.6 million in FY 2012-13); and
- interest and investment income earned on the PSCCA Fund (\$1.7 million in FY 2012-13).

In addition, beginning in FY 2013-14, Amendment 64 and Proposition AA transfer the first \$40.0 million in excise taxes collected from recreational marijuana sales to the PSCCA Fund. Based on current law, staff and the Department assume those funds will be available for BEST (and would currently be continuously appropriate for cash grants). However, the actual revenue impact and the potential uses of such funds remain uncertain.

Moneys in the PSCCA Fund are currently continuously appropriated to the Department for the purpose of making cash grants and paying transaction costs incurred in connection with the provision of financial assistance. Please note that the Committee is currently sponsoring legislation (S.B. 14-112) that would make the cash grants subject to annual appropriation. If that bill passes prior to the introduction of the Long Bill, staff intends to return to the Committee with a recommendation for a cash grants appropriation in FY 2014-15.

Moneys in the PSCCA Fund are currently subject to appropriation for: (a) direct and indirect administrative costs incurred by the PSCCA Division and Board (including the financial assistance priority assessment); and (b) lease payments required for lease-purchase agreements.

The act created a PSCCA Board and Division within the Department of Education to administer the grant program. The PSCCA Board is required to:

- (a) establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs;
- (b) conduct or contract for a financial assistance priority assessment of public school facilities throughout the state;
- (c) prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and
- (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board.

Subject to State Board authorization, the PSCCA Board may provide financial assistance to applicants as matching grants or by instructing the State Treasurer to enter into lease-purchase agreements on behalf of the State to finance public school facility capital construction. The act limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above specified limits to be made only from applicant matching moneys. Financial assistance is awarded based on specified statutory criteria, as well as the results of the statewide assessment of public school facilities. This assessment covers building conditions and space requirements in all 178 school districts, charter schools, State Charter School Institute schools, boards of cooperative services, and the Colorado School for the Deaf and Blind.

**Division of Public School Capital Construction Assistance**

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

**Request:** The Department requests a continuation appropriation of \$896,141 cash funds from the Public School Capital Construction Assistance Fund and 9.0 FTE pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance,<br/>Division of Public School Capital Construction Assistance</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | \$874,831              | \$0                     | \$874,831             | 9.0        |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance,<br/>Division of Public School Capital Construction Assistance</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>TOTAL</b>  | <b>\$874,831</b>       | <b>\$0</b>              | <b>\$874,831</b>      | <b>9.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$874,831              | \$0                     | \$874,831             | 9.0        |
| Annualize prior year salary survey and merit pay  | <u>21,310</u>          | <u>0</u>                | <u>21,310</u>         | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$896,141</b>       | <b>\$0</b>              | <b>\$896,141</b>      | <b>9.0</b> |
| <b>Increase/(Decrease)</b>  | \$21,310               | \$0                     | \$21,310              | 0.0        |
| Percentage Change   | 2.4%                   | 0.0%                    | 2.4%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$896,141</b>       | <b>\$0</b>              | <b>\$896,141</b>      | <b>9.0</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | \$0                   | 0.0        |

**Public School Capital Construction Assistance Board – Lease Payments**

This line item provides spending authority to make payments as required by lease-purchase agreements. The State portion of funding required to make lease payments may not exceed 50 percent of the \$80 million maximum total annual lease payments. Thus, the state share of payments may not exceed \$40 million per year. Further, pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements is subject to annual appropriation by the General Assembly.

**Request:** With request R10 (discussed below), the Department requests a total appropriation of \$65.0 million cash funds from the Public School Capital Construction Assistance Fund to support BEST COP payments. The request represents an increase of \$8.0 million above the FY 2013-14 appropriation to reflect additional COP payments required in FY 2014-15.

**Recommendation:** Staff recommends approving the request. As discussed below, the BEST program has already issued COPs requiring a total of \$64.0 million in payments in FY 2014-15 (including an assumed \$8.8 million in federal subsidies). The COP issuance documentation requires the State to appropriate sufficient funds to pay the *gross base rent* due each year, not reduced by the federal subsidy. Thus, it appears that the General Assembly has little option other than to appropriate the requested amount.

The following table reflects the components of staff’s recommendation for this line item in FY 2014-15.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Public School Capital Construction Assistance Board - Lease Payments</b> |                     |                     |                     |            |
|--|---------------------|---------------------|---------------------|------------|
|  | <b>Total Funds</b>  | <b>General Fund</b> | <b>Cash Funds</b>   | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                     |                     |                     |            |
| SB 13-230 (Long Bill)  | <u>\$57,000,000</u> | <u>\$0</u>          | <u>\$57,000,000</u> | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$57,000,000</b> | <b>\$0</b>          | <b>\$57,000,000</b> | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                     |                     |                     |            |
| FY 2013-14 Appropriation   | \$57,000,000        | \$0                 | \$57,000,000        | 0.0        |
| R10 BEST gross debt appropriation  | <u>8,000,000</u>    | <u>0</u>            | <u>8,000,000</u>    | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$65,000,000</b> | <b>\$0</b>          | <b>\$65,000,000</b> | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | \$8,000,000         | \$0                 | \$8,000,000         | 0.0        |
| Percentage Change  | 14.0%               | 0.0%                | 14.0%               | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$65,000,000</b> | <b>\$0</b>          | <b>\$65,000,000</b> | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation  | \$0                 | \$0                 | \$0                 | 0.0        |

**➔ R10 BEST Gross Debt Appropriation**

- The Department requests an increase of \$8.0 million cash funds from the Public School Capital Construction Assistance Fund to support increased certificate of participation payments for the BEST program in FY 2014-15.
- Staff recommends approving the request.

*Request:* With R10, the Department requests an increase of \$8.0 million cash funds spending authority from the Public School Capital Construction Assistance Fund in FY 2014-15 (from the \$57.0 million appropriated in FY 2013-14 to \$65.0 million in FY 2014-15) to cover additional COP payments.

*Recommendation:* Staff recommends approving the requested increase. The Department has already issued the COPs and the General Assembly does not appear to have any viable options outside of funding the requested increase.

*Analysis:* The Department’s FY 2014-15 budget request includes an additional \$8.0 million cash funds to support the legislatively appropriated BEST COP payments. As discussed above, the Long Bill appropriation includes state funds, local funds, and (starting in FY 2013-14) estimated federal subsidies to the program, although all are shown as cash funds in the Long Bill. Based on the COP projects approved this year (with payments beginning in FY 2014-15), the Department now expects the state share of COP payments to be \$38.6 million in FY 2014-15 (see table below). According to the Department, the state share is slightly lower than anticipated

in the decision item submitted with the budget request because of changes in the financing assumptions and in the estimated federal subsidy.

| <b>FY 2013-14 and FY 2014-15 Gross Base Rent Payments for BEST COPs</b> |   |  |                                   |  |
|---|---|--|-----------------------------------|--|
|   | <b>FY 2013-14<br/>Estimates and<br/>Appropriation</b> | <b>FY 2014-15<br/>Decision Item<br/>R 10</b> | <b>Change from FY<br/>2013-14</b> | <b>FY 2014-15<br/>Updated Estimate</b> |
| State Share COP Payment   | \$34,305,990  | \$39,099,667                                 | \$4,793,677                       | \$38,636,821                           |
| LEA Matching Money Lease Payment  | 13,160,351  | 16,516,791                                   | 3,356,440                         | 16,165,597                             |
| Federal Subsidy   | <u>9,477,645</u>                                      | <u>8,616,613</u>                             | <u>(861,032)</u>                  | <u>8,758,178</u>                       |
| Gross Base Rent Payments for BEST COPs                                  | \$56,943,986  | \$64,233,071                                 | \$7,289,085                       | \$63,560,596                           |
| Total Lease Payments Appropriation/Request                              | \$57,000,000  | \$65,000,000                                 | \$8,000,000                       | \$64,000,000                           |

Please note that the program has already committed the state to the additional COP payments in FY 2014-15 and beyond. Thus, the program’s design leaves the General Assembly little choice but to fund the request.

**Financial Assistance Priority Assessment**

This line item provides the funding necessary to conduct the financial assistance priority assessment of public school facilities throughout the state as required by Section 22-43.7-108, C.R.S. Pursuant to Section 22-43.7-104 (3), C.R.S., subject to annual appropriation, the Department may expend moneys in the PSCCA Fund to pay the costs of contracting for the financial assistance priority assessment. The Department contracted with Parsons (an assessment, design, and construction consultant) for the assessment.

**Request:** The Department requests a continuation appropriation of \$50,000 cash funds from the Public School Capital Construction Assistance Fund, equal to the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. According to the Department, ongoing expenses for the priority assessment are largely associated with software and system maintenance, and the amount is reduced from prior years. Staff notes that a recent audit by the State Auditor’s Office recommends significant revisions to the program’s priority assessment, and the Committee may anticipate a request from the Department to update the assessment and/or change the program’s staffing at a later date.

**State Aid for Charter School Facilities**

In 2001 (S.B. 01-129) the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction, providing that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures. The amount that each charter school received per pupil was originally calculated as 130 percent of the minimum per pupil capital reserve amount that each district is required to budget; for FY 2001-02, qualified charter schools received \$322 per pupil. Thus, the amount of funding was originally required to increase each year based on the number of qualified charter schools, the number of pupils attending such schools, and inflationary increases in the minimum per pupil capital reserve amount.

Subsequently, the General Assembly modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute [see Section 22-54-124 (3) (a) (III) (A), C.R.S.]. Second, with the exception of a charter school that operates within a state facility, any charter school with "capital construction costs" is eligible to receive funding. Moneys appropriated each year are allocated among charter schools on a per pupil basis, except that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools received. The General Assembly increased the annual appropriation from \$6.0 million in FY 2012-13 to \$7.0 million in FY 2013-14 through the enactment of S.B. 13-260 (School Finance).

**Request:** The Department requests a continuation appropriation of \$7.0 million cash funds from the State Education Fund, equal to the FY 2013-14 appropriation as modified by S.B. 13-260.

**Recommendation:** Staff recommends approving the request based on current law. The following table provides a history of funding for charter school capital construction funding, along with the current law requirement for FY 2014-15.

| <b>State Funding for Charter School Capital Construction Costs</b> |                                |  |
|--|--------------------------------|--|
| <b>Fiscal Year</b>   | <b>Total<br/>Appropriation</b> | <b>Funding per Pupil for Schools Eligible<br/>for Funding a/</b> |
| 2004-05  | \$5,000,000                    | \$171.06   |
| 2005-06  | 5,000,000                      | 145.09   |
| 2006-07  | 7,800,000                      | 201.17   |
| 2007-08  | 5,000,000                      | 115.77   |
| 2008-09 b/   | 5,135,000                      | 107.47   |
| 2009-10  | 5,000,000                      | 97.64  |
| 2010-11  | 5,000,000                      | 90.06  |
| 2011-12  | 5,000,000                      | 78.98  |
| 2012-13  | 6,000,000                      | 87.67  |
| 2013-14  | 7,000,000                      | 94.40  |
| 2014-15 estimate   | 7,000,000                      | 87.62  |

a/ These figures represent the amount that most eligible schools receive; eligible schools *operating in a district facility* receive one-half this amount per student.

b/ Of the amount appropriated, \$135,000 was allocated to a charter school for the deaf.

Based on self-reported enrollment projections for FY 2014-15, Department staff estimates that this appropriation would provide about \$88 per FTE (with charter schools in district facilities receiving about \$44 per FTE). Absent further statutory changes to increase funding in future years, funding per pupil will decline if the number of students attending eligible charter schools continues to increase.

### **(III) Reading and Literacy**

#### *Background – Early Literacy and H.B. 12-1238*

House Bill 12-1238 (READ Act) eliminated the Read-to-Achieve Program and replaced it with the Early Literacy Program. Section 22-7-1210, C.R.S., provides two fund sources for the Early Literacy Program:

- Tobacco litigation settlement moneys previously supporting the Read-to-Achieve Program (five percent of the annual settlement moneys received by the State, up to a maximum of \$8.0 million dollars). Based on the Legislative Council Staff January 2014 Tobacco Master Settlement Agreement (MSA) forecast, staff anticipates a total of \$4,561,010 in tobacco moneys to be available to support early literacy programs in FY 2014-15.
- \$16.0 million per year transferred from the State Education Fund to the Early Literacy Fund, beginning in FY 2013-14.

Based on the Legislative Council Staff January 2014 Tobacco Master Settlement Agreement (MSA) forecast, staff anticipates a total of \$4,561,010 in tobacco moneys to be available to support early literacy programs in FY 2014-15. Including the \$16.0 million transfer from the State Education Fund, staff thus anticipates a total of \$20,561,010 to be available for early literacy activities in FY 2014-15 (as shown in the following table).

| <b>Early Literacy Program Fund Sources in FY 2014-15</b> |                   |
|--|-------------------|
| Description  | Revenue Estimate  |
| <i>Projected Funds Available</i>                         |                   |
| Tobacco Settlement Moneys                                | \$4,561,010       |
| State Education Fund Moneys                              | <u>16,000,000</u> |
| Projected Early Literacy Fund Revenues                   | \$20,561,010      |

Within those resources, Sections 22-7-1210 (4) and (5), C.R.S., direct the Department to:

- provide \$4.0 million per year in competitive grants;
- spend \$1.0 million per year on regional professional development provided by Department staff;
- utilize up to 1.0 percent of the total annual appropriation from the Early Literacy Fund to administer the program; and
- distribute any remaining funds as “per pupil intervention funding,” distributed to local education providers based on the number of students in each district identified as having significant reading deficiencies in the preceding school year.

**Early Literacy Competitive Grant Program**

Created in FY 2013-14, this line item supports the following activities authorized or required by H.B. 12-1238:

- \$4.0 million per year for the competitive grant program, as directed by the bill;
- \$1.0 million for regional professional development and support provided by Department staff, as directed by the bill; and
- Up to 1.0 percent of the annual appropriation *from the Early Literacy Fund* to support the Department’s administration of early literacy activities.

The funds for the proposed line item are largely from tobacco settlement funds that formerly supported the Read-to-Achieve program which H.B. 12-1238 eliminated and replaced with the Early Literacy Program. However, because the bill directs the Department to spend more than \$5.0 million on activities included in this line item, State Education Fund moneys transferred to the Early Literacy Fund will also support some of the activities in this line item.

**Request:** The Department requests a continuation appropriation of \$5,163,338 cash funds from the Early Literacy Fund and 8.0 FTE pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. Pursuant to the Committee’s common policy to use the January 2014 Legislative Council Staff January 2014 Tobacco Master Settlement Agreement (MSA) forecast for programs supported with MSA funds, staff’s recommendation includes \$4,561,010 in anticipated MSA revenues transferred to the Early Literacy Fund pursuant to Section 22-7-1210 (3), C.R.S. The remaining \$602,328 is from State Education Fund moneys transferred to the Early Literacy Fund pursuant to Section 22-7-1210 (1) (d) (I), C.R.S. In compliance with the direction in Section 22-7-1210 (4) (b), C.R.S., staff’s recommendation includes:

- \$4.0 million for the competitive grant program required by the bill;
- \$1.0 million and 7.0 FTE to support regional professional development activities required by the bill; and
- \$163,338 and 1.0 FTE for program administration (representing 0.8 percent of the total \$20.6 million recommended appropriation from the Early Literacy Fund).

The following table shows the components of staff’s recommendation relative to the FY 2013-14 appropriation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Early Literacy<br/>Competitive Grant Program</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |            |
| SB 13-230 (Long Bill)  | <u>\$5,150,000</u>     | <u>\$0</u>              | <u>\$5,150,000</u>    | <u>8.0</u> |
| <b>TOTAL</b>   | <b>\$5,150,000</b>     | <b>\$0</b>              | <b>\$5,150,000</b>    | <b>8.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |            |
| FY 2013-14 Appropriation   | \$5,150,000            | \$0                     | \$5,150,000           | 8.0        |
| Annualize prior year salary survey and merit pay   | <u>13,338</u>          | <u>0</u>                | <u>13,338</u>         | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$5,163,338</b>     | <b>\$0</b>              | <b>\$5,163,338</b>    | <b>8.0</b> |
| <b>Increase/(Decrease)</b>   | \$13,338               | \$0                     | \$13,338              | 0.0        |
| Percentage Change  | 0.3%                   | 0.0%                    | 0.3%                  | 0.0%       |

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Early Literacy<br/>Competitive Grant Program</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$5,163,338</b>     | <b>\$0</b>              | <b>\$5,163,338</b>    | <b>8.0</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | \$0                   | 0.0        |

**Early Literacy Program Per Pupil Intervention Funding**

Created in FY 2014-15, this line item reflects funding to be distributed to local education providers based on the statutory formula for early literacy per pupil intervention funding. The FY 2013-14 Long Bill supported this line item with interest income earned on the Public School (Permanent) Fund transferred to the Early Literacy Fund. However, S.B. 13-260 eliminated the annual transfer of interest earned on the Permanent Fund and instead transfers \$16.0 million per year from the State Education Fund to the Early Literacy Fund to support the Early Literacy Program.

**Request:** The Department requests a continuation appropriation of \$15,433,938 cash funds from the Early Literacy Fund (originally from the State Education Fund) and 1.0 FTE, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Based on current estimates of the revenues available in the Early Literacy Fund in FY 2014-15, staff recommends an appropriation of \$15,397,672 cash funds, all of which originates in the State Education Fund. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Early<br/>Literacy Program Per Pupil Intervention Funding</b> |                        |                         |                       |            |
|---|------------------------|-------------------------|-----------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |            |
| SB 13-230 (Long Bill)   | \$9,850,000            | \$0                     | \$9,850,000           | 1.0        |
| SB 13-260 (School Finance)  | <u>5,583,938</u>       | <u>0</u>                | <u>5,583,938</u>      | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$15,433,938</b>    | <b>\$0</b>              | <b>\$15,433,938</b>   | <b>1.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |            |
| FY 2013-14 Appropriation  | \$15,433,938           | \$0                     | \$15,433,938          | 1.0        |
| Reflect revenue estimates   | <u>(36,266)</u>        | <u>0</u>                | <u>(36,266)</u>       | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$15,397,672</b>    | <b>\$0</b>              | <b>\$15,397,672</b>   | <b>1.0</b> |
| <b>Increase/(Decrease)</b>  | <b>(\$36,266)</b>      | <b>\$0</b>              | <b>(\$36,266)</b>     | <b>0.0</b> |
| Percentage Change   | (0.2%)                 | 0.0%                    | (0.2%)                | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$15,433,938</b>    | <b>\$0</b>              | <b>\$15,433,938</b>   | <b>1.0</b> |
| Request Above/(Below) Recommendation  | \$36,266               | \$0                     | \$36,266              | 0.0        |

**Read-to-Achieve Grant Program**

Established in 2000, this competitive grant program provided grants to schools to fund intensive reading programs for students in kindergarten through third-grade (including students between the third- and fourth-grades) whose literacy and comprehension skills were below grade level. The enactment of H.B. 12-1238 during the 2012 Session eliminated the Read-to-Achieve Grant Program and replaced it with the Early Literacy Program (discussed above) beginning in FY 2012-13. As a result, the Department is not requesting, and staff is not recommending any funding for this program in FY 2014-15.

**EARLY LITERACY ASSESSMENT TOOL PROGRAM (NEW LINE ITEM REQUESTED)**

With R8 (discussed below), the Department requests the creation of a new line item to provide ongoing support for the Early Literacy Assessment Tool (ELAT) Program originally created in H.B. 12-1345 (2012 School Finance Bill). The READ Act (H.B. 12-1238) requires public school teachers in kindergarten through third grade to administer an interim assessment to all students to determine whether children are on track to reach grade level reading proficiency. Students identified as significantly below grade level must take a diagnostic assessment to determine specific areas of need for reading improvement. Teachers then use the assessment data to develop a collaborative intervention plan (READ Plan) with the child’s parents.

Associated with the early literacy assessment requirements in the READ Act, House Bill 12-1345 required the Department to issue a competitive request for proposals to procure an Early Literacy Assessment Tool (ELAT) for districts’ use and appropriated \$3.0 million cash funds from the State Education Fund to procure the tool. For participating districts, the use of the ELAT defrays assessment costs that would otherwise be required by the READ Act; districts may choose between three state-approved assessments for READ Act implementation – but must pay for tools other than the ELAT.

The Department was unable to finalize the contract in FY 2012-13. In S.B. 13-230 (FY 2013-14 Long Bill), the General Assembly provided “rollover” spending authority to allow the Department to utilize the FY 2012-13 funding in FY 2013-14. The Department has contracted with Amplify to supply the ELAT, and 123 districts and the State Charter School Institute (a total of 417 schools, covering 90,500 students) have begun using the tool in FY 2013-14. The Department is seeking ongoing funding for FY 2014-15 and beyond.

**➔ R8 Early Literacy Assessment Tool**

- The Department requests 2.8 million cash funds from the State Education Fund and 1.0 FTE to provide ongoing funding for the early literacy assessment tool originally approved through H.B. 12-1345.
- Staff recommends approving an appropriation of \$2,679,484 cash funds from the State Education Fund to support contract costs. Staff recommends denying the request for \$124,373 cash funds and 1.0 FTE for additional program administration.

*Request:* The Department requests \$2,819,373 cash funds from the State Education Fund and 1.0 FTE to provide ongoing support for the early literacy assessment tool (ELAT) originally approved through H.B. 12-1345. The ELAT assesses reading proficiency in students from kindergarten through third grade (as required by H.B. 13-1238 (the READ Act)), providing rapid assessment, reporting, and instructional guidance for teachers based individual assessment results. In FY 2013-14, 121 of 178 school districts and the State Charter School Institute are using the ELAT. The request includes two components:

- \$2,695,000 for the ongoing contract to provide the ELAT (including software licenses, implementation assistance, and reporting) to districts. The Department has contracted with Amplify to provide the tool.
- \$124,373 and 1.0 FTE to support the Department’s administration of the contract and provide additional technical assistance to districts and schools using the tool.

*Recommendation:* Staff recommends approving an appropriation of \$2,679,484 to support contract costs for the ELAT in FY 2014-15. The staff recommendation, which is based on revised data from the Department, would allow an additional 33,000 students to participate in the program in FY 2014-15 (an increase of 36.5 percent above FY 2013-14 participation).

Staff recommends denying the request for \$124,373 and 1.0 FTE to administer the program for the Department. House Bill 12-1238 (READ Act) provided 8.0 FTE to the Department for early literacy purposes, and staff believes that the Department can absorb the ongoing administration and maintenance of the ELAT program within the existing resources for early literacy.

*Staff Analysis:*

*Background - READ Act and 2013 Assessment Results*

The READ Act establishes new programs, goals, and requirements for early literacy, with a goal of all students achieving grade level proficiency in reading by the end of third grade. The bill creates requirements for the State Board of Education, the Department, and local education providers and creates new funding streams to support local education providers’ implementation of the bill. Relevant to the ELAT, the bill requires local education providers to: (1) administer one of three state-approved interim early literacy assessments (one of which is the ELAT) to all kindergarten through third grade students; (2) administer diagnostic assessments to all students identified as significantly below grade level through the interim assessments; and (3) conduct interventions to improve reading proficiency for students identified as significantly below grade level. Local education providers also must report to the Department regarding the number of students identified as having a “significant reading deficiency” (scoring below a specific cut score on one of the state-approved assessments).

Spring of 2013 was the first year of data collection under the bill. School districts reported 42,479 students as having a significant reading deficiency in 2013, representing approximately 16 percent of all kindergarten through third grade students statewide.

The READ Act distributes funding to school districts through two mechanisms: (1) the Early Literacy Competitive Grant Program (funded at \$4.0 million per year); and (2) Per Pupil Intervention Funding (\$15.4 million in FY 2013-14). The bill also provides for additional staff related to early literacy at the Department (\$1.2 million and 8.0 FTE in FY 2013-14). The

READ Act programs are supported with a combination of tobacco settlement funds that formerly supported the Read-to-Achieve program and \$16.0 million per year transferred from the SEF to the Early Literacy Fund pursuant to S.B. 13-260.

*Background - ELAT*

Associated with the early literacy assessment requirements in the READ Act, House Bill 12-1345 (2012 School Finance Bill) required the Department to issue a competitive request for proposals to procure an Early Literacy Assessment Tool (ELAT) and appropriated \$3.0 million cash funds from the State Education Fund to procure the tool.

The ELAT provision (Section 22-2-141, C.R.S.) requires the ELAT software to, at a minimum:

- Provide individualized assessments with immediate results;
- Store and analyze assessment results, recommend activities that are aligned with the assessment results, and assist in tracking student performance and identifying strategies to improve student performance;
- Provide student grouping recommendations based on the assessment scores and provide proposed lesson plans on a short-term cycle; and
- Assist in generating and populating individualized plans to improve students' reading skills.

The Department has contracted with Amplify to supply the ELAT, and districts have begun using the tool in FY 2013-14. Teachers administer the ELAT three times per year, with the first administration in the first 30 instructional days of the school year. The assessment takes a few minutes per student and provides rapid feedback on each student's proficiency. Reporting by the tool is accessible to teachers, administrators, and the Department, providing a view of the proficiency status of individual students, classes, and schools. For students found to be significantly below grade level, the ELAT recommends individualized strategies and interventions based on each student's assessment results.

*Program Application Process*

Section 22-2-141 (1) (c), C.R.S., requires the request for proposals for the ELAT program to include the purchase of enough software licenses to serve every K-3 student in the State but allows the Department to draft the contract to phase in the requirements over multiple years based on available appropriations.

As the program is established in H.B. 12-1345, school districts apply to participate in the ELAT program. If funding is insufficient to support all applicant districts, Section 22-2-141 (3) (b), C.R.S., directs the Department to:

- (1) select local education providers from various regions and of various sizes;
- (2) prioritize applicants with high percentages of students in the applicable grades that are below grade level in reading; and

- (3) prioritize applicants with the highest percentages of students that are eligible for Title I federal funding.

Section 22-2-141 (3) (c), C.R.S., states that local education providers that are selected to participate in the program need not reapply in subsequent years, appearing to “grandfather” those participants into the program.

*FY 2013-14 Participation*

In FY 2013-14, 123 school districts and the State Charter School Institute are using the ELAT, including a total of 417 schools (including 58 charter schools). The participating schools are assessing approximately 90,500 students through the ELAT, representing approximately 34 percent of the statewide kindergarten through third grade population. The districts participating in the ELAT in FY 2013-14 represent a spectrum of school districts statewide, ranging in size from Campo (with 47 total pupils in FY 2012-13) to Jefferson County (with 80,815 total pupils in FY 2012-13). The FY 2013-14 participants include 74 districts that had fewer than 1,000 total pupils in FY 2012-13.

The Department has results from the first administration of the ELAT in FY 2013-14 and from the mid-year administration. According to the Department, 97 percent of participating students completed the first assessment. The following table shows the percentage of students taking the ELAT that were at benchmark based on the first assessment of the school year. As shown in the table, 54 percent of participating kindergartners and first graders were at benchmark, compared to 68 percent of second graders and 66 percent of third graders. For comparison purposes, the table also includes the average percentages from four other states using the ELAT in FY 2013-14.

| <b>Beginning of Year Percentage of Students at Benchmark</b> |          |                                |  |
|--|----------|--------------------------------|--|
| Grade  | Colorado | Average for Other ELAT States* |  |
| Kindergarten   | 54%      | 55%                            |  |
| First  | 54%      | 61%                            |  |
| Second   | 68%      | 72%                            |  |
| Third  | 66%      | 68%                            |  |

\*North Carolina, Indiana, Utah, and New Mexico

The mid-year assessment results appear to show improvement. Based on data provided by the Department (and shown in the following table), the percentage of students scoring well below benchmark decreased for each relevant grade (K-3). For example, 27 percent of assessed kindergartners were well below benchmark based on the beginning of year test but that number had fallen to 15 percent for the mid-year assessment. Staff does not have comparable data from other assessments (the Department has “real-time” access to ELAT data but not to other district-selected assessment results) for comparison, and there is not a control group. However, the results appear to show progress thus far.

| <b>FY 2013-14 Mid-Year ELAT Results</b> |  |                 |               |
|---|--|-----------------|---------------|
| <b>Grade</b>                            | <b>Percentage of Students Well Below Benchmark</b> |                 |               |
|   | <b>August</b>                                      | <b>December</b> | <b>Change</b> |
| Kindergarten                            | 27%  | 15%             | -12%          |
| First                                   | 30%  | 22%             | -8%           |
| Second                                  | 21%  | 19%             | -2%           |
| Third                                   | 24%  | 19%             | -5%           |

*FY 2014-15 Request*

The Final Legislative Council Staff Fiscal Note for H.B. 12-1345 treated the ELAT funding as a one-time appropriation rather than ongoing funding. With decision item R8, the Department is requesting \$2,819,373 cash funds from the SEF and 1.0 FTE to support the ELAT program in FY 2014-15. The November 1, 2013, request includes two components:

- \$2,695,000 for ongoing support of the ELAT contract. As written, the request assumes a total of 98,000 students will participate in FY 2014-15 (roughly 7,000 more than the current year) at a cost of \$27.50 per student. (As discussed below, revised information from the Department shows a lower cost per student).
- \$124,373 and 1.0 FTE to support administration of the contract, working with the vendor and participating districts.

Subsequently, the Department provided revised information related to the ELAT contract in FY 2013-14 and FY 2014-15.

- First, the actual cost in FY 2013-14 (year 1 of the contract) is \$22.25 per student (rather than \$27.50).
- Second, the cost in FY 2014-15 (year 2) under the current contract is \$18.50 per returning student and \$19.25 per new student.
- The contract cost is higher in year 1 because it included payment for professional services from Amplify that the Department did not expect to need in year 2. However, the Department is now planning to continue to purchase those services in FY 2014-15, which would increase the cost to \$21.50 per returning student and \$22.25 per new student.

Based on the new information, the Department has provided a revised estimate of \$2,803,857 cash funds from the SEF in total costs, including:

- \$2,679,484 for the contract costs, assuming \$33,000 additional (new) students participate in FY 2014-15.
- \$124,373 and 1.0 FTE to administer the contract (unchanged from the original request).

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

The following tables summarize the Department’s revised estimates for the request. The first table shows the estimated costs of the contract with Amplify, assuming 33,000 additional (new) students in FY 2014-15 as additional school districts participate. The second table shows the components of the request for an additional FTE at the Department.

| <b>Revised FY 2014-15 ELAT Contract Cost Estimates</b> |                                 |                     |                  |
|--|---------------------------------|---------------------|------------------|
|  | Estimated Number of<br>Students | Cost per<br>Student | Total Cost       |
| Returning Students                                     | 90,476                          | \$21.50             | \$1,945,234      |
| New Students (Growth)                                  | <u>33,000</u>                   | \$22.25             | <u>\$734,250</u> |
| Subtotal - Contract Costs                              | 123,476                         |                     | \$2,679,484      |

| <b>Calculations for Requested 1.0 FTE</b> |                  |                  |
|---|------------------|------------------|
| Cost Component                            | FY 2014-15       | FY 2015-16       |
| <b>Personal Services</b>                  |                  |                  |
| Salary - Principal Consultant             | \$86,916         | \$88,654         |
| PERA (10.15 percent)                      | 8,822            | 8,998            |
| Medicare                                  | <u>1,260</u>     | <u>1,285</u>     |
| Subtotal - Personal Services              | \$96,998         | \$98,937         |
| <b>Centrally Appropriated Items</b>       |                  |                  |
| AED                                       | \$3,477          | \$3,901          |
| SAED                                      | 3,259            | 3,768            |
| STD                                       | 165              | 168              |
| Health-Life-Dental                        | <u>4,421</u>     | <u>4,421</u>     |
| Subtotal - Centrally Appropriated Items   | \$11,322         | \$12,258         |
| <b>Operating Expenses</b>                 |                  |                  |
| Regular FTE Operating Expenses            | \$500            | \$500            |
| Telephone Expenses                        | 450              | 450              |
| Personal Computer (one-time)              | 1,230            | 0                |
| Office Furniture (one-time)               | 3,473            | 0                |
| Rent - Leased Space                       | 2,400            | 2,400            |
| Travel                                    | <u>8,000</u>     | <u>8,000</u>     |
| Subtotal - Operating Expenses             | \$16,053         | \$11,350         |
| <b>Total Request</b>                      | <b>\$124,373</b> | <b>\$122,545</b> |

**Staff Analysis**

*Contract Costs*

Based on the new information about contract costs, the Department’s revised estimates would allow for significant growth in participation. The anticipated 33,000 students would equate to 36.5 percent growth over participation in FY 2013-14. According to the Department, a number of additional districts have expressed interest in participating in the program in FY 2014-15. The vendor has indicated that 33,000 students may be a conservative estimate and that districts

representing 47,949 eligible (K-3) students have expressed strong interest in participating in FY 2014-15, an increase of 14,949 students above the Department’s revised estimate (with even larger growth possible). Accommodating the additional 14,949 students would require \$332,615 in additional funding based on the cost per student in FY 2014-15. With respect to anticipated growth, staff raises two points for the Committee’s consideration:

- As discussed above, the statute creating the program expresses an intent to expand the program to include every K-3 student in Colorado, based on school district interest. However, the program is also subject to available appropriations and provides criteria to evaluate applications in the event that appropriations are not sufficient to serve all of the applicants. Thus, the intention to accommodate growth in any given year is unclear.
- In addition, the statutes creating the program create a potential contradiction for the Department. As discussed above, Section 22-2-141 (3) (c), C.R.S., appears to “grandfather” participants in the program by stating that participants do not need to reapply. However, the statute also directs the Department to prioritize applications based on variation in geographic location and size, reading proficiency rates, and federal Title I eligibility. Thus, it is unclear how the General Assembly intends for the Department to proceed if the appropriation will not allow all existing participants to remain in the program and accommodate an applicant that would be a higher priority based on the statutory criteria.

Staff recommends that the Committee appropriate \$2,679,484 for the ELAT contract in FY 2014-15 based on the Department’s revised estimates of cost and participation. The tool provides rapid feedback to educators and could provide a wealth of data for educators, administrators, the Department, and policy makers. While the READ Act requires annual reporting by school districts, the Department will have access to current data throughout the year for districts using the ELAT, which should improve technical assistance, oversight, and policy decisions. For budgeting purposes, the tool will also provide data that will allow the General Assembly to gauge its effectiveness and make an informed decision about whether to continue the program in future years.

#### *Requested FTE*

The Department is requesting funding to support 1.0 new FTE to “manage both the contract with the vendor and the implementation of the tool at the school districts.” The position would conduct all tasks associated with the contract, including facilitating district licenses and ensuring quality control of the services provided by the vendor. According to the Department, the quality control components would include:

- communicating with the vendor regarding requirements for training under the contract and the legislative requirements of the READ Act;
- monitoring the quality of the training provided by the vendor by attending training sessions; and
- working with the vendor to adjust services provided to participating districts based on feedback from the participants.

According to the Department, a regional early literacy specialist approved through the READ Act (one of 8.0 FTE appropriated through that bill, as discussed above) has performed the work to manage the contract thus far. The Department argues that an additional FTE is necessary because of the significant time required of the regional specialist. The Department also argues that the ELAT is separate from (though clearly related to) the READ Act and warrants separate staff.

Staff agrees that the listed activities are important to the implementation of the ELAT and that it does not make sense for a regional specialist to manage the statewide contract. However, staff is not convinced that an additional FTE is necessary to perform the activities for the following reasons.

- First, the READ Act provided 8.0 FTE, including centralized leadership and regional specialists focused on early literacy. Staff agrees that managing the contract does not make sense for a regional (field) specialist. However, given the direct connection between the ELAT and the READ Act, and the large number of districts participating in the program (and the even larger number expected to participate in future years), staff believes that interaction with the vendor and management of the actual contract is an appropriate role for the central leadership of the early literacy program.
- Second, the ELAT program is “up and running.” A total of 123 districts are using the tool in FY 2013-14, and the contract with Amplify is in place and working. While a dedicated FTE may be helpful for contract administration going forward, staff does not agree that a full-time FTE is necessary given that that program is already operational.
- Third, the Department’s proposed model would utilize a single FTE to interact with the participating districts and oversee the vendor’s training and technical assistance to the district. While staff agrees that a primary point of contact for the vendor makes sense, staff believes that it would be more efficient for regional specialists to work with districts using the ELAT in their regions and integrate assistance with the ELAT into their early literacy responsibilities.

Based on these points, staff does not believe that an additional FTE is warranted at this time. Staff recommends rejecting the request for \$124,373 cash funds and 1.0 FTE.

#### **(IV) Professional Development and Instructional Support**

##### **Content Specialists**

This line item provides funding to support five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student achievement: (1) mathematics; (2) science; (3) social studies (history, geography, civics, and economics); (4) arts (visual arts and music); and (5) achievement gaps.

**Request:** The Department requests a continuation appropriation of \$463,652 cash funds from the State Education Fund and 5.0 FTE pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of the recommended change from the FY 2013-14 appropriation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Content Specialists</b> |                    |                     |                   |            |
|---|--------------------|---------------------|-------------------|------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                    |                     |                   |            |
| SB 13-230 (Long Bill)   | <u>\$441,808</u>   | <u>\$0</u>          | <u>\$441,808</u>  | <u>5.0</u> |
| <b>TOTAL</b>  | <b>\$441,808</b>   | <b>\$0</b>          | <b>\$441,808</b>  | <b>5.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                     |                   |            |
| FY 2013-14 Appropriation  | \$441,808          | \$0                 | \$441,808         | 5.0        |
| Annualize prior year salary survey and merit pay  | <u>21,844</u>      | <u>0</u>            | <u>21,844</u>     | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$463,652</b>   | <b>\$0</b>          | <b>\$463,652</b>  | <b>5.0</b> |
| <b>Increase/(Decrease)</b>  | \$21,844           | \$0                 | \$21,844          | 0.0        |
| Percentage Change   | 4.9%               | 0.0%                | 4.9%              | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$463,652</b>   | <b>\$0</b>          | <b>\$463,652</b>  | <b>5.0</b> |
| Request Above/(Below) Recommendation  | \$0                | \$0                 | \$0               | 0.0        |

**Office of Dropout Prevention and Student Reengagement**

House Bill 09-1243 [Section 22-14-101 et. seq., C.R.S.] created the Office of Dropout Prevention and Student Re-engagement to collaborate with local education providers to reduce student dropout rates and to increase graduation rates. The act created the Student Re-engagement Grant Program Fund, consisting of gifts, grants, and donations as well as any moneys appropriated by the General Assembly to the Fund.

In FY 2009-10, this line item received a one-time increase of \$307,944 federal American Recovery and Reinvestment Act (ARRA) funds in FY 2009-10 for the purposes of enhancing the State's competitiveness for federal Race-to-the-Top Grant awards; these moneys were expected to be spent in both FY 2009-10 and FY 2010-11. To date, the General Assembly has not appropriated any moneys to the Student Re-engagement Grant Program Fund.

The Department received a five-year competitive grant award of \$14.1 million through the U.S. Department of Education's High School Graduation Initiative Program to begin in FY 2010-11. The Department is using these funds to partner with 54 high needs high schools to implement dropout prevention and recovery projects. The goal of the project is to: develop sustainable, replicable models for dropout prevention and recovery; improve interim indicators; reduce the dropout rate; increase the student re-engagement rate; and, increase the graduation rate for high school students.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

The Department's budget submission to the U.S. Department of Education includes the following schedule for spending:

|            |                         |
|------------|-------------------------|
| FY 2010-11 | \$3,000,000 and 2.3 FTE |
| FY 2011-12 | \$3,000,000 and 2.3 FTE |
| FY 2012-13 | \$3,000,000 and 2.3 FTE |
| FY 2013-14 | \$2,700,000 and 2.3 FTE |
| FY 2014-15 | \$2,400,000 and 2.3 FTE |

**Request:** The Department requests a continuation appropriation of \$2,708,166 federal funds and 2.3 FTE (to be shown for informational purposes only) according to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends an appropriation of \$2.4 million federal funds and 2.3 FTE (to be shown for informational purposes only). The recommendation reflects the program’s schedule of spending under the federal grant. The following table shows the components of staff’s recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Office of Dropout Prevention and Student Reengagement</b> |                    |                     |                      |            |
|---|--------------------|---------------------|----------------------|------------|
|   | <b>Total Funds</b> | <b>General Fund</b> | <b>Federal Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                    |                     |                      |            |
| SB 13-230 (Long Bill)   | <u>\$2,700,000</u> | <u>\$0</u>          | <u>\$2,700,000</u>   | <u>2.3</u> |
| <b>TOTAL</b>  | <b>\$2,700,000</b> | <b>\$0</b>          | <b>\$2,700,000</b>   | <b>2.3</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                    |                     |                      |            |
| FY 2013-14 Appropriation  | \$2,700,000        | \$0                 | \$2,700,000          | 2.3        |
| Informational funds adjustment  | <u>(300,000)</u>   | <u>0</u>            | <u>(300,000)</u>     | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$2,400,000</b> | <b>\$0</b>          | <b>\$2,400,000</b>   | <b>2.3</b> |
| <b>Increase/(Decrease)</b>  | (\$300,000)        | \$0                 | (\$300,000)          | 0.0        |
| Percentage Change   | (11.1%)            | 0.0%                | (11.1%)              | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$2,708,166</b> | <b>\$0</b>          | <b>\$2,708,166</b>   | <b>2.3</b> |
| Request Above/(Below) Recommendation  | \$308,166          | \$0                 | \$308,166            | 0.0        |

Fiscal year 2014-15 will be the fifth and final year that the Department will receive federal funding from the High School Graduation Initiative grant program. According to the Department, most of the funding in FY 2014-15 (\$2,040,000) will support 31 Colorado high schools in purchasing services and building capacity for student data analysis, review of policies and climate, and development of dropout prevention, student re-engagement, and postsecondary preparation services and interventions. In addition, more than 49 schools will participate in

professional development to support dropout prevention and recovery efforts. The remainder of the funding will support staff and associated operating expenses.

**Stipends for Nationally Board Certified Teachers**

House Bill 12-1261 extended a program (originally created by H.B. 08-1364) to provide stipends to school teachers holding certification from the National Board for Professional Teaching Standards (NBPTS). Subject to available appropriations, the program provides an annual stipend of \$1,600 to each national board certified teacher and an *additional* \$3,200 stipend to such teachers employed in low-performing, high needs schools (defined as schools accredited with a priority improvement plan or a turnaround plan).

House Bill 12-1261 included an appropriation of \$604,800 cash funds from the State Education Fund based on an estimate of the number of eligible teachers in low-performing, high needs schools. Under the bill, if appropriations are insufficient to provide stipends to all qualified teachers, then the Department only provides the increased stipends to teachers in low-performing, high needs schools. In FY 2013-14, the General Assembly appropriated \$1,617,600 cash funds from the State Education Fund to provide stipends to eligible teachers outside of low-performing, high needs schools.

**Request:** The Department requests a continuation appropriation of \$1,617,600 cash funds from the State Education Fund, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Based on updated information provided by the Department, staff recommends an appropriation of \$1,580,800 cash funds from the State Education Fund (\$36,800 below the FY 2013-14 appropriation and the request). Staff’s recommendation assumes that the General Assembly intends to continue to fund stipends for all eligible teachers, including those outside of low-performing, high needs schools. As shown in the following table, the Department now estimates that funding stipends for all eligible teachers (as the General Assembly elected to do in FY 2013-14) will require \$1,580,800 in FY 2014-15. In contrast, providing stipends only to eligible teachers in low-performing, high needs schools (as the General Assembly did in FY 2012-13) would require \$264,000.

| <b>Stipends for Nationally Board Certified Educators Under H.B. 12-1261</b> |   |                                       |   |  |
|---|---|---------------------------------------|---|--|
|   | <b>FY 2012-13 Fiscal<br/>Note Estimate/<br/>Appropriation</b> | <b>FY 2012-13<br/>Estimate/Actual</b> | <b>FY 2013-14<br/>Estimate/<br/>Appropriation</b> | <b>FY 2014-15<br/>Current Estimate</b> |
| National Board Certified Educators in Low-Performing, High Needs Schools    | 126   | 45/37                                 | 58  | 55                                     |
| Stipend per Educator  | \$4,800   | \$4,800                               | \$4,800   | \$4,800                                |
| <b>Total Payment for Educators in Low-Performing, High Needs Schools</b>    | <b>\$604,800</b>  | <b>\$216,000/\$160,848</b>            | <b>\$278,400</b>                                  | <b>\$264,000</b>                       |
| National Board Certified Educators in Other Schools                         | 659   | 0                                     | 837   | 823                                    |
| Stipend Per Educator  | \$1,600   | \$1,600                               | \$1,600   | \$1,600                                |

| <b>Stipends for Nationally Board Certified Educators Under H.B. 12-1261</b>   |   |                                       |   |  |
|---|---|---------------------------------------|---|--|
|   | <b>FY 2012-13 Fiscal<br/>Note Estimate/<br/>Appropriation</b> | <b>FY 2012-13<br/>Estimate/Actual</b> | <b>FY 2013-14<br/>Estimate/<br/>Appropriation</b> | <b>FY 2014-15<br/>Current Estimate</b> |
| <b>Total Estimated Payment for Educators<br/>in Other Schools</b>             | <b>\$1,054,400</b>  | <b>\$0</b>                            | <b>\$1,339,200</b>                                | <b>\$1,316,800</b>                     |
| Total National Board Certified Educators                                      | 785   | 765                                   | 919   | 878                                    |
| <b>Total Estimated Payment for All<br/>National Board Certified Educators</b> | <b>\$1,659,200</b>  | <b>\$216,000/\$160,848</b>            | <b>\$1,617,600</b>                                | <b>\$1,580,800</b>                     |

**QUALITY TEACHER RECRUITMENT PROGRAM (NEW LINE ITEM REQUESTED)**

The Department requests the creation of a new Long Bill line item to support appropriations for the Quality Teacher Recruitment Program. Section 22-94-102, C.R.S. (enacted in S.B. 13-260), directs the Department to contract with organizations working with school districts and boards of cooperative educational services (BOCES) to recruit, select, train, and retain highly qualified teachers in areas that have historically had difficulty attracting and retaining such teachers. Senate Bill 13-260 appropriates \$3.0 million cash funds from the State Education Fund to support the program in FY 2013-14. Section 22-94-103, C.R.S., requires the vendors conducting the program to submit annual reports to the Department and requires the Department to contract with a third party to conduct annual evaluations of the program. The Department has contracted with OMNI Research to evaluate the program, and the first report is due in September 2014.

In December 2013, the Department selected the Public Education Business Coalition (PEBC) and Teach for America (TFA) as grant recipients. Under the grant, each organization will receive \$1,470,000 for the two year grant period and will be expected to place teachers by the start of the 2014-15 school year. PEBC is expected to place 65 teachers in the following 13 school districts: Adams 12, Aurora, Jefferson County, Alamosa, Center, North Conejos, Monte Vista, Crowley, East Otero, Huerfano, Durango, Montezuma-Cortez, and Ignacio. TFA is expected to place 95 teachers in the following three districts: Denver, Harrison School District 2, and Pueblo City Schools.

*Request:* The Department requests a continuation appropriation of \$3.0 million cash funds from the State Education Fund, unchanged from the FY 2013-14 appropriation provided in S.B. 13-260.

*Recommendation:* Staff recommends approving the request. It is too early to assess the success of the program, and staff recommends providing funding for FY 2014-15. The General Assembly will have better information to evaluate the program for the FY 2015-16 budget process.

**EDUCATOR RECOGNITION AND PERCEPTION (NEW LINE ITEM REQUESTED)**

With R6 (Educator Recognition and Perception, discussed in detail below), the Department's November 1, 2013, budget request proposed the creation of a new line item entitled Educator Recognition and Perception to support: (1) three educator recognition programs (Teacher of the Year, John Irwin Award School and Governor's Distinguished Improvement Awards, and

Centers of Excellence Awards); and (2) the Teaching, Empowering, Leading, and Learning (TELL) Survey which surveys school-based educators statewide to assess teaching conditions. The Department has withdrawn the award components of the request because of concerns about conflict with Section 24-75-1305, C.R.S., which prohibits state agencies from requesting funds as part of the budget process to support programs that were previously funded with private grants. As a result, the current request only includes funding for the TELL Survey.

**→ R6 Educator Recognition and Perception**

- The Department requests \$100,000 General Fund in FY 2014-15 to support administration of the Teaching, Empowering, Leading, and Learning (TELL) Survey. Because the survey takes place every other year, the survey would not require funding again until FY 2016-17.
- Staff recommends denying the request. The General Assembly supported the survey with \$85,000 cash funds from the State Education Fund in FY 2008-09. However, the Department has administered the survey twice since that time (in FY 2010-11 and FY 2012-13) within its existing resources. Staff recommends that the Department continue to utilize existing funds if the survey is a high enough priority to warrant the continued use of those funds.

*Request:* The Department's November 1, 2013, budget request included an increase of \$124,800 General Fund in FY 2014-15: \$24,800 to provide state funding for educator and school award programs and \$100,000 to support the TELL Survey. With the withdrawal of the request for the award programs, the Department is now requesting \$100,000 General Fund to support the administration of the TELL Survey in FY 2014-15. Because the TELL Survey is conducted every two years, the revised request would annualize to \$0 in FY 2015-16 but then cost \$100,000 again in FY 2016-17.

*Recommendation:* Staff recommends denying the request. Staff recognizes that the TELL Survey results can inform both management decisions and policy discussions. In addition, according to the Department, some school districts are using TELL Survey results in the evaluation of school administrators under S.B. 10-191 (Educator Effectiveness). However, staff notes that the Department has administered the survey twice using existing resources (federal from Title II and State educator effectiveness funds) and that the Department is not currently anticipating a decrease in Title II funds in FY 2014-15. Thus, if the survey is a high enough priority to warrant funding in FY 2014-15, staff recommends that the Department again utilize existing funds to support its administration.

*Analysis:* House Bill 08-1384 (Retention of Qualified Educators) authorized the Department to conduct a biennial survey of teaching and learning conditions. The goal of the bill and program is to survey every school-based licensed educator regarding their perceptions of teaching and learning conditions to provide insights for policy decisions at the school, local district, and state levels. The Department has worked with a variety of partners to administer the survey. According to the tellcolorado.org website, the Department has partnered with the New Teacher

Center, the Colorado Association of School Boards (CASB), the Colorado Association of School Executives (CASE), the Colorado League of Charter Schools, the American Federation of Teachers (Colorado), and the Colorado Education Association.

The Department has now administered the survey three times:

- FY 2008-09: H.B.08-1384 appropriated \$85,000 cash funds from the State Education Fund to administer the survey in FY 2008-09. The Department combined those funds with \$15,000 in Title II federal funds. Because the survey is administered every other year, the funding was eliminated for FY 2009-10.
- FY 2010-11: The Department did not request State funding for the survey in FY 2010-11 (according to the Department, this was a simple oversight and technical error) and instead supported the survey with \$100,000 in Title II federal funds.
- FY 2012-13: The Department supported the survey with a combination of \$50,000 in Title II federal funds and \$50,000 in State-level educator evaluation funds. The Department did not request State funds for the survey in FY 2012-13.

In 2013, the New Teacher Center administered the anonymous on-line survey to all school-based licensed educators in Colorado. More than 33,000 educators completed the survey, with a response rate of 54.5 percent. Questions include topics such as perception of working conditions, the quality and availability of induction programs and professional development activities, future employment plans, and others, and the survey allows for comparisons across employee categories (e.g., teachers vs. administrators, elementary vs. high school, beginning teachers vs. more experienced teachers). The data allow for compilation and analysis of trends both among groups and over time.

According to the Department, TELL Survey results have helped inform a variety of state and local policy decisions in addition to local/school management decisions. Specifically, the Department has pointed to the Quality Teachers Commission's recommendations regarding teacher attrition and supports for educators as an example of application at the state level. The Department also reports that some schools and districts are using TELL results to inform unified improvement planning work and the evaluation of administrators under S.B. 10-191. In addition, the Department makes results and related materials available to the public through the [tellcolorado.org](http://tellcolorado.org) website.

Staff agrees that the Survey could provide useful insights for schools, districts, and potentially the State. The Survey also appears to be popular with a variety of relevant education stakeholders (including the partnering organizations). However, staff does question the need for additional State funds to support the survey in FY 2014-15. The Department has now administered the survey twice within its existing resources federal funds. If the survey is a sufficiently high priority to warrant continuing, then staff recommends that the Department continue to support it with existing funds and/or work with the various partners to secure additional external funding to support the continued administration of the survey.

While staff is not recommending separate funding for the TELL survey in FY 2014-15, the Committee may wish to provide funding for all or part of the survey. Staff offers three options:

1. *Staff Recommendation:* Do not provide additional funding and allow the Department to decide whether to continue to fund the survey within existing resources (as they did in FY 2010-11 and FY 2012-13) or seek funding from an external partner involved in the survey.
2. *Department Request:* Appropriate \$100,000 General Fund to support the survey in FY 2014-15.
3. *Partial Funding:* Provide \$50,000 General Fund to support the survey in FY 2014-15 and require the Department (or an external partner) to provide the remaining funds within existing resources or from an external partner. In this case, the \$50,000 General Fund would replace the Educator Effectiveness funds that the Department utilized in FY 2012-13.

**If the Committee does elect to provide funding for the survey and wishes to create a new line item, staff recommends creating the “TELL Survey” or “Educator Perception” line item rather than the “Educator Recognition and Perception” title proposed by the Department.** Because the line item would not include funds for educator awards, the Department’s proposed line item name would not represent the intent of the line item.

**ENGLISH LANGUAGE LEARNERS TECHNICAL ASSISTANCE (New line item recommended)**

As discussed above with the analysis of request R7 (State Support for English Language Learners), staff recommends that the Committee create a new line item to support additional technical assistance staff related to English language learners (ELLs). Although the Department officially requested the funding and staff within the English Language Proficiency Program (categorical), the Department and OSPB both support staff’s recommendation to create the new line item.

*Request:* The Department is not requesting the creation of the line item but, as discussed above with request R7, the Department is requesting \$429,345 General Fund and 4.1 FTE to support additional technical assistance and oversight related to ELLs.

*Recommendation:* As discussed above, staff recommends an appropriation of \$311,682 General Fund and 4.1 FTE in FY 2014-15 (annualizing to \$370,525 and 4.5 FTE in FY 2015-16 and beyond). The following table (also included in the decision item discussion above) summarizes the staff recommendation in comparison to the request.

| <b>R7 State Support for English Language Learners</b> |                      |            |                   |            |                   |            |
|---|----------------------|------------|-------------------|------------|-------------------|------------|
| <b>Cost Component</b>                                 | <b>FY 2014-15</b>    |            |                   |            | <b>FY 2015-16</b> |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> | <b>FY 2015-16</b> | <b>FTE</b> |
| Personal Services                                     |                      |            |                   |            |                   |            |

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Committee Decision*

| <b>R7 State Support for English Language Learners</b> |                      |            |                   |            |                   |            |
|---|----------------------|------------|-------------------|------------|-------------------|------------|
| <b>Cost Component</b>                                 | <b>FY 2014-15</b>    |            |                   |            | <b>FY 2015-16</b> |            |
|   | <b>Dept. Request</b> |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|   | <b>GF</b>            | <b>FTE</b> | <b>GF</b>         | <b>FTE</b> | <b>FY 2015-16</b> | <b>FTE</b> |
| Salaries  | \$266,043            | 4.1        | \$226,166         | 4.1        | \$246,738         | 4.5        |
| PERA (10.15 percent)                                  | 27,003               |            | 22,956            |            | 25,044            |            |
| Medicare  | <u>3,858</u>         |            | <u>3,279</u>      |            | <u>3,577</u>      |            |
| Subtotal - Personal Services                          | \$296,904            | 4.1        | \$252,400         | 4.1        | \$275,359         | 4.5        |
| <b>Centrally Appropriated Items</b>                   |                      |            |                   |            |                   |            |
| Health-Life-Dental                                    | \$22,105             |            | \$0               |            | \$22,105          |            |
| AED   | 10,642               |            | 0                 |            | 10,856            |            |
| SAED  | 9,977                |            | 0                 |            | 10,486            |            |
| STD   | <u>505</u>           |            | <u>0</u>          |            | <u>469</u>        |            |
| Subtotal - Centrally Appropriated Items               | \$43,229             |            | \$0               |            | \$43,916          |            |
| <b>Operating Expenses</b>                             |                      |            |                   |            |                   |            |
| Regular FTE Operating Expenses \$500 per FTE          | \$2,050              |            | \$2,050           |            | \$2,250           |            |
| Telephone Expenses \$450 per FTE                      | 1,845                |            | 1,845             |            | 2,025             |            |
| Personal Computer (one-time - \$1,230 per FTE)        | 5,043                |            | 5,043             |            | 0                 |            |
| Office Furniture (one-time - \$3,473 per FTE)         | 14,239               |            | 14,239            |            | 0                 |            |
| Rent - Leased Space (\$2,500 per FTE)                 | 29,930               |            | 0                 |            | 11,250            |            |
| Travel, Printing, Consulting, etc.                    | <u>36,105</u>        |            | <u>36,105</u>     |            | <u>35,725</u>     |            |
| Subtotal - Operating Expenses                         | \$89,212             |            | \$59,282          |            | \$51,250          |            |
| <b>Total Request</b>                                  | <b>\$429,345</b>     | <b>4.1</b> | <b>\$311,682</b>  | <b>4.1</b> | <b>\$370,525</b>  | <b>4.5</b> |

**(V) Facility Schools**

While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.<sup>13</sup> In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

<sup>13</sup> Pursuant to Section 22-54-129 (1) (f), C.R.S., “state programs” include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.<sup>14</sup>
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide *average* per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide *statewide base per pupil funding* times 1.73 in an effort to increase funding for facility schools.

The General Assembly also created a Facility Schools Board to adopt curriculum standards, accountability measures, and graduation requirements for facility schools. This act also created the Facility Schools Unit within the Department of Education to perform the following tasks:

- develop and maintain a list of approved facility schools;
- make recommendations concerning curriculum standards and graduation standards;
- maintain information and records for students who receive educational services from approved facility schools; and
- communicate and collaborate with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

#### **Facility Schools Unit and Facility Schools Board**

This line item supports the Facility Schools Unit and Board. The Department is authorized to withhold up to 2.0 percent of the amount payable to each approved facility school to cover the costs of the unit and the Board. The reappropriated funds supporting this line item are transferred from the Facility School Funding line item (discussed below).

**Request:** The Department requests a continuation appropriation of \$263,517 reappropriated funds and 3.0 FTE, pursuant to OSPB's common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. As long as the amount payable to facility schools does not fall below \$13,175,850 in FY 2014-15, the above amount will fall below the 2.0 percent statutory cap on this unit's expenditures. The following table shows the components of the staff recommendation.

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<sup>14</sup> Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

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| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Facility Schools Unit and Facility Schools Board</b> |                    |                     |                             |            |
|--|--------------------|---------------------|-----------------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Reappropriated Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                             |            |
| SB 13-230 (Long Bill)  | <u>\$258,575</u>   | <u>\$0</u>          | <u>\$258,575</u>            | <u>3.0</u> |
| <b>TOTAL</b>   | <b>\$258,575</b>   | <b>\$0</b>          | <b>\$258,575</b>            | <b>3.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                             |            |
| FY 2013-14 Appropriation   | \$258,575          | \$0                 | \$258,575                   | 3.0        |
| Annualize prior year salary survey and merit pay   | <u>4,942</u>       | <u>0</u>            | <u>4,942</u>                | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$263,517</b>   | <b>\$0</b>          | <b>\$263,517</b>            | <b>3.0</b> |
| <b>Increase/(Decrease)</b>   | \$4,942            | \$0                 | \$4,942                     | 0.0        |
| Percentage Change  | 1.9%               | 0.0%                | 1.9%                        | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$263,517</b>   | <b>\$0</b>          | <b>\$263,517</b>            | <b>3.0</b> |
| Request Above/(Below) Recommendation   | \$0                | \$0                 | \$0                         | 0.0        |

**Facility School Funding**

This line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Prior to FY 2013-14, this provision authorized the payment of the state average per pupil revenue times 1.33. Senate Bill 13-260 changed the formula for facility school funding to provide the statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.

**Request:** The Department’s request includes a continuation appropriation of \$16,990,054 cash funds from the State Education Fund for FY 2014-15, unchanged from the FY 2013-14 appropriation (as adjusted by S.B. 13-260).

**Recommendation:** There are currently 51 facility schools and two state programs that receive funding through this line item. These programs are allowed to receive reimbursement for each child in attendance for up to 235 days each year. Based on estimated funding under the School Finance Act (current law as amended by S.B. 13-260), these programs will receive up to \$10,300.90 per child per year (\$5,954.28 X 1.73) for FY 2013-14 (or \$43.83 per student per school day). While the Mental Health Institutes and most facility schools provide year-round education programs; the Colorado School for the Deaf and the Blind and a few facility schools do not provide year-round educational programs. The following table provides an estimate of the amount of funding required for this line item for FY 2014-15, and the portions that will be transferred to other state agencies.

| Facility School Funding: FY 2014-15   | Updated Estimates   |
|---|---------------------|
| Description   |                     |
| Projected Average Facility Schools FTE  | 1,586.5             |
| Multiplied by: Statewide Base Per Pupil Funding for FY 2014-15 X 1.73                                     | <u>\$10,589.33</u>  |
| Total Estimated Facility School payments  | \$16,799,972        |
| Plus: Additional Funding (approximately 1.5 percent) to account for placement and attendance fluctuations | \$252,000           |
| <b>Recommendation for Facility School Funding line item</b>   | <b>\$17,051,972</b> |
| <u>Estimated portion of the above amount transferred to state agencies:</u>                               |                     |
| <i>Department of Education: Colorado School for the Deaf and the Blind</i>                                | <b>\$1,470,655</b>  |
| <i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>                               | <b>\$132,209</b>    |

Facility schools are paid monthly for the number of students receiving educational services. Thus, unlike school districts, payments to facility schools fluctuate throughout the year based on enrollment and attendance. Staff thus recommends providing an appropriation that is somewhat higher than the total estimated facility school payments, as calculated in the table above. If actual billings fall short of the appropriation, the unspent funds would remain in the State Education Fund.

**Staff recommends appropriating \$17,051,972 for FY 2014-15.** As in prior years, the staff recommendation leaves a cushion of about 1.5 percent to cover potential increases in the number of students placed in facility schools and school attendance fluctuations. Please note that because the facility school funding formula in Section 22-54-129, C.R.S., now uses statewide *base* per pupil funding as the basis of the formula, total funding for facility schools will no longer change based on adjustments to the school finance formula that do not affect base per pupil funding. In prior years, if separate legislation changed statewide *average* per pupil funding, facility school funding changed as well. Those adjustments are no longer necessary.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding from this line item for educational programs.

- \$1,470,655 to the Colorado School for the Deaf and the Blind, School Operations.
- \$132,209 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes.

**(VI) Other Assistance**

**Appropriated Sponsored Programs**

This line item reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to

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cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

**Request:** The Department requests a total appropriation of \$281,430,903 (including \$2,714,450 cash funds, \$4,607,476 reappropriated funds, and \$274,108,977 federal funds) and 68.7 FTE.

**Recommendation:** Staff recommends approving the request. The following table shows the components of the Department request and staff recommendation for the Appropriated Sponsored Programs line item.

| <b>Appropriated Sponsored Programs: FY 2014-15 Estimates</b>                           |   |             |
|--|---|-------------|
| <b>Distribution</b>  | <b>Request and Staff Recommendation</b> |             |
|  | <b>Amount</b>                           | <b>FTE</b>  |
| <i>Cash Funds:</i>   |   |             |
| Fees charged for workshops, conferences, training programs, and seminars               | \$810,000                               | 0.0         |
| CO Legacy Foundation/ Gates Foundation Grant   | 900,000                                 | 0.0         |
| Healthy Schools Private Grant  | 619,000                                 | 1.0         |
| Allowance for Additional Grants  | <u>385,450</u>                          | <u>0.0</u>  |
| Subtotal: Cash Funds   | \$2,714,450                             | 1.0         |
| <i>Reappropriated Funds:</i>   |   |             |
| Federal Child Care Block Grant Funds transferred from the Department of Human Services | <u>\$4,607,476</u>                      | <u>6.0</u>  |
| Subtotal: Reappropriated Funds   | \$4,607,476                             | 6.0         |
| <i>Federal Funds:</i>  |   |             |
| Title I Programs   | \$207,238,457                           | 27.7        |
| Title II Programs  | 29,754,303                              | 10.5        |
| After School Learning Centers  | 12,500,534                              | 5.0         |
| Charter School Grants  | 10,450,000                              | 4.0         |
| Adult Education - WIA  | 7,011,513                               | 8.0         |
| Mathematics and Science Partnerships   | 2,201,364                               | 1.0         |
| Educate Homeless Children  | 875,621                                 | 1.3         |
| Even Start   | 557,603                                 | 0.1         |
| Byrd Scholarship Program   | 653,851                                 | 0.0         |
| Coordinated School Health/ AIDS Prevention   | 65,000                                  | 2.1         |
| Other  | <u>2,800,731</u>                        | <u>2.0</u>  |
| Subtotal: Federal Funds  | \$274,108,977                           | 61.7        |
| <b>Total</b>   | <b>\$281,430,903</b>                    | <b>68.7</b> |

**School Counselor Corps Grant Program**

Established in 2008 [Section 22-91-101, *et seq.*, C.R.S.], this competitive grant program provides grants to school districts, boards of cooperative services, and charter schools to increase the availability of effective school-based counseling within secondary schools. The stated goal of the program is to increase the state graduation rate and to increase the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. Subject to

available appropriations, the State Board awards three-year grants based on statutory criteria<sup>15</sup>. The State Board is required to give priority to schools at which the dropout rate exceeds the statewide average. The Department is authorized to expend up to 2.0 percent of moneys annually appropriated for the Program to offset the costs incurred in implementing the program. This program is subject to available appropriations.

A total of 90 schools received grants through the first grant cycle, which ended in FY 2010-11, and some of those schools received additional performance awards. According to the Department, a total of 78 schools have been selected for grants in the second cycle, which began in FY 2011-12.

**Request:** The Department requests a continuation appropriation of \$5,002,716 cash funds from the State Education Fund and 1.0 FTE pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. Staff notes that the Department has made significant changes to the program for FY 2013-14, including: (1) providing limited funding for the first year of the grant to support planning; (2) requiring reporting at the end of the planning year and using that reporting to determine whether to continue funding; (3) eliminating repeat funding for individual schools; and (4) increasing annual reporting and accountability required of grant recipients. Staff supports the Department’s changes to the program and believes the additional reporting information will allow for a more informed evaluation of the program in future years. The following table shows the components of staff’s recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, School Counselor Corps Grant Program</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |            |
| SB 13-230 (Long Bill)  | <u>\$5,000,000</u>     | <u>\$0</u>              | <u>\$5,000,000</u>    | <u>1.0</u> |
| <b>TOTAL</b>   | <b>\$5,000,000</b>     | <b>\$0</b>              | <b>\$5,000,000</b>    | <b>1.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |            |
| FY 2013-14 Appropriation   | \$5,000,000            | \$0                     | \$5,000,000           | 1.0        |
| Annualize prior year salary survey and merit pay   | <u>2,716</u>           | <u>0</u>                | <u>2,716</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$5,002,716</b>     | <b>\$0</b>              | <b>\$5,002,716</b>    | <b>1.0</b> |

<sup>15</sup> These criteria include: the school’s dropout rate, the percentage of students eligible for free or reduced price lunch, the percentage of students who graduate and enroll in postsecondary education within two years after graduating high school, whether the applicant has adopted or has committed to adopt national standards for school counselor responsibilities, and the likelihood that the recipient will continue to fund the increased level of school counseling services following the expiration of the grant.

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| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, School Counselor Corps Grant Program</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>Increase/(Decrease)</b>   | \$2,716                | \$0                     | \$2,716               | 0.0        |
| Percentage Change  | 0.1%                   | 0.0%                    | 0.1%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$5,002,716</b>     | <b>\$0</b>              | <b>\$5,002,716</b>    | <b>1.0</b> |
| Request Above/(Below)  |                        |                         |                       |            |
| Recommendation   | \$0                    | \$0                     | \$0                   | 0.0        |

**BOCES Funding per Section 22-5-122, C.R.S.**

The General Assembly created this program with an initial appropriation of \$1.3 million in H.B. 12-1345 to assist BOCES in working with partner districts to implement and meet the state's educational priorities. The Department reports using funds to support the implementation of: educator effectiveness; accountability and improvement planning; standards and assessments; and early literacy efforts under H.B. 12-1238.

**Request:** The Department requests a continuation appropriation of \$1,302,785 cash funds from the State Education Fund and 1.0 FTE pursuant to OSPB's common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, BOCES Funding per Section 22-5-122, C.R.S.</b> |                        |                         |                       |            |
|--|------------------------|-------------------------|-----------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |            |
| SB 13-230 (Long Bill)  | <u>\$1,300,000</u>     | <u>\$0</u>              | <u>\$1,300,000</u>    | <u>1.0</u> |
| <b>TOTAL</b>   | <b>\$1,300,000</b>     | <b>\$0</b>              | <b>\$1,300,000</b>    | <b>1.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |                       |            |
| FY 2013-14 Appropriation   | \$1,300,000            | \$0                     | \$1,300,000           | 1.0        |
| Annualize prior year salary survey and merit pay   | <u>2,785</u>           | <u>0</u>                | <u>2,785</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,302,785</b>     | <b>\$0</b>              | <b>\$1,302,785</b>    | <b>1.0</b> |
| <b>Increase/(Decrease)</b>   | \$2,785                | \$0                     | \$2,785               | 0.0        |
| Percentage Change  | 0.2%                   | 0.0%                    | 0.2%                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,302,785</b>     | <b>\$0</b>              | <b>\$1,302,785</b>    | <b>1.0</b> |
| Request Above/(Below)  |                        |                         |                       |            |
| Recommendation   | \$0                    | \$0                     | \$0                   | 0.0        |

**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."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

**Request:** The Department's request reflects continuation funding of \$1,000,000 cash funds from the Contingency Reserve Fund for FY 2014-15. The request eliminates \$3.5 million total funds (including \$1.7 million General Fund and \$1.7 million reappropriated funds) that the Committee provided for one-time uses (flood-related costs and declining local revenues) in FY 2013-14 through H.B. 14-1250.

**Recommendation:** Staff recommends approving the request. The following table shows the components of the requested and recommended change from the FY 2013-14 appropriation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Contingency Reserve Fund</b> |                    |                     |                    |                             |            |
|--|--------------------|---------------------|--------------------|-----------------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Cash Funds</b>  | <b>Reappropriated Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                    |                             |            |
| SB 13-230 (Long Bill)  | \$1,000,000        | \$0                 | \$1,000,000        | \$0                         | 0.0        |
| HB 14-1250 (Flood and Local Revenue)   | <u>3,467,768</u>   | <u>1,733,884</u>    | <u>0</u>           | <u>1,733,884</u>            | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$4,467,768</b> | <b>\$1,733,884</b>  | <b>\$1,000,000</b> | <b>\$1,733,884</b>          | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                    |                             |            |
| FY 2013-14 Appropriation   | \$4,467,768        | \$1,733,884         | \$1,000,000        | \$1,733,884                 | 0.0        |
| Annualize HB 14-1250   | <u>(3,467,768)</u> | <u>(1,733,884)</u>  | <u>0</u>           | <u>(1,733,884)</u>          | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,000,000</b> | <b>\$0</b>          | <b>\$1,000,000</b> | <b>\$0</b>                  | <b>0.0</b> |
| <b>Increase/(Decrease)</b>   | (\$3,467,768)      | (\$1,733,884)       | \$0                | (\$1,733,884)               | 0.0        |
| Percentage Change  | (77.6%)            | (100.0%)            | 0.0%               | (100.0%)                    | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,000,000</b> | <b>\$0</b>          | <b>\$1,000,000</b> | <b>\$0</b>                  | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation  | \$0                | \$0                 | \$0                | \$0                         | 0.0        |

**Supplemental On-line Education Services**

Pursuant to H.B. 06-1008 [Section 22-5-119, C.R.S.], this program provides funding to ensure that supplemental on-line courses are affordable for school districts, BOCES, and charter schools. This line item provides funding to the Mountain BOCES to contract with a supplemental on-line course provider to offer on-line courses at a cost of no more than \$200 per student per semester course. This is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund. Since FY 2007-08, the General Assembly has annually appropriated \$480,000 cash funds for this purpose.

**Request:** The Department requests continuation funding of \$480,000 cash funds from the State Public School Fund for FY 2014-15.

**Recommendation:** Staff recommends approving the request. Federal mineral lease revenues (which are deposited into the State Public School Fund) that are not appropriated for this purpose could instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding. However, staff sees this program as a cost-effective way to ensure that schools – particularly rural school districts – are able to purchase on-line courses to supplement their course offerings and help students comply with higher education admission guidelines.

**Interstate Compact on Educational Opportunity for Military Children**

Through H.B. 08-1317 [see Sections 22-90-101 and 24-60-3401, C.R.S.], the General Assembly approved and ratified and authorized the Governor to enter into the Interstate Compact on

Educational Opportunity for Military Children on behalf of the State. This compact was developed by the Council of State Governments. The Military Interstate Children's Compact Commission (MIC3) is a separate, non-profit entity based in Lexington, Kentucky. Colorado is currently one of 40 states that have adopted the Compact. Member states agree, as part of the Compact, to pay an annual assessment to cover the cost of the operations and activities of the Commission. Cheryl Serrano, Superintendent of El Paso - Fountain Ft. Carson school district currently serves as Colorado's Commission member.

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

- *Enrollment* - educational records, immunizations, and kindergarten and 1<sup>st</sup> grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar courseware has been completed; flexibility in accepting state exit and end-of-course exams, national achievement tests, or alternative testing in lieu of graduation testing requirements; and allowing a student to receive a diploma from a sending school district

**Request:** The Department requests a continuation appropriation of \$23,015 cash funds from the State Education Fund in FY 2014-15, equal to the FY 2013-14 appropriation.

**Recommendation:** Staff recommends appropriating \$23,217 cash funds from the State Education Fund in FY 2014-15. Commission staff indicate that the current assessment is \$1.00 per child of active duty military personnel who are assigned to (but who may not necessarily reside on) a base in each member state. The number of children that is used as the basis for the assessment is determined by the Department of Defense. The Commission notifies member states in September of the assessment that will occur the following July. Commission staff indicate that Colorado's assessment for the current fiscal year is \$23,015, and for FY 2014-15 has been established at \$23,217.

**COLLEGE AND CAREER READINESS (New line item requested)**

With request R5 (discussed below), the Department is requesting the creation of a new line item, entitled College and Career Readiness, to provide additional technical assistance associated with college and career readiness reforms. Specifically, the Department intends to increase assistance related to individual career and academic plans (ICAPs), new statewide graduate guidelines, concurrent enrollment programs, and the implementation of school and district innovation status.

**➔ R5 College and Career Readiness**

- The Department requests an increase of \$234,606 General Fund and 1.8 FTE in FY 2014-15 to increase technical assistance associated with college and career readiness reforms.

- Staff recommends approving \$170,845 General Fund and 1.8 FTE for FY 2014-15.

*Request:* The Department requests an increase of \$234,606 General Fund and 1.8 FTE (annualizing to \$245,290 and 2.0 FTE in FY 2015-16) to provide additional technical support to school districts regarding recent college and career readiness education reforms. The Department is requesting the creation of a new line item called “College and Career Readiness” to support the appropriation. The request responds to school districts’ increased demand for technical assistance related to the following recent reforms: Individual Career and Academic Plans (ICAPs); concurrent enrollment programs; innovation status; and new statewide graduation guidelines.

*Recommendation:* Staff recommends approving an increase of \$170,845 General Fund and 1.8 FTE for FY 2014-15 (annualizing to \$199,519 and 2.0 FTE in FY 2015-16). Staff agrees that additional technical assistance appears to be needed to improve the implementation of college and career readiness reforms statewide.

The staff recommendation is \$63,761 below the Department’s request for FY 2014-15 because: (1) pursuant to Committee common policy staff is recommending the range minimum salaries for the “principal consultant” positions while the Department is requesting mid-range salaries (a reduction of \$38,227 (or \$19,114 per position) in FY 2014-15); (2) pursuant to Committee common policy, the recommendation rejects requested amounts for centrally-appropriated line items in the first year (a reduction of \$21,214); and (3) pursuant to Committee common policy, staff recommends rejecting the request for additional leased space funding in the first year (a reduction of \$4,320).

| <b>R5 College and Career Readiness</b> |                   |            |                   |            |                   |            |
|--|-------------------|------------|-------------------|------------|-------------------|------------|
|  | <b>FY 2014-15</b> |            |                   |            | <b>FY 2015-16</b> |            |
|  | <b>Request</b>    |            | <b>Staff Rec.</b> |            | <b>Impact</b>     |            |
|  | <b>CF</b>         | <b>FTE</b> | <b>CF</b>         | <b>FTE</b> | <b>CF</b>         | <b>FTE</b> |
| <b>Personal Services Costs</b>         |                   |            |                   |            |                   |            |
| Salary/Personal Services               | \$155,822         | 1.8        | \$121,568         | 1.8        | \$132,620         | 2.0        |
| PERA (10.15%)                          | 15,816            |            | 12,339            |            | 13,461            |            |
| Medicare (1.45%)                       | <u>2,259</u>      |            | <u>1,763</u>      |            | 1,923             |            |
| <b>Subtotal, Personal Services</b>     | <b>\$173,897</b>  | <b>1.8</b> | <b>\$135,670</b>  | <b>1.8</b> | <b>\$148,004</b>  | <b>2.0</b> |
| <b>Centrally Appropriated Items</b>    |                   |            |                   |            |                   |            |
| Health, Life, and Dental               | \$8,842           |            | \$0               |            | \$8,842           |            |
| AED                                    | 6,233             |            | 0                 |            | 5,835             |            |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>R5 College and Career Readiness</b>  |                  |            |                  |            |                  |            |
|---|------------------|------------|------------------|------------|------------------|------------|
|   | FY 2014-15       |            |                  |            | FY 2015-16       |            |
|   | Request          |            | Staff Rec.       |            | Impact           |            |
|   | CF               | FTE        | CF               | FTE        | CF               | FTE        |
| SAED                                    | 5,843            |            | 0                |            | 5,636            |            |
| STD                                     | 296              |            | 0                |            | 252              |            |
| <b>Subtotal, Centrally Appropriated</b> | <b>\$21,214</b>  |            | <b>\$0</b>       |            | <b>\$20,565</b>  |            |
| <b>Operating Expenses for Staff</b>     |                  |            |                  |            |                  |            |
| Regular FTE Operating (\$500/FTE )      | \$900            |            | \$900            |            | \$500            |            |
| Rent (Leased Space, \$2,500/FTE)        | 4,320            |            | 0                |            | 5,000            |            |
| Computer (One-time \$1,230/FTE)         | 2,214            |            | 2,214            |            | 0                |            |
| Office Furniture (One-time \$3,473/FTE) | 6,251            |            | 6,251            |            | 0                |            |
| Telephone (\$450/FTE)                   | 810              |            | 810              |            | 450              |            |
| <b>Subtotal, Operating Expenses</b>     | <b>\$14,495</b>  |            | <b>\$10,175</b>  |            | <b>\$5,950</b>   |            |
| <b>Other Expenses</b>                   |                  |            |                  |            |                  |            |
| District Support and Networking Tools   | \$15,000         |            | \$15,000         |            | \$15,000         |            |
| Travel                                  | 10,000           |            | 10,000           |            | 10,000           |            |
| <b>Subtotal, Other Expenses</b>         | <b>\$25,000</b>  |            | <b>\$25,000</b>  |            | <b>\$25,000</b>  |            |
| <b>Total, Request R5</b>                | <b>\$234,606</b> | <b>1.8</b> | <b>\$170,845</b> | <b>1.8</b> | <b>\$199,519</b> | <b>2.0</b> |

*Analysis:* The Department is requesting funding to add 2.0 additional FTE to the Office of Postsecondary Readiness to provide technical assistance focused on college and career readiness reforms, including: (1) ICAPs; (2) concurrent enrollment programs; (3) new statewide graduation guidelines; and (4) innovation status for schools and districts. The request seeks to provide additional assistance to improve local implementation of the reforms and enable school districts and schools to meet the requirements of legislation and policies associated with college and career readiness. A brief discussion of each reform component and the need for related technical assistance is below.

ICAPs

Originally created in S.B. 09-256 (FY 2009-10 School Finance), ICAPs are designed to decrease dropout rates, increase graduation rates, and improve college and career readiness by helping students and their parents develop and maintain individualized postsecondary plans. The original legislation required all students in grades 9 through 12 to have access to an ICAP system within their high school by September 2011. Subsequent legislation modified and expanded ICAP requirements; current law requires an ICAP for every student by the beginning of ninth grade starting in FY 2014-15 and encourages the development of ICAPs in earlier grades.

*Need for Technical Assistance:* While current law requires an ICAP for every student by the beginning of ninth grade, most schools and districts are not meeting that requirement. In response to Department inquiries, 40 percent of districts felt that they had fully implemented ICAP. Based on further analysis, the Department estimates that only about 15 percent have fully implemented ICAPs as of FY 2013-14. The Department reports that 87 of 110 districts that

responded to a recent survey on ICAP implementation indicated a need for additional direct technical assistance from CDE.

### Concurrent Enrollment

Concurrent enrollment programs allow current high school students to enroll in postsecondary courses while still in high school. Participation in concurrent enrollment appears to improve postsecondary outcomes for students. The Department's study of data from the 2011-12 school year found improved graduation rates, increased postsecondary matriculation rates, improved persistence beyond the first year of college, and improved grade point averages relative to non-participating students.

*Need for Technical Assistance:* Use of concurrent enrollment is growing rapidly in Colorado; 24,000 students (19 percent of high school students) took at least one dual enrollment course during the 2011-12 school year, an increase of 3,000 students from the prior school year. The Department reports that inconsistent implementation and a misunderstanding of statute and policies related to concurrent enrollment are causing problems for school districts. For example, students are enrolling in courses for which they are unprepared and taking classes for which the credits will not transfer. As the use of concurrent enrollment grows, the Department is finding more issues with local implementation and districts are having to return funds for misuse. The Department revoked over \$1.0 million from school districts from FY 2007-08 through FY 2011-12 based on audit findings related to 165.0 concurrent enrollment FTE.

### Graduation Guidelines

House Bill 07-1118 (Graduation Guidelines) required the State Board to adopt new statewide high school graduation guidelines that local school boards must meet or exceed by July 1, 2008. However, the enactment of S.B. 08-212 (CAP4K) and subsequent legislation requiring the State to adopt new statewide content standards (and other reforms) delayed the adoption of the new graduation guidelines until 2013. The State Board adopted the guidelines in May 2013, and the guidelines will affect the graduating class of 2021. The guidelines move toward competency-based graduation criteria and require full implementation of ICAPs, "21<sup>st</sup> century skills," minimum competency levels in math English, science and social studies, and minimum college and career ready demonstrations by all school districts. The Department is concerned that districts are not ready for the guidelines and will require additional technical assistance in the near term to become ready.

*Need for Technical Assistance:* The Department is emphasizing the importance of districts moving forward quickly. Districts must adopt guidelines that meet or exceed the state guidelines in FY 2015-16 (for the graduating class of 2021). The graduating class of 2021 will enter seventh grade in 2015 (2015-16 school year) and ninth grade in 2017 (the 2017-18 school year), and districts and schools will have to be prepared for that class.

- As discussed above, many districts are falling short of full ICAP implementation.
- The Department has analyzed data from the 2013 graduating class using the graduation guidelines benchmark ACT scores of 18 in English and 19 math. While the statewide graduation rate was 76.9 percent in 2013, using the ACT benchmark scores would decrease

the rate to 57 percent in 2013. (Please note that the guidelines offer a variety of means to demonstrate competency in math and English, and the decrease likely overstates the impact the guidelines would have had in 2013.)

#### Innovation Status

Senate Bill 08-130 (Innovation Schools) authorizes a process for schools and school districts to apply for “innovation” status, which allows for additional flexibility in the delivery of educational services, personnel administration and decisions, and budgeting. Innovation status increases schools’ flexibility and autonomy and (upon application) can include waivers from certain statutory requirements. Under the bill, schools work with districts to develop innovation plans and then apply to the Department and the State Board for innovation designation.

Department staff review applications for innovation status and present recommendations to the State Board. Section 22-32.5-107 (3) (a), C.R.S., directs the State Board to approve innovation plans unless: (1) the plan is “likely to result in a decrease in academic achievement...” or (2) the plan is not fiscally feasible.

*Need for Technical Assistance:* District interest in innovation status is increasing, resulting in additional workload to review applications and work with districts. According to the Department’s data, as of August 2013, there were 47 innovation schools in Colorado, up from 37 in 2012, and the number of applications is increasing. According to the Department, ongoing confusion regarding innovation status requirements and the application process results in error prone applications and multiple rounds of revisions, taking time from school, district, and Department staff.

- The Department intends to use the requested additional staff to increase work with districts and schools *prior to the submission of applications*. The Department intends to work more with districts and schools prior submission of the applications to improve the efficiency of the process and improve the quality of plans approved by the State Board.
- The Department is particularly concerned about the number of schools applying for innovation status that are in priority improvement or turnaround status under the State’s accountability system under S.B. 09-163. Over the past two years, more than 40 percent of schools applying for innovation status were in priority improvement or turnaround status. The Department acknowledges that the request does not include sufficient resources to support all innovation schools and intends to target outreach and assistance specifically to schools in priority improvement and turnaround status.

#### Need for Additional Staff

The Department is requesting 2.0 additional FTE for the Office of Postsecondary Readiness, which currently includes 2.0 FTE focused on postsecondary readiness reforms. One of the existing FTE is largely focused on the School Counselor Corps grant program but works, as time allows, on ICAP and graduation requirements (particularly as those issues interact with the Counselor Corps). The second FTE is the state administrator of the high school equivalency (formerly GED) program and devotes some time to concurrent enrollment. Thus, the Office

currently has little or no time available to specifically focus on ICAPs, graduation guidelines, or innovation schools.

The Department is proposing to continue to dedicate one of the existing FTE to the Counselor Corps grant program. The other existing FTE will continue a focus on concurrent enrollment. The Department intends to use the 2.0 requested (new) FTE as follows:

- 1.0 FTE for the implementation of graduation guidelines;
- 0.5 FTE for ICAP implementation; and
- 0.5 FTE for outreach and technical assistance related to innovation designations.

Staff agrees that the Department requires additional staff to provide additional technical assistance related to the reforms discussed above. The Department's evidence is convincing that districts need additional assistance, and staff agrees that the more resources are necessary.

#### Components of the Request

The request includes the following components (please note that the Department requested all of the following amounts as part of a proposed "program line item" including personal services and operating expenses):

- \$173,897 and 1.8 FTE for personal services (salaries, PERA, and Medicare), using a mid-range salary for the requested "principal consultant" positions. Department staff have indicated that the request is indexed to a beginning principal salary. **Staff recommends approving \$135,670 and 1.8 FTE.** Pursuant to the Committee's common policy, staff recommends funding the positions at the range minimum based on the Department's salary schedule.
- \$21,214 for centrally-appropriated items (HLD, AED, SAED, STD). **Pursuant to Committee policy, staff recommends rejecting this portion of the request for the first year of implementation.** In addition, those amounts should be included in the centrally-appropriated line items rather than in the program line item requested by the Department.
- \$14,495 for standard operating expenses associated with the new FTE and leased space. **Staff recommends approving \$10,175.** Pursuant to Committee common policy, staff recommends rejecting the request for additional leased space funding in the first year.
- \$25,000 for district support and travel expenses. The request includes: (1) \$15,000 continue to build on an existing system for on-line training and collaboration among districts and between the Department and districts; and (2) \$10,000 for travel to support Department staff and to reimburse local staff that are traveling to provide training and share best practices. **Staff recommends approving the request.**

#### Stakeholder Input

Staff notes that major education stakeholders (such as the Colorado Association of School Boards (CASB), the Colorado Association of School Executives (CASE), and the Colorado Education Association (CEA)) have indicated this Session that a shortage of funding at the local level is the major impediment to implementation of recent reforms. While the organizations have not taken official positions on the Department’s decision items, their public statements make clear that they see a shortage of funding as the problem rather than a shortage of technical assistance from the Department.

Staff agrees that a shortage of district and school funding complicates implementation of these reforms. For example, many schools and districts with ICAPs in place use counselors to create the ICAPs. However, many schools and districts do not currently have counselors in a position to do so, at least in part because of resource limitations. However, while staff agrees that more funding for districts would assist with implementation, the Department’s evidence of a need for additional technical assistance is convincing. In addition, staff agrees that additional assistance should help improve the efficiency of implementation. Thus, staff recommends approving the Department’s request as modified above.

**(D) INDIRECT COST ASSESSMENT**

**Indirect Cost Assessment**

Pursuant to the Committee’s common policies for FY 2013-14, the FY 2013-14 Long Bill included a new subdivision and line item to reflect indirect cost assessments for the various subdivisions and line items in the Assistance to Public Schools division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

**Request:** The Department requests a continuation appropriation to assess a total of \$1,894,075 in indirect costs to a variety of line items within Assistance to Public Schools, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends appropriating \$1,923,939 total funds, based on updated calculations from the Department. The following table shows the components of the staff recommendation.

| <b>Assistance to Public Schools, Indirect Cost Assessment, Indirect Cost Assessment</b> |                        |                         |                       |                                 |                          |            |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |                       |                                 |                          |            |
| SB 13-230 (Long Bill)   | <u>\$1,894,075</u>     | <u>\$0</u>              | <u>\$87,695</u>       | <u>\$15,406</u>                 | <u>\$1,790,974</u>       | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,894,075</b>     | <b>\$0</b>              | <b>\$87,695</b>       | <b>\$15,406</b>                 | <b>\$1,790,974</b>       | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>   |                        |                         |                       |                                 |                          |            |

| <b>Assistance to Public Schools, Indirect Cost Assessment, Indirect Cost Assessment</b> |                        |                         |                       |                                 |                          |            |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| FY 2013-14 Appropriation  | \$1,894,075            | \$0                     | \$87,695              | \$15,406                        | \$1,790,974              | 0.0        |
| Indirect cost assessment  | <u>29,864</u>          | <u>0</u>                | <u>(62,695)</u>       | <u>40,165</u>                   | <u>52,394</u>            | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,923,939</b>     | <b>\$0</b>              | <b>\$25,000</b>       | <b>\$55,571</b>                 | <b>\$1,843,368</b>       | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$29,864               | \$0                     | (\$62,695)            | \$40,165                        | \$52,394                 | 0.0        |
| Percentage Change   | 1.6%                   | 0.0%                    | (71.5%)               | 260.7%                          | 2.9%                     | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$1,894,075</b>     | <b>\$0</b>              | <b>\$87,695</b>       | <b>\$15,406</b>                 | <b>\$1,790,974</b>       | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation   | (\$29,864)             | \$0                     | \$62,695              | (\$40,165)                      | (\$52,394)               | 0.0        |

### **(3) Library Programs**

*Background Information:* Public libraries are managed and operated locally based on revenues raised from local sources.<sup>16</sup> The State provides no direct state funding to libraries and has no authority over public library operations. However, the Commissioner of Education is designated as the ex officio State Librarian, and the State Library is a division within the Department of Education. The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to promote and coordinate the sharing of resources and cooperative relationships among all Colorado libraries to reduce costs at the local level;
- to ensure equal access to information for all Coloradans without regard to age, physical or mental health, place of residence, or economic status;
- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

<sup>16</sup> Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 114 public library jurisdictions with 251 public library buildings. Local libraries are funded through property, sales, and specific ownership tax revenues, as well as grants, donations, and fine revenues. Most public library jurisdictions serve rural populations (96 serve populations less than 50,000, including 47 that serve fewer than 5,000 people). In FY 2011-12, 56.4 percent of libraries in Colorado reported that they are the only provider of free access to the Internet in their communities.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

The State Library provides technical support, professional development, and resource sharing opportunities for publicly-supported libraries throughout the state. The State Library cooperatively manages the Colorado Virtual Library, a statewide, Internet-based library network that provides several services to Colorado residents:

- a statewide interlibrary loan system;
- Plinkit - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- AskColorado - an on-line, 24/7 virtual reference service that connects individuals with librarians throughout the state.

The State Library also provides development services for public libraries, school libraries, and institutional libraries in adult and youth correctional facilities and state veterans hospitals. Services to public and school libraries include support of early literacy activities and Summer reading programs. The State Library also operates the State Publications Library (which provides free access to state government documents) and the Colorado Talking Book Library (which provides free materials to individuals who are unable to read standard print material). Finally, the State Library provides research and statistical information to support policy-making, budgeting, planning, and evaluation activities for libraries and library agencies at the local, regional, state, and federal levels.

The following table summarizes the staff recommendation for the Library Programs division.

| <b>Library Programs</b>                     |                        |                         |                       |                                 |                          |             |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>             |                        |                         |                       |                                 |                          |             |
| SB 13-230 (Long Bill)                       | <u>\$9,898,841</u>     | <u>\$4,180,054</u>      | <u>\$337,000</u>      | <u>\$2,350,000</u>              | <u>\$3,031,787</u>       | <u>38.1</u> |
| <b>TOTAL</b>                                | <b>\$9,898,841</b>     | <b>\$4,180,054</b>      | <b>\$337,000</b>      | <b>\$2,350,000</b>              | <b>\$3,031,787</b>       | <b>38.1</b> |
| <b>FY 2014-15 Recommended Appropriation</b> |                        |                         |                       |                                 |                          |             |
| FY 2013-14 Appropriation                    | \$9,898,841            | \$4,180,054             | \$337,000             | \$2,350,000                     | \$3,031,787              | 38.1        |
| Centrally appropriated line items           | 68,167                 | 22,150                  | 1,214                 | 0                               | 44,803                   | 0.0         |
| Annualize prior year funding                | (67,000)               | 0                       | (67,000)              | 0                               | 0                        | 0.0         |
| Indirect cost assessment                    | <u>(28,221)</u>        | <u>0</u>                | <u>0</u>              | <u>0</u>                        | <u>(28,221)</u>          | <u>0.0</u>  |
| <b>TOTAL</b>                                | <b>\$9,871,787</b>     | <b>\$4,202,204</b>      | <b>\$271,214</b>      | <b>\$2,350,000</b>              | <b>\$3,048,369</b>       | <b>38.1</b> |
| <b>Increase/(Decrease)</b>                  | (\$27,054)             | \$22,150                | (\$65,786)            | \$0                             | \$16,582                 | 0.0         |
| Percentage Change                           | (0.3%)                 | 0.5%                    | (19.5%)               | 0.0%                            | 0.5%                     | 0.0%        |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>Library Programs</b>                 |                        |                         |                       |                                 |                          |             |
|---|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2014-15 Executive Request</b>     | <b>\$9,900,008</b>     | <b>\$4,202,204</b>      | <b>\$271,214</b>      | <b>\$2,350,000</b>              | <b>\$3,076,590</b>       | <b>38.1</b> |
| Request Above/(Below)<br>Recommendation | \$28,221               | \$0                     | \$0                   | \$0                             | \$28,221                 | 0.0         |

**Administration**

This line item provides state funding and staff for the general administration of library programs and the provision of library services.

**Request:** The Department requests continuation level funding according to OSPB’s common policies, annualizing FY 2013-14 salary survey and merit pay. The FY 2014-15 request includes a total of \$1,022,962 and 14.3 FTE, consisting of \$771,748 General Fund and \$251,214 cash funds. The source of cash funds is grants and donations.<sup>17</sup>

**Recommendation:** Staff recommends approving the request. The State Library effectively uses a relatively small amount of state funding to leverage federal funding, reduce public library costs, and ensure equal access to information for underserved and vulnerable populations. The following table shows the components of staff’s recommendation relative to the FY 2013-14 appropriation.

| <b>Library Programs, Administration</b>          |                        |                         |                       |             |
|--|------------------------|-------------------------|-----------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>                  |                        |                         |                       |             |
| SB 13-230 (Long Bill)                            | <u>\$999,598</u>       | <u>\$749,598</u>        | <u>\$250,000</u>      | <u>14.3</u> |
| <b>TOTAL</b>                                     | <b>\$999,598</b>       | <b>\$749,598</b>        | <b>\$250,000</b>      | <b>14.3</b> |
| <b>FY 2014-15 Recommended Appropriation</b>      |                        |                         |                       |             |
| FY 2013-14 Appropriation                         | \$999,598              | \$749,598               | \$250,000             | 14.3        |
| Annualize prior year salary survey and merit pay | <u>23,364</u>          | <u>22,150</u>           | <u>1,214</u>          | <u>0.0</u>  |
| <b>TOTAL</b>                                     | <b>\$1,022,962</b>     | <b>\$771,748</b>        | <b>\$251,214</b>      | <b>14.3</b> |
| <b>Increase/(Decrease)</b>                       | \$23,364               | \$22,150                | \$1,214               | 0.0         |
| Percentage Change                                | 2.3%                   | 3.0%                    | 0.5%                  | 0.0%        |

<sup>17</sup> Cash funds for this line item include interest earned on the Mary Jones Trust, which was established in 1981 with an initial donation of \$91,000. As of February 19, 2014, the balance in the Trust was approximately \$695,000. The Trust was intended to support Colorado Talking Book Library projects that have an impact on a large number of library patrons. Since 2002, interest earnings have been used to support staff positions.

| <b>Library Programs, Administration</b> |                        |                         |                       |             |
|---|------------------------|-------------------------|-----------------------|-------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2014-15 Executive Request:</b>    | <b>\$1,022,962</b>     | <b>\$771,748</b>        | <b>\$251,214</b>      | <b>14.3</b> |
| Request Above/(Below) Recommendation    | \$0                    | \$0                     | \$0                   | 0.0         |

**Federal Library Funding**

This line item reflects federal funding that is anticipated to be available for library programs, and the Department staff who are supported by such funds. The federal funds supporting this line item are shown in the Long Bill for informational purposes only.

**Request:** The Department requests continuation level funding 2,993,042 federal funds and 23.8 FTE according to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends approving the request. The following table shows the components of staff’s recommendation relative to the FY 2013-14 appropriation.

| <b>Library Programs, Federal Library Funding</b> |                        |                         |                          |             |
|--|------------------------|-------------------------|--------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>                  |                        |                         |                          |             |
| SB 13-230 (Long Bill)                            | <u>\$2,948,239</u>     | <u>\$0</u>              | <u>\$2,948,239</u>       | <u>23.8</u> |
| <b>TOTAL</b>                                     | <b>\$2,948,239</b>     | <b>\$0</b>              | <b>\$2,948,239</b>       | <b>23.8</b> |
| <b>FY 2014-15 Recommended Appropriation</b>      |                        |                         |                          |             |
| FY 2013-14 Appropriation                         | \$2,948,239            | \$0                     | \$2,948,239              | 23.8        |
| Annualize prior year salary survey and merit pay | <u>44,803</u>          | <u>0</u>                | <u>44,803</u>            | <u>0.0</u>  |
| <b>TOTAL</b>                                     | <b>\$2,993,042</b>     | <b>\$0</b>              | <b>\$2,993,042</b>       | <b>23.8</b> |
| <b>Increase/(Decrease)</b>                       | \$44,803               | \$0                     | \$44,803                 | 0.0         |
| Percentage Change                                | 1.5%                   | 0.0%                    | 1.5%                     | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>             |                        |                         |                          |             |
| Request Above/(Below) Recommendation             | \$0                    | \$0                     | \$0                      | 0.0         |

**Broadband Technology Opportunities Program**

The Colorado State Library received a \$2,275,526 federal Broadband Technology Opportunities Program (BTOP) grant from the Department of Commerce in FY 2010-11 to implement public computer centers in 81 underserved communities. The Department also received a matching grant of \$790,000 from the Bill and Melinda Gates Foundation (classified as cash funds for appropriations purposes). The Committee approved the creation of a new line item for FY 2010-11 to reflect the federal grant for informational purposes and to authorize the Department to

spend the matching grant. The Department is spent the federal funds over a four year period (through FY 2013-14).

The State Library partnered with Native American tribes and the State’s neediest libraries to enhance computer access at 81 locations where broadband penetration is low due to poverty and/or geography. The State Library has also partnered with community organizations and state agencies to meet major programmatic needs in computer/Internet skills training, education, workforce development, and access for disabled individuals. Recipients have used grant funds to replace out-of-date computers, and to add new computers, projectors, screens, headphones, and updated wiring to expand capacity. Grant funds have also supported promotional materials customized for each library’s local market, 4.0 FTE to provide training to library staff and their patrons, and a 0.5 FTE compliance officer to assist libraries in data gathering, procurement, and federal compliance and in submitting required reports to granting authorities. The Department hired all of the associated staff as at-will, temporary employees for the duration of the grant period.

**Request:** The Department’s request eliminates this line item for FY 2014-15 because the funding is no longer available.

**Recommendation:** Staff recommends approving the request as this line item is no longer necessary. The following table shows the components of the staff recommendation.

| <b>Library Programs, Broadband Technology Opportunities Program</b> |                        |                         |                       |                          |            |
|---|------------------------|-------------------------|-----------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>                                     |                        |                         |                       |                          |            |
| SB 13-230 (Long Bill)   | <u>\$67,000</u>        | <u>\$0</u>              | <u>\$67,000</u>       | <u>\$0</u>               | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$67,000</b>        | <b>\$0</b>              | <b>\$67,000</b>       | <b>\$0</b>               | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                         |                        |                         |                       |                          |            |
| FY 2013-14 Appropriation  | \$67,000               | \$0                     | \$67,000              | \$0                      | 0.0        |
| Annualize prior year funding  | <u>(67,000)</u>        | <u>0</u>                | <u>(67,000)</u>       | <u>0</u>                 | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$0</b>             | <b>\$0</b>              | <b>\$0</b>            | <b>\$0</b>               | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | (\$67,000)             | \$0                     | (\$67,000)            | \$0                      | 0.0        |
| Percentage Change   | (100.0%)               | 0.0%                    | (100.0%)              | 0.0%                     | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>                                | <b>\$0</b>             | <b>\$0</b>              | <b>\$0</b>            | <b>\$0</b>               | <b>0.0</b> |
| Request Above/(Below)<br>Recommendation                             | \$0                    | \$0                     | \$0                   | \$0                      | 0.0        |

**Colorado Library Consortium**

The Colorado Library Consortium is a statewide library cooperative that was formed as a successor to the seven regional library systems that existed prior to significant state funding reductions in 2003.<sup>18</sup> The Consortium supports publicly-funded libraries statewide by:

- expediting the discovery, selection, and delivery of information and materials to library patrons (including courier services);
- administering a cooperative purchasing program (negotiating significant discounts on books and other library materials);
- providing and supporting learning opportunities for ongoing professional development to improve library services; and
- identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$1.6 million annual budget consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$500,000), continuing education fees (\$32,000), administrative fees related to a cooperative purchasing program (\$19,000), and other miscellaneous sources.

**Request:** The Department requests continuation level funding (\$1.0 million General Fund) for FY 2014-15, unchanged from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. This appropriation ensures that the Consortium can offer public libraries a cooperative purchasing program and a statewide courier service at a reasonable cost, reducing public library expenses and facilitating resource sharing.

### **Colorado Virtual Library**

Pursuant to Section 24-90-302 et seq., C.R.S., the State Librarian is responsible for providing electronic resources through libraries to all Colorado residents, to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases;
- digitized collections of Colorado resources;
- indexes and full text database products;
- an interlibrary loan system facilitating resource sharing throughout Colorado; and
- other services associated with providing computer-based library resources.

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<sup>18</sup> The FY 2002-03 Long Bill included \$7.5 million General Fund support for library programs (other than state staff). The Governor vetoed appropriations totaling \$4.5 million, and these appropriations were further reduced in FY 2003-04 to \$359,796.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. This line item provides funding for ongoing operations, including contract technical staff for operations and programming, contract training and user support, annual hardware and software maintenance fees, leased space, database archiving services, backup tapes, and Internet connectivity.

**Request:** The Department requests continuation level funding of \$379,796 (including \$359,796 General Fund and \$20,000 cash funds) for FY 2014-15, unchanged from the FY 2013-14 appropriation.

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

**Colorado Talking Book Library, Building Maintenance and Utilities Expenses**

*Background Information:* The Colorado Talking Book Library is part of a national library program providing Braille, audio, and large-print books for individuals of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931. The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building.

The Library operates in a very cost-effective manner. State funds currently support a portion of the operating expenses and some staff, the balance is supported through federal funds, The Friends of the Colorado Talking Book Library, and volunteers. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and some supplies, Braille and recorded books and magazines. The value of NLS support is estimated at over \$630,000 annually, and the existing inventory of materials and equipment provided by NLS is valued at over \$5.5 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons, a savings of approximately \$2.3 million annually.

*Description.* In addition to supporting a portion of the Talking Book Library staff and operating expenses (through the Administration line item), this appropriation covers the library's maintenance and utility expenses.

**Request:** The Department requests continuation level funding of \$70,660 General Fund in FY 2014-15, unchanged from the FY 2013-14 appropriation.

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

**Reading Services for the Blind**

*Background Information:* Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharge on each telephone access line to cover the following costs:

- the PUC's costs of developing, implementing, and administering telecommunications relay services (not to exceed 3.0 percent of the total costs);
- the cost to local exchange companies of imposing and collecting the surcharge; and
- the costs of providers rendering telecommunications relay services.

The PUC adjusts this surcharge annually, when necessary. Moneys collected by the local exchange companies are credited to the Colorado Disabled Telephone Users Fund. These moneys are currently authorized to be utilized by three different departments for five purposes. Specifically, the General Assembly is required to make the following annual appropriations from the Fund (FY 2013-14 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$1,900,542);
- 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 (\$350,000);
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$995,134); and

Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding appropriations appear in the other relevant state agencies' budgets. Moneys in the Fund not used for the above purposes are continuously appropriated to the PUC for the reimbursement of providers who render telecommunications services.

*Description.* This line item authorizes the Department of Education to spend moneys in the Reading Services for the Blind Cash Fund for the provision of reading services for the blind. The Department annually spends a portion of the funds to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The services provided by AINC are also made available through the internet, telephone, and podcasts. Prior to FY 2012-13, the General Assembly had allocated \$200,000 per year to the AINC; the FY 2012-13 Long Bill increased the AINC allocation to \$300,000.

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

Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database.

**Request:** The Department requests continuation level funding of \$350,000 reappropriated funds for FY 2014-15, unchanged from the FY 2013-14 appropriation. The General Assembly approved an increase of \$100,000 General Fund in FY 2012-13, and the request seeks to maintain that increased funding.

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

### **State Grants to Publicly-Supported Libraries Fund**

*Background Information:* Senate Bill 00-085 created the State Grants to Publicly-Supported Libraries Program to provide funds to enable public libraries, school libraries, and academic libraries to purchase educational resources that they would otherwise be unable to afford. The bill created the State Grants to Publicly-Supported Libraries Fund, which consists of any moneys appropriated by the General Assembly and any other moneys collected by the State Librarian for such purpose. Statute (Section 24-90-407 (2), C.R.S.) allows the Department to spend up to 2.5 percent of the appropriation to administer the program. Because of the structure in statute, the appropriation consists of two line items: one to appropriate General Fund into the cash fund and one providing spending authority from the cash fund.

The program operated for FY 2000-01 through FY 2001-02. The Governor vetoed the appropriations to the program for FY 2002-03, and the line items were unfunded from FY 2002-13 through FY 2012-13. The Committee reinstated the relevant line items for FY 2013-14 with an appropriation of \$2.0 million General Fund to this line item and \$2.0 million reappropriated funds for the State Grants to Publicly-Supported Libraries Program line item (discussed below). The FY 2013-14 Long Bill includes a footnote indicating the General Assembly's intent that the funds be used to support efforts to improve early literacy. The program has awarded \$1,950,000 to 290 grantees statewide (representing 90 percent of 324 potential applicants) in FY 2013-14, with a base amount of \$3,000 per grantee (regardless of the size of the population served) and additional amounts on a per capita basis.

The Department reports that grantees are using the funds to: launch new e-book resources for parents and families, create new collections for toddler story time, buy online resources, and enhance collections related to early childhood development and other topics associated with early literacy.

**Request:** The Department requests a continuation appropriation of \$2,000,000 General Fund, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. The recommendation assumes that the General Assembly intends to continue to fund this program.

### **State Grants to Publicly-Supported Libraries Program**

This line item provides spending authority to allow the Department to spend the revenues appropriated into the State Grants to Publicly-Supported Libraries Fund in the preceding line item.

**Request:** The Department requests a continuation appropriation of \$2,000,000 reappropriated funds, with no change from the FY 2013-14 appropriation.

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

**Indirect Cost Assessment**

Pursuant to the Committee’s common policy to improve the transparency of the treatment of indirect costs, the Committee created a new line item in FY 2013-14 to reflect indirect cost assessments associated with Library Programs. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

**Request:** The Department requests a continuation appropriation of \$83,548 federal funds (assessed to the Federal Library Funding line item), with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends reflecting \$55,327 federal funds for informational purposes, based on updated calculations from the Department. The following table shows the components of the staff recommendation.

| <b>Library Programs, Indirect Cost Assessment</b> |                        |                         |                          |            |
|---|------------------------|-------------------------|--------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Federal<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>                   |                        |                         |                          |            |
| SB 13-230 (Long Bill)                             | \$83,548               | \$0                     | \$83,548                 | 0.0        |
| <b>TOTAL</b>                                      | <b>\$83,548</b>        | <b>\$0</b>              | <b>\$83,548</b>          | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>       |                        |                         |                          |            |
| FY 2013-14 Appropriation                          | \$83,548               | \$0                     | \$83,548                 | 0.0        |
| Indirect cost assessment                          | (28,221)               | 0                       | (28,221)                 | 0.0        |
| <b>TOTAL</b>                                      | <b>\$55,327</b>        | <b>\$0</b>              | <b>\$55,327</b>          | <b>0.0</b> |
| <b>Increase/(Decrease)</b>                        | (\$28,221)             | \$0                     | (\$28,221)               | 0.0        |
| Percentage Change                                 | (33.8%)                | 0.0%                    | (33.8%)                  | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>              | <b>\$83,548</b>        | <b>\$0</b>              | <b>\$83,548</b>          | <b>0.0</b> |
| Request Above/(Below)                             | \$28,221               | \$0                     | \$28,221                 | 0.0        |
| Recommendation                                    | \$28,221               | \$0                     | \$28,221                 | 0.0        |

## **(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., 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 200 students (ages 3 to 21) in the 2012-13 school year, a decrease of two students from the 2011-12 school year. The CSDB's total enrollment was 463 students for the 2012-13 school year, including 263 children under age three. Total enrollment in 2012-13 included 364 deaf/hearing impaired children and 99 blind children. Compared to FY 2011-12, the CSDB's total enrollment decreased by 75 students (13.9 percent), with nearly all of the reduction in students under age three. Of the total number of students receiving on-campus services, 80 resided at the CSDB

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Committee Decision*

(returning home only on weekends) and the remaining 120 students only attended classes during the day.

Of the total number of students enrolled, 281 were infants, preschool students, attending classes part-time in local public schools, or in the community-based transition program, and were thus not eligible for per pupil funding. As a result, the CSDB only received per pupil revenue for 182 students. The CSDB indicates that the per pupil operating revenue covered about 10 percent of the average costs per student (including both residential and non-residential students).

| <b>Colorado School for the Deaf and the Blind: FY 2012-13 Enrollment</b>                           |                  |                    |                    |                    |                  |                    |
|--|------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Description  | Children Under 3 |                    | On-campus Students |                    | Total Enrollment |                    |
|  | Number           | Annual %<br>Change | Number             | Annual %<br>Change | Number           | Annual %<br>Change |
| Deaf/ Hearing Impaired   | 224              | -24.3%             | 140                | -0.7%              | 364              | -16.7%             |
| Blind/ Visually Impaired   | <u>39</u>        | -2.5%              | <u>60</u>          | -1.6%              | <u>99</u>        | -2.0%              |
| <b>Total Enrollment</b>  | <b>263</b>       | <b>-21.7%</b>      | <b>200</b>         | <b>-1.0%</b>       | <b>463</b>       | <b>-13.9%</b>      |
| Number of Residential Students   | 0                | 0.0%               | 80                 | -7.0%              | 80               | -7.0%              |
| Number of FTE for Whom<br>Facility School Funding is<br>Received                                   | 0                | 0.0%               | 182                | -2.2%              | 182              | -2.2%              |
| <i>Percent of FTE for Whom Per<br/>Pupil Operating Revenues are<br/>Transferred from Districts</i> | <i>0.0%</i>      |                    | <i>91.0%</i>       |                    | <i>39.3%</i>     |                    |

The following table summarizes the staff recommendation for the Colorado School for the Deaf and the Blind.

| <b>School for the Deaf and the Blind</b>    |                     |                     |                    |                         |                  |              |
|---|---------------------|---------------------|--------------------|-------------------------|------------------|--------------|
|   | Total<br>Funds      | General<br>Fund     | Cash<br>Funds      | Reappropriated<br>Funds | Federal<br>Funds | FTE          |
| <b>FY 2013-14 Appropriation</b>             |                     |                     |                    |                         |                  |              |
| SB 13-230 (Long Bill)                       | <u>\$14,238,850</u> | <u>\$10,083,974</u> | <u>\$1,075,000</u> | <u>\$3,079,876</u>      | <u>\$0</u>       | <u>167.6</u> |
| <b>TOTAL</b>                                | <b>\$14,238,850</b> | <b>\$10,083,974</b> | <b>\$1,075,000</b> | <b>\$3,079,876</b>      | <b>\$0</b>       | <b>167.6</b> |
| <b>FY 2014-15 Recommended Appropriation</b> |                     |                     |                    |                         |                  |              |
| FY 2013-14 Appropriation                    | \$14,238,850        | \$10,083,974        | \$1,075,000        | \$3,079,876             | \$0              | 167.6        |
| Informational funds adjustment              | 250,000             | 0                   | 0                  | 250,000                 | 0                | 0.0          |
| Centrally appropriated line items           | 186,350             | 184,773             | 0                  | 1,577                   | 0                | 0.0          |
| R11 Salary increase for CSDB teachers       | 126,671             | 126,671             | 0                  | 0                       | 0                | 0.0          |
| Facility school funding adjustment          | 0                   | (215,779)           | 0                  | 215,779                 | 0                | 0.0          |
| Non-prioritized requested changes           | <u>(6,593)</u>      | <u>(6,593)</u>      | <u>0</u>           | <u>0</u>                | <u>0</u>         | <u>0.0</u>   |
| <b>TOTAL</b>                                | <b>\$14,795,278</b> | <b>\$10,173,046</b> | <b>\$1,075,000</b> | <b>\$3,547,232</b>      | <b>\$0</b>       | <b>167.6</b> |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
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| <b>School for the Deaf and the Blind</b> |                        |                         |                       |                                 |                          |              |
|--|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| <b>Increase/(Decrease)</b>               | \$556,428              | \$89,072                | \$0                   | \$467,356                       | \$0                      | 0.0          |
| Percentage Change                        | 3.9%                   | 0.9%                    | 0.0%                  | 15.2%                           | 0.0%                     | 0.0%         |
| <b>FY 2014-15 Executive Request</b>      | <b>\$14,804,334</b>    | <b>\$10,388,825</b>     | <b>\$1,075,000</b>    | <b>\$3,340,509</b>              | <b>\$0</b>               | <b>167.6</b> |
| Request Above/(Below)<br>Recommendation  | \$9,056                | \$215,779               | \$0                   | (\$206,723)                     | \$0                      | 0.0          |

**(A) SCHOOL OPERATIONS**

**Personal Services**

This line item provides funding for most School employees and for certain professional and temporary services.

**Request:** The Department requests a total of \$9,391,391 and 141.3 FTE, including \$8,101,515 General Fund and \$1,289,876 reappropriated funds. The request includes an increase of \$126,671 General Fund associated with request R11 (Salary Increase for CSDB Teachers, discussed below).

**Recommendation:** Staff recommends approving the requested total funding, including the increase of \$126,671 General Fund associated with R11 (discussed below). The following table shows the components of the staff recommendation relative to the FY 2013-14 appropriation.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>School for the Deaf and the Blind, School Operations, Personal Services</b> |                        |                         |                                 |              |
|--|------------------------|-------------------------|---------------------------------|--------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b>   |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                                 |              |
| SB 13-230 (Long Bill)  | \$9,121,285            | \$7,831,409             | \$1,289,876                     | 141.3        |
| <b>TOTAL</b>   | <b>\$9,121,285</b>     | <b>\$7,831,409</b>      | <b>\$1,289,876</b>              | <b>141.3</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                                    |                        |                         |                                 |              |
| FY 2013-14 Appropriation   | \$9,121,285            | \$7,831,409             | \$1,289,876                     | 141.3        |
| R11 Salary increase for CSDB teachers  | 126,671                | 126,671                 | 0                               | 0.0          |
| Annualize prior year salary survey and merit pay for non-teachers              | 143,435                | 143,435                 | 0                               | 0.0          |
| Facility school funding adjustment   | 0                      | <u>(215,779)</u>        | <u>215,779</u>                  | <u>0.0</u>   |
| <b>TOTAL</b>   | <b>\$9,391,391</b>     | <b>\$7,885,736</b>      | <b>\$1,505,655</b>              | <b>141.3</b> |
| <b>Increase/(Decrease)</b>   | \$270,106              | \$54,327                | \$215,779                       | 0.0          |
| Percentage Change  | 3.0%                   | 0.7%                    | 16.7%                           | 0.0%         |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$9,391,391</b>     | <b>\$8,101,515</b>      | <b>\$1,289,876</b>              | <b>141.3</b> |
| Request Above/(Below)  |                        |                         |                                 |              |
| Recommendation   | \$0                    | \$215,779               | (\$215,779)                     | 0.0          |

*Funding Sources.* Prior to FY 2008-09, CSDB students were included in the pupil count of each student's home school district, and the Department transferred the statewide average per pupil operating revenue from the State Share of Districts' Total Program Funding line item to the CSDB for each eligible enrolled student. The CSDB now receives funds transferred from the Facility School Funding line item. Specifically, pursuant to the changes made in S.B. 13-260 (and discussed above in the Facility Schools section of this document) the CSDB receives statewide base per pupil funding times 1.73 to cover the costs of facilities that provide year-round educational services. This amount is translated into a daily rate, and the CSDB receives a daily rate for each child in attendance for up to 235 days each school year (the CSDB currently operates on a 174-day calendar).

Staff's calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

| <b>Projected FY 2014-15 Facility Schools Funding for CSDB</b>  |                    |
|--|--------------------|
| Projected statewide base per pupil funding (based on current law)  | \$6,121.00         |
| Facility school funding for year-round educational programs (1.73 x base PPR)                                | \$10,589.33        |
| Total days the increased rate applies  | 235                |
| Daily rate (state average PPR increased by one-third/Total days)   | \$45.06            |
| Estimated student-days billed by CSDB (average daily attendance (187.57 projected) x 174 instructional days) | 32,637             |
| <b>Projected Transfer to CSDB (Daily rate x Student-days)</b>  | <b>\$1,470,655</b> |

| <b>CSDB Personal Services - Funding Splits</b>   |                    |
|--|--------------------|
| Total Recommended Funding  | \$9,391,391        |
| Less: Estimated Transfer from the Facility Schools Funding Line item                           | (1,470,655)        |
| Less: Federal Nutritional Funds transferred from the Appropriated Sponsored Programs line item | (35,000)           |
| <b>General Fund portion of appropriation</b>   | <b>\$7,885,736</b> |

**➔ R11 Salary Increase for CSDB Teachers**

- The Department requests an increase of \$126,671 General Fund for salary increases for teachers at the CSDB in FY 2014-15. Pursuant to statute, the increase is based on increases provided by El Paso District 11 (D-11) in FY 2013-14.
  
- Staff recommends approving the request for FY 2014-15. Staff further recommends that the Committee sponsor legislation modifying the statute governing salary policies at the CSDB to allow the school to utilize the District 11 *salary schedule* but not necessarily the *salary policy*.

*Request:* The Department requests an increase of \$126,671 General Fund for salary increases for teachers employed at the CSDB. Section 22-80-106.5, C.R.S., requires the CSDB to compensate teachers in accordance with the D-11 salary schedule, salary policy, or combination salary schedule and salary policy from the previous fiscal year. El Paso District 11 teachers received a one-time 4.0 percent pay increase and ongoing educational increases (based on additional educational attainment for the teachers) in the 2013-14 school year. Thus, the Department is requesting \$110,315 to support a 4.0 percent one-time, non-base building increase for all teachers and \$16,356 in ongoing funding to fund anticipated educational increases in FY 2014-15.

*Recommendation:* Staff recommends approving the requested increase for FY 2014-15. The CSDB teachers have not had a salary increase since FY 2010-11, and staff recommends providing the requested increase in FY 2014-15. Staff further recommends that the Committee sponsor legislation during the 2014 Session allowing the CSDB to utilize the District 11 *salary schedule* but not necessarily the District 11 *salary policy*. Instead, staff’s recommendation would allow the CSDB to adopt its own salary policy, thereby allowing CSDB to provide salary increment and educational increases as resources allow (according to the District 11 salary schedule) in periods when District 11 is not funding those increases because of its own salary policy.

*Analysis:* Pursuant to H.B. 96-1354 [Section 22-80-106.5, C.R.S.], teachers employed by the CSDB are compensated “in accordance with the salary schedule, salary policy, or combination salary schedule and salary policy adopted pursuant to section 22-63-401, as of January 1 of the previous fiscal year, by resolution of the board of education of the school district within the boundaries of which the main campus of the school is located.” The FY 2010-11 appropriation

included \$81,261 for this purpose, including \$79,703 for teachers supported by this line item and \$1,558 for teachers supported by the next line item. Consistent with the salary schedule and policy for D-11, the Department did not request any increases for CSDB teachers from FY 2011-12 through FY 2013-14.

In FY 2013-14, D-11 is providing: (1) a one-time (non-base building) 4.0 percent salary increase for teachers; and (2) ongoing funding for educational increases (based on additional educational attainment by the teachers). Because salary increases at CSDB lag the increases in D-11 by one year (pursuant to statute), the CSDB is requesting these increases in FY 2014-15. The request includes \$110,315 General Fund in one-time funding for the 4.0 percent bonus and \$16,356 in ongoing funding for anticipated educational increases for CSDB teachers.

The CSDB has emphasized that maintaining competitive salaries is critical to ongoing efforts to recruit and retain qualified staff, particularly given a national shortage of the specialized teachers required at the CSDB. The CSDB requires highly specialized teachers and must be able to recruit both inside and outside Colorado. Staff agrees that competitive salaries are important to efforts to recruit and retain such teachers and recommends approving the requested increase for FY 2014-15.

*Recommended legislation:* At the CSDB's hearing with the Committee in December, the Committee expressed interest in modifying the statutes governing CSDB teacher salaries to improve the school's ability recruit and retain teachers. The discussions at the hearing raised two major potential areas of change: (1) whether to maintain the linkage to D-11 for salary purposes or tie salaries to a different district or entity; and (2) whether to adjust the timing of CSDB salary increases to provide increases in the *same year* as D-11 (current law provides increases in the year following increases in D-11).

- *Linkage to D-11:* Having considered available options, the CSDB staff and the CSDB Board agree that maintaining a linkage to D-11 is the preferable solution. D-11 entirely surrounds the CSDB campus and is the most logical reference point for CSDB. However, the CSDB staff is proposing (and JBC staff is recommending) that the Committee sponsor legislation that would maintain the linkage to the D-11 salary schedule (dictating the pay for a teacher with a given level of education and experience) but allow the CSDB to adopt its own policies for placing and “moving” teachers on the salary schedule. For example, under the proposed system, the CSDB would be able to fund educational increases for teachers (according to the D-11 salary schedule) *based on available CSDB funding regardless of whether D-11 was funding such increases in a given year.*
- *Timing of Increases:* The CSDB staff and board also discussed the idea of eliminating the one-year lag and providing increases during the same year as D-11. Doing so would presumably require a mid-year increase through the supplemental appropriation process. The CSDB staff would prefer to maintain the current timing (and continue lag D-11 increases by one year). The school believes that lagging by one year increases certainty for CSDB teachers and recruits. CSDB staff and JBC staff agree that managing the school based on potential mid-year salary increases would be problematic. Thus, under the proposed

legislation, if D-11 modified the *salary schedule* for a given school year, then CSDB would continue to do so in the following year.

Given the Committee’s interest in providing additional flexibility to the CSDB to improve recruitment and retention, staff believes that the CSDB proposal is promising compromise. The proposal would maintain the logical linkage to the D-11 salary schedule (dictating how much a teacher with a given amount of educational attainment and experience would be paid) but allow the school to adopt its own salary policies to place and move teachers on that salary schedule. The proposal would allow the General Assembly and the CSDB to do so based on available State funding rather than the budgetary constraints of a specific school district. Staff recommends that the Committee sponsor legislation in the 2014 Session making the proposed statutory change.

**Early Intervention Services**

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 identify strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

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

**Request:** The Department requests a continuation appropriation of \$1,187,847 General Fund and 10.0 FTE pursuant to OSPB’s common policies, including annualizing the FY 2013-14 salary survey and merit pay.

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

| School for the Deaf and the Blind, School Operations, Early Intervention Services |              |     |
|---|--------------|-----|
| Total Funds   | General Fund | FTE |
|   |              |     |

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

| <b>School for the Deaf and the Blind, School Operations, Early Intervention Services</b> |                        |                         |             |
|--|------------------------|-------------------------|-------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b>  |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |             |
| SB 13-230 (Long Bill)  | <u>\$1,165,533</u>     | <u>\$1,165,533</u>      | <u>10.0</u> |
| <b>TOTAL</b>   | <b>\$1,165,533</b>     | <b>\$1,165,533</b>      | <b>10.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                        |                         |             |
| FY 2013-14 Appropriation   | \$1,165,533            | \$1,165,533             | 10.0        |
| Annualize prior year salary survey and merit pay   | <u>22,314</u>          | <u>22,314</u>           | <u>0.0</u>  |
| <b>TOTAL</b>   | <b>\$1,187,847</b>     | <b>\$1,187,847</b>      | <b>10.0</b> |
| <b>Increase/(Decrease)</b>   | \$22,314               | \$22,314                | 0.0         |
| Percentage Change  | 1.9%                   | 1.9%                    | 0.0%        |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,187,847</b>     | <b>\$1,187,847</b>      | <b>10.0</b> |
| Request Above/(Below) Recommendation   | \$0                    | \$0                     | 0.0         |

**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 or "swing" shift and 10.0 percent for third or "graveyard" shift). This Department uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

**Request:** The Department requests \$106,056 General Fund pursuant to OSPB's common policies, calculated as 80.0 percent of actual expenditures in FY 2011-12.

**Recommendation:** Staff recommends approving the request pursuant to the Committee's common policies for FY 2014-15. The following table shows the components of staff's recommendation.

| <b>School for the Deaf and the Blind, School Operations, Shift Differential</b> |                        |                         |            |
|---|------------------------|-------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>   |                        |                         |            |
| SB 13-230 (Long Bill)   | <u>\$87,032</u>        | <u>\$87,032</u>         | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$87,032</b>        | <b>\$87,032</b>         | <b>0.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                                     |                        |                         |            |
| FY 2013-14 Appropriation  | \$87,032               | \$87,032                | 0.0        |
| Centrally appropriated line items   | <u>19,024</u>          | <u>19,024</u>           | <u>0.0</u> |

| <b>School for the Deaf and the Blind, School Operations, Shift Differential</b> |                        |                         |            |
|---|------------------------|-------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>FTE</b> |
| <b>TOTAL</b>  | <b>\$106,056</b>       | <b>\$106,056</b>        | <b>0.0</b> |
| <b>Increase/(Decrease)</b>  | \$19,024               | \$19,024                | 0.0        |
| Percentage Change   | 21.9%                  | 21.9%                   | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>  | <b>\$106,056</b>       | <b>\$106,056</b>        | <b>0.0</b> |
| Request Above/(Below) Recommendation  | \$0                    | \$0                     | 0.0        |

**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 outlay<sup>19</sup>, custodial services, equipment rental, storage, dues and subscriptions, and printing.

**Request:** The Department requests a continuation appropriation of \$417,277 General Fund pursuant to OSPB’s common policies, with no change from the FY 2013-14 appropriation.

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

**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.]. The current appropriation covers costs associated with a total of 14 vehicles<sup>20</sup> that are all utilized at the CSDB.

**Request:** The Department requests an appropriation of \$21,320 General Fund, a reduction of \$6,593 from the FY 2013-14 appropriation. The request includes funding to replace one 15-passenger van (license number 010BAW).

**Recommendation:** Staff recommends approving the request for funding to replace the one vehicle, as the vehicle in question exceeds the mileage threshold. Staff’s overall recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee through the establishment of a common policy for Vehicle Lease Payments.

**Utilities**

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

<sup>19</sup> 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.

<sup>20</sup> Currently, these vehicles include: seven vans, three sedans, two buses, and two trucks.

**Request:** The Department requests a continuation appropriation of \$554,810 General Fund, with no change from the FY 2012-13 appropriation.

**Recommendation:** Staff recommends approving the request. The following table details actual utility expenditures for the last three fiscal years, the current appropriation, and the request and recommendation.

| <b>Colorado School for the Deaf and the Blind Utilities Expenses</b> |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Service  | FY 2010-11     | FY 2011-12     | FY 2012-13     | FY 2013-14     | FY 2014-15     |                |
|  | Actual         | Actual         | Actual         | Appropriation  | Request        | Recomm.        |
| Natural gas  | \$174,722      | \$182,835      | \$137,084      | \$182,835      | \$182,835      | \$182,835      |
| Electricity  | 129,162        | 164,031        | 152,626        | 164,032        | 164,032        | 164,032        |
| Water and sewer  | 72,289         | 79,467         | 75,471         | 79,467         | 79,467         | 79,467         |
| Other - energy efficiency projects                                   | <u>146,421</u> | <u>116,799</u> | <u>129,692</u> | <u>128,476</u> | <u>128,476</u> | <u>128,476</u> |
| Total  | \$522,594      | \$543,132      | \$494,873      | \$554,810      | \$554,810      | \$554,810      |

**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 the English language proficiency program, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). These moneys are transferred from the various line items in the Assistance to Public Schools, Categorical Programs section of the Long Bill.

**Request:** The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. The recommendation is intended to allow the CSDB to receive and spend all categorical program funding for which it is eligible.

**Medicaid Reimbursement 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]. Section 26-4-531 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

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

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

**Request:** The Department requests a total appropriation of \$401,577 reappropriated funds and 1.5 FTE, an increase of \$251,577 from the FY 2013-14 appropriation. The request includes: (1) \$250,000 in additional anticipated federal grant funds (reappropriated from the Department of Health Care Policy and Financing) and (2) \$1,577 to annualize the FY 2013-14 salary survey and merit pay.

**Recommendation:** Staff recommends the request. The recommendation is intended to allow the CSDB to receive and spend all Medicaid funding it earns.

| <b>School for the Deaf and the Blind, School Operations, Medicaid Reimbursements for Public School Health Services</b> |                    |                     |                             |            |
|--|--------------------|---------------------|-----------------------------|------------|
|  | <b>Total Funds</b> | <b>General Fund</b> | <b>Reappropriated Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                    |                     |                             |            |
| SB 13-230 (Long Bill)  | <u>\$150,000</u>   | <u>\$0</u>          | <u>\$150,000</u>            | <u>1.5</u> |
| <b>TOTAL</b>   | <b>\$150,000</b>   | <b>\$0</b>          | <b>\$150,000</b>            | <b>1.5</b> |
| <b>FY 2014-15 Recommended Appropriation</b>  |                    |                     |                             |            |
| FY 2013-14 Appropriation   | \$150,000          | \$0                 | \$150,000                   | 1.5        |
| Revised federal grant awards   | 250,000            | 0                   | 250,000                     | 0.0        |
| Annualize prior year salary survey and merit pay   | <u>1,577</u>       | <u>0</u>            | <u>1,577</u>                | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$401,577</b>   |                     | <b>\$401,577</b>            | <b>1.5</b> |
| <b>Increase/(Decrease)</b>   | \$251,577          | \$0                 | \$251,577                   | 0.0        |
| Percentage Change  | 167.7%             | 0.0%                | 167.7%                      | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$401,577</b>   | <b>\$0</b>          | <b>\$401,577</b>            | <b>1.5</b> |
| Request Above/(Below) Recommendation   | \$0                |                     | \$0                         | 0.0        |

**(B) SPECIAL PURPOSE**

**Fees and Conferences**

This line item provides spending authority for the Department to spend fees charged and received for various conferences or meetings held at the CSDB. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". This appropriation allows the CSDB to host conferences that benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. These fees

offset additional custodial, maintenance, and security costs incurred. The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado.

**Request:** The Department requests a continuation appropriation of \$120,000 cash funds for FY 2014-15, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends the request. Staff recommends maintaining this appropriation at its current level despite the low levels of expenditures in recent years. The CSDB indicates that the poor economy has affected the fee revenue they are able to collect. However, if the statewide deaf symposium is reinstated, they will need the higher spending authority.

### **Outreach Services**

The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of students' educational needs; special curricula; equipment and materials; and staff development. The reappropriated funds portion of this appropriation represents federal funds transferred from school districts for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting CSDB enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often, the districts themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.
- CSDB employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student ) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In FY 2009-10, this line item was increased by \$755,836 cash funds and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The outreach services include technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

*JBC Staff Figure Setting – FY 2014-15 Staff Working Document – Does Not Represent  
Committee Decision*

**Request:** The Department requests a continuation appropriation of \$1,030,699 (including \$755,000 cash funds and \$275,699 reappropriated funds) and 5.4 FTE for FY 2014-15, pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends a continuation appropriation of \$1,025,000 (including \$755,000 cash funds and \$270,000 reappropriated funds) and 5.4 FTE. The program’s expenditures have been well below the appropriated spending authority in recent years, and staff recommends maintaining the current (round number) appropriation of \$1,025,000 because the increased spending authority to annualize salary survey and merit pay does not appear to be necessary. The following table shows the staff recommendation in comparison to the Department’s request.

| <b>School for the Deaf and the Blind, Special Purpose, Outreach Services</b> |                        |                         |                       |                                 |            |
|--|------------------------|-------------------------|-----------------------|---------------------------------|------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>  |                        |                         |                       |                                 |            |
| SB 13-230 (Long Bill)  | \$1,025,000            | \$0                     | \$755,000             | \$270,000                       | 5.4        |
| <b>TOTAL</b>   | <b>\$1,025,000</b>     | <b>\$0</b>              | <b>\$755,000</b>      | <b>\$270,000</b>                | <b>5.4</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                                  |                        |                         |                       |                                 |            |
| FY 2013-14 Appropriation   | \$1,025,000            | \$0                     | \$755,000             | \$270,000                       | 5.4        |
| No change  | <u>0</u>               | <u>0</u>                | <u>0</u>              | <u>0</u>                        | <u>0.0</u> |
| <b>TOTAL</b>   | <b>\$1,025,000</b>     | <b>\$0</b>              | <b>\$755,000</b>      | <b>\$270,000</b>                | <b>5.4</b> |
| <b>Increase/(Decrease)</b>   | \$0                    | \$0                     | \$0                   | \$0                             | 0.0        |
| Percentage Change  | 0.0%                   | 0.0%                    | 0.0%                  | 0.0%                            | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>   | <b>\$1,030,699</b>     | <b>\$0</b>              | <b>\$755,000</b>      | <b>\$275,699</b>                | <b>5.4</b> |
| Request Above/(Below)  |                        |                         |                       |                                 |            |
| Recommendation   | \$5,699                | \$0                     | \$0                   | \$5,699                         | 0.0        |

**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 but are not subject to the limitation on state

fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state, rather than federal funds. This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child.

**Request:** The Department requests a continuation appropriation of \$200,000 cash funds spending authority for FY 2014-15, with no change from the FY 2013-14 appropriation.

**Recommendation:** Staff recommends approving the request. Although the appropriation has not been necessary in recent years, staff recommends continuing the appropriation at its current level to allow the CSDB to serve any students deemed appropriate, which benefits both the student and the CSDB.

**Grants**

This line item provides spending authority for the CSDB to receive various grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are appropriated through separate line items.

**Request:** The Department requests an appropriation of \$1,203,357 reappropriated funds and 9.0 FTE for FY 2014-15, pursuant to OSPB’s common policies (annualizing FY 2013-14 salary survey and merit pay).

**Recommendation:** Staff recommends a continuation appropriation of \$1,200,000 reappropriated funds and 9.0 FTE. The program’s expenditures have been well below the appropriated spending authority in recent years, and staff recommends maintaining the current (round number) appropriation of \$1,200,000 because the increased spending authority to annualize salary survey and merit pay does not appear to be necessary. The following table shows the staff recommendation in comparison to the Department’s request.

| <b>School for the Deaf and the Blind, Special Purpose, Grants</b> |                        |                         |                                 |            |
|---|------------------------|-------------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| <b>FY 2013-14 Appropriation</b>                                   |                        |                         |                                 |            |
| SB 13-230 (Long Bill)   | <u>\$1,200,000</u>     | <u>\$0</u>              | <u>\$1,200,000</u>              | <u>9.0</u> |
| <b>TOTAL</b>  | <b>\$1,200,000</b>     | <b>\$0</b>              | <b>\$1,200,000</b>              | <b>9.0</b> |
| <b>FY 2014-15 Recommended Appropriation</b>                       |                        |                         |                                 |            |
| FY 2013-14 Appropriation  | \$1,200,000            | \$0                     | \$1,200,000                     | 9.0        |
| No change   | <u>0</u>               | <u>0</u>                | <u>0</u>                        | <u>0.0</u> |
| <b>TOTAL</b>  | <b>\$1,200,000</b>     | <b>\$0</b>              | <b>\$1,200,000</b>              | <b>9.0</b> |

| <b>School for the Deaf and the Blind, Special Purpose, Grants</b> |                        |                         |                                 |            |
|---|------------------------|-------------------------|---------------------------------|------------|
|   | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Reappropriated<br/>Funds</b> | <b>FTE</b> |
| Increase/(Decrease)   | \$0                    | \$0                     | \$0                             | 0.0        |
| Percentage Change   | 0.0%                   | 0.0%                    | 0.0%                            | 0.0%       |
| <b>FY 2014-15 Executive Request:</b>                              | <b>\$1,203,357</b>     | <b>\$0</b>              | <b>\$1,203,357</b>              | <b>9.0</b> |
| Request Above/(Below)   |                        |                         |                                 |            |
| Recommendation  | \$3,357                | \$0                     | \$3,357                         | 0.0        |

## Long Bill Footnotes and Requests for Information

### LONG BILL FOOTNOTES

Staff recommends that the following footnotes be **continued**.

- 6 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 \$300,000 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.

Comment: This General Assembly has included this footnote in the Long Bill for several years to express the intent of the appropriation. The Department annually spends a portion of the appropriation (specified at \$300,000 in FY 2012-13 and in the recommendation for FY 2013-14) to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHzs. AINC is working through cable associations with the cities to expand local coverage. The services provided by AINC are also made available through the internet, telephone, and podcasts.

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

- 7 Department of Education, Library Programs, State Grants to Publicly-Supported Library Program – It is the intent of the General Assembly that grants provided through this line item be used to support efforts to improve early literacy.

Comment: The General Assembly restored this line item and added this footnote to the Long Bill in FY 2013-14. Assuming that the footnote still reflects the General Assembly’s intent for the line item, staff recommends continuing the footnote.

Staff recommends that the following footnote be **continued as modified**:

- 4 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts’ Total Program Funding – Pursuant to Section 22-35-108 (2) (a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for ~~FY 2013-14~~ FY 2014-15. It is the intent of the General Assembly that the Department of Education be authorized to utilize up to ~~\$2,371,507~~ \$4,419,336 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated ~~390.5~~ 708 FTE participants funded at a rate of ~~\$6,073~~ \$6,242 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

Comment: House Bill 19-1319<sup>21</sup> created the ASCENT Program for students who voluntarily extend their high school education beyond 12<sup>th</sup> grade in order to attend college courses (“fifth year” students). The stated objectives of the program include: (1) increasing the percentage of students who participate in higher education, especially among low-income and traditionally under-served populations; (2) decreasing the number of high school dropouts; (3) decreasing the time required for a student to complete a postsecondary degree; (4) reducing state expenditures for public education; and (5) increasing the number of educational pathways available to students.

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

In addition to state funding appropriated to the Department of Education, similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from ASCENT students’ home school districts, as well as College Opportunity Fund Program stipend payments.

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<sup>21</sup> See Section 22-35-108, C.R.S.

In order to inform the General Assembly of the level of interest in the ASCENT Program, on September 1 local education providers submit an estimate of the number of current grade 12 seniors who will seek designation as ASCENT Program participants in the following fiscal year. The Department reports this data as part of its annual budget request. The Department has also requested that districts update ASCENT Program estimates in February, and the Department provides the updated estimates to the Joint Budget Committee. Ultimately, statute charges the State Board of Education with determining how many qualified students may be designated as ASCENT participants for the following school year, based on available appropriations and guidelines established by the State Board.

In the current year, a total of 390.5 FTE students are participating in the ASCENT Program. The Department has provided district-reported data (from February 2014) indicating that a total of 708 12<sup>th</sup> graders may participate in ASCENT in FY 2014-15. The Department's budget assumes that the appropriation will support all of those students.

Staff recommends **eliminating** the following footnote:

N Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – It is the intent of the General Assembly that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year 2013-14, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S.

Comment: Section 22-54-104 (5) (c) (III) (A), C.R.S., requires the Legislative Council Staff to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the current study will impact funding requirements for FY 2014-15 and FY 2015-16. Legislative Council Staff is conducting the study in FY 2013-14 and the funding to support the study is not necessary in FY 2014-15.

## REQUESTS FOR INFORMATION

Staff recommends the **continuation** of the following information requests, with modifications shown in struck type and small caps, in the priority order provided below:

1 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. -- The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities,

English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2012-13~~ 2013-14 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year ~~2011-12~~ 2012-13 and actual district expenditures for each program in fiscal year ~~2011-12~~ 2012-13. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2011-12~~ 2012-13 and actual district expenditures in fiscal year ~~2011-12~~ 2012-13.

Comment: This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs.

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- The Department is requested to provide to the Joint Budget Committee, on or before November 1, ~~2013~~ 2014, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2012-13~~ 2013-14: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that is attributable to the Program.

Comment: Funding for the Colorado Preschool Program (CPP) is included in the State Share of Districts' Total Program Funding line item. This request provides the Joint Budget Committee with data related to CPP, including the costs of the program, how many existing slots are being used to serve three-year-old children or to provide a full day of preschool to an individual child, and the adequacy of the number of authorized slots.

- 2 **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, ~~2013~~ 2014, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal years ~~2011-12~~ 2012-13 and ~~2012-13~~ 2013-14.

Comment: This request ensures that the Joint Budget Committee receives information about a distribution of state funds that occurs off-budget. Specifically, pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of

less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants. The above language requests data for both FY 2012-13 and FY 2013-14.

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|

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|---|
| <b>DEPARTMENT OF EDUCATION</b><br><b>Robert Hammond, Commissioner</b> |
|---|

**(1) MANAGEMENT AND ADMINISTRATION**

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

**(A) Administration and Centrally-Appropriated Line Items**

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| State Board of Education                      | <u>278,071</u>   | <u>285,385</u>   | <u>290,998</u>   | <u>297,258</u>   | <u>297,258</u>   |
| FTE   | 2.0              | 2.0              | 2.0              | 2.0              | 2.0              |
| General Fund                                  | 278,071          | 285,385          | 290,998          | 297,258          | 297,258          |
| General Department and Program Administration | <u>3,349,453</u> | <u>3,646,974</u> | <u>3,782,451</u> | <u>4,001,300</u> | <u>4,001,300</u> |
| FTE   | 31.5             | 31.5             | 34.6             | 34.6             | 34.6             |
| General Fund                                  | 1,553,500        | 1,562,392        | 1,589,218        | 1,715,093        | 1,715,093        |
| Cash Funds                                    | 145,177          | 124,496          | 169,232          | 171,853          | 171,853          |
| Reappropriated Funds                          | 1,650,776        | 1,960,086        | 2,024,001        | 2,114,354        | 2,114,354        |
| Office of Professional Services               | <u>2,141,494</u> | <u>2,037,693</u> | <u>2,688,568</u> | <u>2,748,802</u> | <u>2,748,802</u> |
| FTE   | 25.0             | 24.6             | 25.0             | 25.0             | 25.0             |
| Cash Funds                                    | 2,141,494        | 2,037,693        | 2,688,568        | 2,748,802        | 2,748,802        |
| Division of On-line Learning                  | <u>301,128</u>   | <u>329,738</u>   | <u>337,334</u>   | <u>344,383</u>   | <u>344,383</u>   |
| FTE   | 2.5              | 3.3              | 3.3              | 3.3              | 3.3              |
| Cash Funds                                    | 301,128          | 329,738          | 337,334          | 344,383          | 344,383          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                       | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---------------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Health, Life, and Dental              | <u>3,140,202</u>             | <u>3,284,917</u>             | <u>4,139,408</u>                    | <u>4,061,167</u>              | <u>4,061,167</u>                     |
| General Fund                          | 1,450,460                    | 1,442,412                    | 1,658,677                           | 1,448,863                     | 1,448,863                            |
| Cash Funds                            | 241,795                      | 288,278                      | 424,638                             | 539,321                       | 539,321                              |
| Reappropriated Funds                  | 377,766                      | 248,740                      | 469,931                             | 420,606                       | 420,606                              |
| Federal Funds                         | 1,070,181                    | 1,305,487                    | 1,586,162                           | 1,652,377                     | 1,652,377                            |
| Short-term Disability                 | <u>49,954</u>                | <u>45,817</u>                | <u>68,385</u>                       | <u>83,936</u>                 | <u>84,346</u>                        |
| General Fund                          | 21,124                       | 19,713                       | 22,532                              | 25,136                        | 25,259                               |
| Cash Funds                            | 3,275                        | 5,786                        | 7,449                               | 10,695                        | 10,747                               |
| Reappropriated Funds                  | 5,237                        | 0                            | 7,763                               | 9,377                         | 9,423                                |
| Federal Funds                         | 20,318                       | 20,318                       | 30,641                              | 38,728                        | 38,917                               |
| S.B. 04-257 Amortization Equalization |                              |                              |                                     |                               |                                      |
| Disbursement                          | <u>730,198</u>               | <u>953,460</u>               | <u>1,422,642</u>                    | <u>1,721,293</u>              | <u>1,729,668</u>                     |
| General Fund                          | 330,197                      | 376,311                      | 465,616                             | 518,014                       | 520,482                              |
| Cash Funds                            | 46,929                       | 104,605                      | 156,108                             | 219,164                       | 220,240                              |
| Reappropriated Funds                  | 31,669                       | 0                            | 161,760                             | 191,856                       | 192,789                              |
| Federal Funds                         | 321,403                      | 472,544                      | 639,158                             | 792,259                       | 796,157                              |
| S.B. 06-235 Supplemental Amortization |                              |                              |                                     |                               |                                      |
| Equalization Disbursement             | <u>475,089</u>               | <u>694,989</u>               | <u>1,282,843</u>                    | <u>1,613,712</u>              | <u>1,621,564</u>                     |
| General Fund                          | 179,308                      | 186,314                      | 418,860                             | 485,638                       | 487,952                              |
| Cash Funds                            | 37,711                       | 89,895                       | 140,931                             | 205,466                       | 206,475                              |
| Reappropriated Funds                  | 0                            | 12,688                       | 146,034                             | 179,865                       | 180,740                              |
| Federal Funds                         | 258,070                      | 406,092                      | 577,018                             | 742,743                       | 746,397                              |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|-----------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Salary Survey                     | <u>0</u>                     | <u>0</u>                     | <u>897,519</u>                      | <u>694,819</u>                | <u>1,398,402</u>                     |
| General Fund                      | 0                            | 0                            | 220,235                             | 206,694                       | 418,777                              |
| Cash Funds                        | 0                            | 0                            | 124,558                             | 88,762                        | 178,187                              |
| Reappropriated Funds              | 0                            | 0                            | 107,909                             | 77,160                        | 156,221                              |
| Federal Funds                     | 0                            | 0                            | 444,817                             | 322,203                       | 645,217                              |
| Merit Pay                         | <u>0</u>                     | <u>0</u>                     | <u>543,735</u>                      | <u>609,817</u>                | <u>612,103</u>                       |
| General Fund                      | 0                            | 0                            | 139,314                             | 180,629                       | 180,806                              |
| Cash Funds                        | 0                            | 0                            | 71,084                              | 86,345                        | 86,770                               |
| Reappropriated Funds              | 0                            | 0                            | 66,915                              | 68,242                        | 68,575                               |
| Federal Funds                     | 0                            | 0                            | 266,422                             | 274,601                       | 275,952                              |
| Workers' Compensation             | <u>263,197</u>               | <u>353,662</u>               | <u>632,557</u>                      | <u>649,934</u>                | <u>649,934</u>                       |
| General Fund                      | 104,925                      | 163,874                      | 241,762                             | 248,404                       | 248,404                              |
| Cash Funds                        | 19,997                       | 35,588                       | 55,351                              | 56,872                        | 56,872                               |
| Reappropriated Funds              | 23,999                       | 39,924                       | 77,678                              | 79,811                        | 79,811                               |
| Federal Funds                     | 114,276                      | 114,276                      | 257,766                             | 264,847                       | 264,847                              |
| Legal Services                    | <u>246,374</u>               | <u>222,428</u>               | <u>446,292</u>                      | <u>446,292</u>                | <u>446,292</u>                       |
| General Fund                      | 168,455                      | 133,151                      | 253,385                             | 253,385                       | 253,385                              |
| Cash Funds                        | 63,767                       | 78,606                       | 174,691                             | 174,691                       | 174,691                              |
| Reappropriated Funds              | 14,152                       | 10,671                       | 18,216                              | 18,216                        | 18,216                               |
| Administrative Law Judge Services | <u>37,871</u>                | <u>65,353</u>                | <u>78,573</u>                       | <u>146,199</u>                | <u>146,199</u>                       |
| Cash Funds                        | 31,654                       | 54,073                       | 65,011                              | 120,964                       | 120,964                              |
| Reappropriated Funds              | 6,217                        | 11,280                       | 13,562                              | 25,235                        | 25,235                               |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Payment to Risk Management and Property Funds                              | <u>53,752</u>        | <u>83,183</u>        | <u>92,314</u>               | <u>75,014</u>         | <u>75,014</u>                |
| General Fund   | 43,770               | 83,183               | 92,314                      | 75,014                | 75,014                       |
| Cash Funds   | 3,403                | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds   | 6,579                | 0                    | 0                           | 0                     | 0                            |
| Capitol Complex Leased Space   | <u>548,356</u>       | <u>536,071</u>       | <u>677,530</u>              | <u>604,122</u>        | <u>604,122</u>               |
| General Fund   | 81,077               | 80,400               | 117,167                     | 93,397                | 117,133                      |
| Cash Funds   | 119,692              | 110,601              | 74,202                      | 79,262                | 1,020                        |
| Reappropriated Funds   | 87,395               | 87,067               | 113,637                     | 117,804               | 113,551                      |
| Federal Funds  | 260,192              | 258,003              | 372,524                     | 313,659               | 372,418                      |
| Reprinting and Distributing Laws Concerning                                |                      |                      |                             |                       |                              |
| Education  | <u>27,076</u>        | <u>29,009</u>        | <u>35,480</u>               | <u>35,480</u>         | <u>35,480</u>                |
| Cash Funds   | 27,076               | 29,009               | 35,480                      | 35,480                | 35,480                       |
| Emeritus Retirement  | <u>2,099</u>         | <u>0</u>             | <u>0</u>                    | <u>0</u>              | <u>0</u>                     |
| General Fund   | 2,099                | 0                    | 0                           | 0                     | 0                            |
| <b>SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items</b> | 11,644,314           | 12,568,679           | 17,416,629                  | 18,133,528            | 18,856,034                   |
| <i>FTE</i>   | <u>61.0</u>          | <u>61.4</u>          | <u>64.9</u>                 | <u>64.9</u>           | <u>64.9</u>                  |
| General Fund   | 4,212,986            | 4,333,135            | 5,510,078                   | 5,547,525             | 5,788,426                    |
| Cash Funds   | 3,183,098            | 3,288,368            | 4,524,637                   | 4,882,060             | 4,895,805                    |
| Reappropriated Funds   | 2,203,790            | 2,370,456            | 3,207,406                   | 3,302,526             | 3,379,521                    |
| Federal Funds  | 2,044,440            | 2,576,720            | 4,174,508                   | 4,401,417             | 4,792,282                    |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| <b>(B) Information Technology</b>         |                      |                      |                             |                       |                              |
| Information Technology Services           | <u>2,703,116</u>     | <u>2,936,124</u>     | <u>2,723,713</u>            | <u>5,863,959</u>      | <u>3,815,317</u> *           |
| FTE                                       | 18.8                 | 16.7                 | 23.0                        | 27.6                  | 27.6                         |
| General Fund                              | 2,079,066            | 2,324,057            | 2,098,959                   | 5,238,865             | 3,190,223                    |
| Reappropriated Funds                      | 624,050              | 612,067              | 624,754                     | 625,094               | 625,094                      |
| Purchase of Services from Computer Center | <u>144,252</u>       | <u>189,795</u>       | <u>175,252</u>              | <u>165,104</u>        | <u>115,104</u>               |
| General Fund                              | 144,252              | 189,795              | 175,252                     | 165,104               | 115,104                      |
| Multiuse Network Payments                 | <u>28,398</u>        | <u>103,502</u>       | <u>266,324</u>              | <u>342,419</u>        | <u>342,419</u>               |
| General Fund                              | 28,398               | 103,502              | 266,324                     | 342,419               | 342,419                      |
| COFRS Modernization                       | <u>0</u>             | <u>197,914</u>       | <u>197,914</u>              | <u>197,914</u>        | <u>197,914</u>               |
| General Fund                              | 0                    | 61,100               | 61,100                      | 61,100                | 61,100                       |
| Cash Funds                                | 0                    | 89,496               | 89,496                      | 89,496                | 89,496                       |
| Reappropriated Funds                      | 0                    | 47,318               | 47,318                      | 47,318                | 47,318                       |
| Information Technology Security           | <u>0</u>             | <u>0</u>             | <u>4,658</u>                | <u>20,961</u>         | <u>20,961</u>                |
| General Fund                              | 0                    | 0                    | 4,658                       | 20,961                | 20,961                       |
| Federal Funds                             | 0                    | 0                    | 0                           | 0                     | 0                            |
| Information Technology Asset Maintenance  | <u>296,486</u>       | <u>298,564</u>       | <u>303,830</u>              | <u>303,830</u>        | <u>2,284,180</u>             |
| General Fund                              | 296,486              | 298,564              | 303,830                     | 303,830               | 2,284,180                    |
| Disaster Recovery                         | <u>19,265</u>        | <u>17,758</u>        | <u>19,722</u>               | <u>19,722</u>         | <u>19,722</u>                |
| General Fund                              | 19,265               | 17,758               | 19,722                      | 19,722                | 19,722                       |
| Payments to OIT                           | <u>0</u>             | <u>0</u>             | <u>0</u>                    | <u>92,753</u>         | <u>92,753</u>                |
| General Fund                              | 0                    | 0                    | 0                           | 92,753                | 92,753                       |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (B) Information Technology</b> | 3,191,517                    | 3,743,657                    | 3,691,413                           | 7,006,662                     | 6,888,370                            |
| <i>FTE</i>                                   | <u>18.8</u>                  | <u>16.7</u>                  | <u>23.0</u>                         | <u>27.6</u>                   | <u>27.6</u>                          |
| General Fund                                 | 2,567,467                    | 2,994,776                    | 2,929,845                           | 6,244,754                     | 6,126,462                            |
| Cash Funds                                   | 0                            | 89,496                       | 89,496                              | 89,496                        | 89,496                               |
| Reappropriated Funds                         | 624,050                      | 659,385                      | 672,072                             | 672,412                       | 672,412                              |
| Federal Funds                                | 0                            | 0                            | 0                                   | 0                             | 0                                    |

**(C) Assessments and Data Analyses**

|  |                   |                   |                   |                   |                     |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|
| Colorado Student Assessment Program                        | <u>21,947,677</u> | <u>26,587,994</u> | <u>32,568,016</u> | <u>35,940,656</u> | <u>36,771,010</u> * |
| <i>FTE</i>   | 14.5              | 16.5              | 11.8              | 11.8              | 11.8                |
| General Fund   | 0                 | 0                 | 0                 | 75,600            | 0                   |
| Cash Funds   | 15,879,370        | 22,243,106        | 24,972,004        | 28,232,143        | 29,058,189          |
| Reappropriated Funds                                       | 0                 | 0                 | 0                 | 0                 | 0                   |
| Federal Funds  | 6,068,307         | 4,344,888         | 7,596,012         | 7,632,913         | 7,712,821           |
| Federal Grant for State Assessments and Related Activities | <u>2,247,224</u>  | <u>2,247,224</u>  | <u>2,247,224</u>  | <u>2,247,224</u>  | <u>2,247,224</u>    |
| <i>FTE</i>   | 5.7               | 5.7               | 5.7               | 5.7               | 5.7                 |
| Federal Funds  | 2,247,224         | 2,247,224         | 2,247,224         | 2,247,224         | 2,247,224           |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Longitudinal Analyses of Student Assessment Results | <u>7,693,157</u>             | <u>8,018,084</u>             | <u>5,186,311</u>                    | <u>291,820</u>                | <u>367,420</u>                       |
| FTE   | 2.8                          | 2.3                          | 3.0                                 | 3.0                           | 3.0                                  |
| General Fund  | 276,057                      | 259,884                      | 286,311                             | 291,820                       | 367,420                              |
| Federal Funds                                       | 7,417,100                    | 7,758,200                    | 4,900,000                           | 0                             | 0                                    |
| Basic Skills Placement or Assessment Tests          | <u>0</u>                     | <u>35,943</u>                | <u>320,917</u>                      | <u>320,917</u>                | <u>320,917</u>                       |
| Cash Funds  | 0                            | 35,943                       | 320,917                             | 320,917                       | 320,917                              |
| Preschool to Postsecondary Education Alignment      | <u>456,289</u>               | <u>510,755</u>               | <u>567,685</u>                      | <u>579,323</u>                | <u>579,323</u>                       |
| FTE   | 3.4                          | 3.6                          | 3.5                                 | 3.5                           | 3.5                                  |
| Cash Funds  | 456,289                      | 510,755                      | 567,685                             | 579,323                       | 579,323                              |
| Educator Effectiveness Unit Administration          | <u>0</u>                     | <u>424,390</u>               | <u>544,483</u>                      | <u>548,108</u>                | <u>548,108</u>                       |
| FTE   | 0.0                          | 2.9                          | 4.0                                 | 4.0                           | 4.0                                  |
| General Fund  | 0                            | 0                            | 424,390                             | 432,718                       | 432,718                              |
| Cash Funds  | 0                            | 424,390                      | 120,093                             | 115,390                       | 115,390                              |
| Educator Effectiveness Implementation               | <u>0</u>                     | <u>2,512,153</u>             | <u>1,905,312</u>                    | <u>1,740,981</u>              | <u>2,075,020</u>                     |
| FTE   | 0.0                          | 2.7                          | 14.5                                | 14.5                          | 14.5                                 |
| Cash Funds  | 0                            | 680,002                      | 200,000                             | 0                             | 0                                    |
| Federal Funds                                       | 0                            | 1,832,151                    | 1,705,312                           | 1,740,981                     | 2,075,020                            |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Accountability and Improvement Planning    | 0                            | 0                            | <u>1,284,733</u>                    | <u>1,678,364</u>              | <u>1,678,364</u>                     |
| FTE  | 0.0                          | 0.0                          | 11.2                                | 11.4                          | 11.4                                 |
| General Fund                               | 0                            | 0                            | 734,401                             | 1,128,032                     | 1,128,032                            |
| Federal Funds                              | 0                            | 0                            | 550,332                             | 550,332                       | 550,332                              |
| <b>SUBTOTAL - (C) Assessments and Data</b> |                              |                              |                                     |                               |                                      |
| <b>Analyses</b>                            | 32,344,347                   | 40,336,543                   | 44,624,681                          | 43,347,393                    | 44,587,386                           |
| FTE  | <u>26.4</u>                  | <u>33.7</u>                  | <u>53.7</u>                         | <u>53.9</u>                   | <u>53.9</u>                          |
| General Fund                               | 276,057                      | 259,884                      | 1,445,102                           | 1,928,170                     | 1,928,170                            |
| Cash Funds                                 | 16,335,659                   | 23,894,196                   | 26,180,699                          | 29,247,773                    | 30,073,819                           |
| Reappropriated Funds                       | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                              | 15,732,631                   | 16,182,463                   | 16,998,880                          | 12,171,450                    | 12,585,397                           |

**(D) State Charter School Institute**

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| State Charter School Institute Administration,<br>Oversight, and Management | <u>1,471,394</u> | <u>1,752,933</u> | <u>2,466,743</u> | <u>2,831,760</u> | <u>2,831,760</u> |
| FTE   | 11.1             | 11.1             | 11.7             | 11.7             | 11.7             |
| General Fund  | 0                | 0                | 0                | 0                | 0                |
| Reappropriated Funds  | 1,471,394        | 1,752,933        | 2,466,743        | 2,831,760        | 2,831,760        |
| Federal Funds   | 0                | 0                | 0                | 0                | 0                |
| Institute Charter School Assistance Fund                                    | <u>0</u>         | <u>0</u>         | <u>460,000</u>   | <u>750,000</u>   | <u>460,000</u>   |
| Cash Funds  | 0                | 0                | 460,000          | 750,000          | 460,000          |
| Other Transfers to Institute Charter Schools                                | <u>2,243,815</u> | <u>3,000,786</u> | <u>3,622,979</u> | <u>3,622,979</u> | <u>3,622,979</u> |
| Reappropriated Funds  | 2,243,815        | 3,000,786        | 3,622,979        | 3,622,979        | 3,622,979        |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Transfer of Federal Moneys to Institute Charter Schools          | <u>5,214,512</u>     | <u>5,597,366</u>     | <u>5,730,000</u>            | <u>6,330,000</u>      | <u>6,330,000</u>             |
| FTE  | 4.6                  | 3.0                  | 4.5                         | 4.5                   | 4.5                          |
| Reappropriated Funds   | 5,214,512            | 5,597,366            | 5,730,000                   | 6,330,000             | 6,330,000                    |
| Department Implementation of Section 22-30.5-501 et seq., C.R.S. | <u>165,719</u>       | <u>194,420</u>       | <u>210,014</u>              | <u>214,782</u>        | <u>214,782</u>               |
| FTE  | 2.4                  | 1.7                  | 1.6                         | 1.6                   | 1.6                          |
| Reappropriated Funds   | 165,719              | 194,420              | 210,014                     | 214,782               | 214,782                      |
| State Charter School Institute Emergency Reserve                 | <u>0</u>             | <u>0</u>             | <u>0</u>                    | <u>0</u>              | <u>0</u>                     |
| Reappropriated Funds   | 0                    | 0                    | 0                           | 0                     | 0                            |
| <b>SUBTOTAL - (D) State Charter School Institute</b>             | <b>9,095,440</b>     | <b>10,545,505</b>    | <b>12,489,736</b>           | <b>13,749,521</b>     | <b>13,459,521</b>            |
| <b>FTE</b>   | <b><u>18.1</u></b>   | <b><u>15.8</u></b>   | <b><u>17.8</u></b>          | <b><u>17.8</u></b>    | <b><u>17.8</u></b>           |
| General Fund   | 0                    | 0                    | 0                           | 0                     | 0                            |
| Cash Funds   | 0                    | 0                    | 460,000                     | 750,000               | 460,000                      |
| Reappropriated Funds   | 9,095,440            | 10,545,505           | 12,029,736                  | 12,999,521            | 12,999,521                   |
| Federal Funds  | 0                    | 0                    | 0                           | 0                     | 0                            |

**(E) Indirect Cost Assessment**

|                          |          |          |                |                |                |
|--------------------------|----------|----------|----------------|----------------|----------------|
| Indirect Cost Assessment | <u>0</u> | <u>0</u> | <u>567,196</u> | <u>567,196</u> | <u>508,113</u> |
| Cash Funds               | 0        | 0        | 329,060        | 329,060        | 282,540        |
| Reappropriated Funds     | 0        | 0        | 0              | 0              | 0              |
| Federal Funds            | 0        | 0        | 238,136        | 238,136        | 225,573        |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (E) Indirect Cost Assessment</b>   | 0                            | 0                            | 567,196                             | 567,196                       | 508,113                              |
| <i>FTE</i>                                       | <u>0.0</u>                   | <u>0.0</u>                   | <u>0.0</u>                          | <u>0.0</u>                    | <u>0.0</u>                           |
| Cash Funds                                       | 0                            | 0                            | 329,060                             | 329,060                       | 282,540                              |
| Reappropriated Funds                             | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                                    | 0                            | 0                            | 238,136                             | 238,136                       | 225,573                              |
| <b>TOTAL - (I) Management and Administration</b> | 56,275,618                   | 67,194,384                   | 78,789,655                          | 82,804,300                    | 84,299,424                           |
| <i>FTE</i>                                       | <u>124.3</u>                 | <u>127.6</u>                 | <u>159.4</u>                        | <u>164.2</u>                  | <u>164.2</u>                         |
| General Fund                                     | 7,056,510                    | 7,587,795                    | 9,885,025                           | 13,720,449                    | 13,843,058                           |
| Cash Funds                                       | 19,518,757                   | 27,272,060                   | 31,583,892                          | 35,298,389                    | 35,801,660                           |
| Reappropriated Funds                             | 11,923,280                   | 13,575,346                   | 15,909,214                          | 16,974,459                    | 17,051,454                           |
| Federal Funds                                    | 17,777,071                   | 18,759,183                   | 21,411,524                          | 16,811,003                    | 17,603,252                           |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

**(2) ASSISTANCE TO PUBLIC SCHOOLS**

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

**(A) Public School Finance**

|   |                      |                      |                      |                      |                        |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|
| Administration                                  | <u>1,327,752</u>     | <u>1,501,257</u>     | <u>1,501,265</u>     | <u>1,541,836</u>     | <u>1,541,836</u>       |
| FTE   | 15.6                 | 15.7                 | 17.2                 | 17.2                 | 17.2                   |
| Cash Funds                                      | 20,293               | 20,411               | 20,418               | 20,765               | 20,765                 |
| Reappropriated Funds                            | 1,307,459            | 1,480,846            | 1,480,847            | 1,521,071            | 1,521,071              |
| State Share of Districts' Total Program Funding | <u>3,331,922,155</u> | <u>3,379,714,291</u> | <u>3,588,100,260</u> | <u>3,813,824,664</u> | <u>3,782,486,008</u> * |
| General Fund                                    | 2,387,670,327        | 2,540,099,253        | 2,515,468,799        | 2,604,228,218        | 2,662,129,456          |
| General Fund Exempt                             | 284,175,417          | 312,202,624          | 469,842,084          | 469,842,084          | 469,842,084            |
| Cash Funds                                      | 660,076,411          | 527,412,414          | 602,789,377          | 739,754,362          | 650,514,468            |
| Federal Funds                                   | 0                    | 0                    | 0                    | 0                    | 0                      |
| Hold-Harmless On-line Charters                  | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>               |
| General Fund                                    | 0                    | 0                    | 0                    | 0                    | 0                      |
| Hold-harmless Full-day Kindergarten Funding     | <u>6,890,040</u>     | <u>6,899,114</u>     | <u>7,109,172</u>     | <u>7,351,222</u>     | <u>7,302,816</u> *     |
| Cash Funds                                      | 6,890,040            | 6,899,114            | 7,109,172            | 7,351,222            | 7,302,816              |
| District Per Pupil Reimbursements for Juveniles |                      |                      |                      |                      |                        |
| Held in Jail                                    | <u>27,029</u>        | <u>0</u>             | <u>25,000</u>        | <u>25,000</u>        | <u>25,000</u>          |
| Cash Funds                                      | 27,029               | 0                    | 25,000               | 25,000               | 25,000                 |
| At-risk Supplemental Aid                        | <u>0</u>             | <u>3,839,627</u>     | <u>3,839,627</u>     | <u>3,839,627</u>     | <u>3,839,627</u>       |
| Cash Funds                                      | 0                    | 3,839,627            | 3,839,627            | 3,839,627            | 3,839,627              |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Education Jobs Fund Program                         | <u>6,472,891</u>             | <u>1,113,950</u> 0.8         | 0                                   | 0                             | 0                                    |
| Federal Funds                                       | 6,472,891                    | 1,113,950                    | 0                                   | 0                             | 0                                    |
| Education Stabilization Funds from the State Fiscal |                              |                              |                                     |                               |                                      |
| Stabilization Fund in ARRA                          | <u>10,878,016</u>            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                                       | 10,878,016                   | 0                            | 0                                   | 0                             | 0                                    |
| <b>SUBTOTAL - (A) Public School Finance</b>         | <b>3,357,517,883</b>         | <b>3,393,068,239</b>         | <b>3,600,575,324</b>                | <b>3,826,582,349</b>          | <b>3,795,195,287</b>                 |
| <b>FTE</b>  | <u>15.6</u>                  | <u>16.5</u>                  | <u>17.2</u>                         | <u>17.2</u>                   | <u>17.2</u>                          |
| General Fund  | 2,387,670,327                | 2,540,099,253                | 2,515,468,799                       | 2,604,228,218                 | 2,662,129,456                        |
| General Fund Exempt                                 | 284,175,417                  | 312,202,624                  | 469,842,084                         | 469,842,084                   | 469,842,084                          |
| Cash Funds  | 667,013,773                  | 538,171,566                  | 613,783,594                         | 750,990,976                   | 661,702,676                          |
| Reappropriated Funds                                | 1,307,459                    | 1,480,846                    | 1,480,847                           | 1,521,071                     | 1,521,071                            |
| Federal Funds                                       | 17,350,907                   | 1,113,950                    | 0                                   | 0                             | 0                                    |

**(B) Categorical Programs**

**(I) District Programs Required by Statute**

|  |                    |                    |                    |                    |                      |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|
| Special Education - Children with Disabilities | <u>289,562,892</u> | <u>300,595,057</u> | <u>312,419,984</u> | <u>316,572,294</u> | <u>316,873,313</u> * |
| FTE  | 81.1               | 81.0               | 63.0               | 63.0               | 63.0                 |
| General Fund                                   | 71,572,347         | 71,572,347         | 71,572,347         | 71,572,347         | 71,572,347           |
| Cash Funds                                     | 58,225,450         | 63,069,594         | 85,649,061         | 89,508,420         | 89,809,439           |
| Reappropriated Funds                           | 101,812            | 101,812            | 101,812            | 104,043            | 104,043              |
| Federal Funds                                  | 159,663,283        | 165,851,304        | 155,096,764        | 155,387,484        | 155,387,484          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| English Language Proficiency Program   | <u>23,048,344</u>            | <u>26,109,635</u>            | <u>26,476,847</u>                   | <u>28,211,417</u>             | <u>27,883,302</u> *                  |
| FTE  | 6.4                          | 4.1                          | 4.6                                 | 8.7                           | 4.6                                  |
| General Fund   | 3,101,598                    | 3,101,598                    | 3,101,598                           | 3,530,943                     | 3,101,598                            |
| Cash Funds   | 9,984,180                    | 11,358,657                   | 12,138,442                          | 13,436,317                    | 13,537,547                           |
| Federal Funds  | 9,962,566                    | 11,649,380                   | 11,236,807                          | 11,244,157                    | 11,244,157                           |
| <b>SUBTOTAL - (I) District Programs Required by Statute</b>  | 312,611,236                  | 326,704,692                  | 338,896,831                         | 344,783,711                   | 344,756,615                          |
| <i>FTE</i>   | <u>87.5</u>                  | <u>85.1</u>                  | <u>67.6</u>                         | <u>71.7</u>                   | <u>67.6</u>                          |
| General Fund   | 74,673,945                   | 74,673,945                   | 74,673,945                          | 75,103,290                    | 74,673,945                           |
| Cash Funds   | 68,209,630                   | 74,428,251                   | 97,787,503                          | 102,944,737                   | 103,346,986                          |
| Reappropriated Funds   | 101,812                      | 101,812                      | 101,812                             | 104,043                       | 104,043                              |
| Federal Funds  | 169,625,849                  | 177,500,684                  | 166,333,571                         | 166,631,641                   | 166,631,641                          |
| <b>(II) Other Categorical Programs</b>   |                              |                              |                                     |                               |                                      |
| Public School Transportation   | <u>52,052,250</u>            | <u>54,028,635</u>            | <u>53,261,338</u>                   | <u>54,487,374</u>             | <u>54,617,347</u> *                  |
| FTE  | 2.0                          | 2.0                          | 2.0                                 | 2.0                           | 2.0                                  |
| General Fund   | 36,922,227                   | 36,922,227                   | 36,922,227                          | 36,922,227                    | 36,922,227                           |
| Cash Funds   | 15,130,023                   | 17,106,408                   | 16,339,111                          | 17,565,147                    | 17,695,120                           |
| Transfer to the Department of Higher Education<br>for Distribution of State Assistance for Career and<br>Technical Education | <u>22,764,221</u>            | <u>24,218,018</u>            | <u>24,528,307</u>                   | <u>24,948,015</u>             | <u>24,933,788</u> *                  |
| General Fund   | 17,792,850                   | 17,792,850                   | 17,792,850                          | 17,792,850                    | 17,792,850                           |
| Cash Funds   | 4,971,371                    | 6,425,168                    | 6,735,457                           | 7,155,165                     | 7,140,938                            |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Special Education Programs for Gifted and Talented Children | <u>9,201,106</u>     | <u>9,453,560</u>     | <u>9,600,000</u>            | <u>9,795,436</u>      | <u>9,807,091</u> *           |
| FTE   | 0.5                  | 0.7                  | 0.5                         | 0.5                   | 0.5                          |
| General Fund  | 5,500,000            | 5,486,894            | 5,500,000                   | 5,500,000             | 5,500,000                    |
| Cash Funds  | 3,701,106            | 3,966,666            | 4,100,000                   | 4,295,436             | 4,307,091                    |
| Expelled and At-risk Student Services Grant Program         | <u>7,439,965</u>     | <u>7,480,341</u>     | <u>7,493,560</u>            | <u>7,496,506</u>      | <u>7,493,560</u>             |
| FTE   | 1.1                  | 0.9                  | 1.0                         | 1.0                   | 1.0                          |
| General Fund  | 5,786,766            | 5,787,955            | 5,788,807                   | 5,788,807             | 5,788,807                    |
| Cash Funds  | 1,653,199            | 1,692,386            | 1,704,753                   | 1,707,699             | 1,704,753                    |
| Small Attendance Center Aid                                 | <u>959,379</u>       | <u>959,379</u>       | <u>959,379</u>              | <u>959,379</u>        | <u>959,379</u>               |
| General Fund  | 787,645              | 787,645              | 787,645                     | 787,645               | 787,645                      |
| Cash Funds  | 171,734              | 171,734              | 171,734                     | 171,734               | 171,734                      |
| Comprehensive Health Education                              | <u>970,107</u>       | <u>913,569</u>       | <u>1,005,396</u>            | <u>1,007,771</u>      | <u>1,005,396</u>             |
| FTE   | 1.0                  | 0.8                  | 1.0                         | 1.0                   | 1.0                          |
| General Fund  | 299,279              | 299,953              | 300,000                     | 300,000               | 300,000                      |
| Cash Funds  | 670,828              | 613,616              | 705,396                     | 707,771               | 705,396                      |
| <b>SUBTOTAL - (II) Other Categorical Programs</b>           | <b>93,387,028</b>    | <b>97,053,502</b>    | <b>96,847,980</b>           | <b>98,694,481</b>     | <b>98,816,561</b>            |
| <b>FTE</b>  | <b>4.6</b>           | <b>4.4</b>           | <b>4.5</b>                  | <b>4.5</b>            | <b>4.5</b>                   |
| General Fund  | 67,088,767           | 67,077,524           | 67,091,529                  | 67,091,529            | 67,091,529                   |
| Cash Funds  | 26,298,261           | 29,975,978           | 29,756,451                  | 31,602,952            | 31,725,032                   |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (B) Categorical Programs</b> | 405,998,264                  | 423,758,194                  | 435,744,811                         | 443,478,192                   | 443,573,176                          |
| <i>FTE</i>                                 | <u>92.1</u>                  | <u>89.5</u>                  | <u>72.1</u>                         | <u>76.2</u>                   | <u>72.1</u>                          |
| General Fund                               | 141,762,712                  | 141,751,469                  | 141,765,474                         | 142,194,819                   | 141,765,474                          |
| Cash Funds                                 | 94,507,891                   | 104,404,229                  | 127,543,954                         | 134,547,689                   | 135,072,018                          |
| Reappropriated Funds                       | 101,812                      | 101,812                      | 101,812                             | 104,043                       | 104,043                              |
| Federal Funds                              | 169,625,849                  | 177,500,684                  | 166,333,571                         | 166,631,641                   | 166,631,641                          |

**(C) Grant Programs, Distributions, and Other Assistance**

**(I) Health and Nutrition**

|   |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Federal Nutrition Programs                      | <u>158,395,957</u> | <u>170,959,303</u> | <u>156,531,965</u> | <u>156,554,776</u> | <u>156,554,776</u> |
| FTE   | 10.5               | 11.4               | 9.0                | 9.0                | 9.0                |
| General Fund                                    | 80,159             | 88,617             | 82,327             | 84,747             | 84,747             |
| Federal Funds                                   | 158,315,798        | 170,870,686        | 156,449,638        | 156,470,029        | 156,470,029        |
| State Match for School Lunch Program            | <u>2,472,644</u>   | <u>2,472,644</u>   | <u>2,472,644</u>   | <u>2,472,644</u>   | <u>2,472,644</u>   |
| Cash Funds                                      | 2,472,644          | 2,472,644          | 2,472,644          | 2,472,644          | 2,472,644          |
| Child Nutrition School Lunch Protection Program | <u>683,230</u>     | <u>710,020</u>     | <u>850,000</u>     | <u>850,000</u>     | <u>850,000</u>     |
| Cash Funds                                      | 683,230            | 710,020            | 850,000            | 850,000            | 850,000            |
| Start Smart Nutrition Program Fund              | <u>700,000</u>     | <u>700,000</u>     | <u>800,000</u>     | <u>950,000</u>     | <u>1,097,983</u> * |
| General Fund                                    | 700,000            | 700,000            | 800,000            | 950,000            | 1,097,983          |
| Start Smart Nutrition Program                   | <u>765,105</u>     | <u>815,877</u>     | <u>914,000</u>     | <u>1,138,983</u>   | <u>1,136,983</u> * |
| General Fund                                    | 0                  | 0                  | 0                  | 147,983            | 0                  |
| Cash Funds                                      | 65,105             | 115,877            | 114,000            | 41,000             | 39,000             |
| Reappropriated Funds                            | 700,000            | 700,000            | 800,000            | 950,000            | 1,097,983          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Breakfast After the Bell                       | <u>0</u>                     | <u>0</u>                     | <u>0</u>                            | <u>14,341,931</u>             | <u>14,341,931</u>                    |
| FTE  | 0.0                          | 0.0                          | 0.0                                 | 0.3                           | 0.3                                  |
| General Fund                                   | 0                            | 0                            | 0                                   | 24,128                        | 24,128                               |
| Federal Funds                                  | 0                            | 0                            | 0                                   | 14,317,803                    | 14,317,803                           |
| S.B. 97-101 Public School Health Services      | <u>139,649</u>               | <u>145,640</u>               | <u>134,593</u>                      | <u>137,806</u>                | <u>137,806</u>                       |
| FTE  | 1.4                          | 1.4                          | 1.4                                 | 1.4                           | 1.4                                  |
| Reappropriated Funds                           | 139,649                      | 145,640                      | 134,593                             | 137,806                       | 137,806                              |
| <b>SUBTOTAL - (I) Health and Nutrition</b>     | <b>163,156,585</b>           | <b>175,803,484</b>           | <b>161,703,202</b>                  | <b>176,446,140</b>            | <b>176,592,123</b>                   |
| <b>FTE</b>                                     | <b>11.9</b>                  | <b>12.8</b>                  | <b>10.4</b>                         | <b>10.7</b>                   | <b>10.7</b>                          |
| General Fund                                   | 780,159                      | 788,617                      | 882,327                             | 1,206,858                     | 1,206,858                            |
| Cash Funds                                     | 3,220,979                    | 3,298,541                    | 3,436,644                           | 3,363,644                     | 3,361,644                            |
| Reappropriated Funds                           | 839,649                      | 845,640                      | 934,593                             | 1,087,806                     | 1,235,789                            |
| Federal Funds                                  | 158,315,798                  | 170,870,686                  | 156,449,638                         | 170,787,832                   | 170,787,832                          |
| <b>(II) Capital Construction</b>               |                              |                              |                                     |                               |                                      |
| Division of Public School Capital Construction |                              |                              |                                     |                               |                                      |
| Assistance                                     | <u>733,308</u>               | <u>732,049</u>               | <u>874,831</u>                      | <u>896,141</u>                | <u>896,141</u>                       |
| FTE  | 7.5                          | 7.1                          | 9.0                                 | 9.0                           | 9.0                                  |
| Cash Funds                                     | 733,308                      | 732,049                      | 874,831                             | 896,141                       | 896,141                              |
| Public School Capital Construction Assistance  |                              |                              |                                     |                               |                                      |
| Board - Lease Payments                         | <u>35,183,873</u>            | <u>34,268,889</u>            | <u>57,000,000</u>                   | <u>65,000,000</u>             | <u>65,000,000</u>                    |
| Cash Funds                                     | 35,183,873                   | 34,268,889                   | 57,000,000                          | 65,000,000                    | 65,000,000                           |
| Financial Assistance Priority Assessment       | <u>41,550</u>                | <u>31,500</u>                | <u>50,000</u>                       | <u>50,000</u>                 | <u>50,000</u>                        |
| Cash Funds                                     | 41,550                       | 31,500                       | 50,000                              | 50,000                        | 50,000                               |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| State Aid for Charter School Facilities       | <u>5,000,000</u>             | <u>6,000,000</u>             | <u>7,000,000</u>                    | <u>7,000,000</u>              | <u>7,000,000</u>                     |
| Cash Funds                                    | 5,000,000                    | 6,000,000                    | 7,000,000                           | 7,000,000                     | 7,000,000                            |
| <b>SUBTOTAL - (II) Capital Construction</b>   | 40,958,731                   | 41,032,438                   | 64,924,831                          | 72,946,141                    | 72,946,141                           |
| <b>FTE</b>                                    | <u>7.5</u>                   | <u>7.1</u>                   | <u>9.0</u>                          | <u>9.0</u>                    | <u>9.0</u>                           |
| Cash Funds                                    | 40,958,731                   | 41,032,438                   | 64,924,831                          | 72,946,141                    | 72,946,141                           |
| <b>(III) Reading and Literacy</b>             |                              |                              |                                     |                               |                                      |
| Early Literacy Program                        | <u>0</u>                     | <u>4,320,252</u>             | <u>0</u>                            | <u>0</u>                      | <u>0</u>                             |
| FTE   | 0.0                          | 3.0                          | 0.0                                 | 0.0                           | 0.0                                  |
| Cash Funds                                    | 0                            | 4,320,252                    | 0                                   | 0                             | 0                                    |
| Early Literacy Competitive Grant Program      | <u>0</u>                     | <u>0</u>                     | <u>5,150,000</u>                    | <u>5,163,338</u>              | <u>5,163,338</u>                     |
| FTE   | 0.0                          | 0.0                          | 8.0                                 | 8.0                           | 8.0                                  |
| Cash Funds                                    | 0                            | 0                            | 5,150,000                           | 5,163,338                     | 5,163,338                            |
| Early Literacy Program Per Pupil Intervention |                              |                              |                                     |                               |                                      |
| Funding                                       | <u>0</u>                     | <u>0</u>                     | <u>15,433,938</u>                   | <u>15,433,938</u>             | <u>15,397,672</u>                    |
| FTE   | 0.0                          | 0.0                          | 1.0                                 | 1.0                           | 1.0                                  |
| Cash Funds                                    | 0                            | 0                            | 15,433,938                          | 15,433,938                    | 15,397,672                           |
| Read-to-Achieve Grant Program                 | <u>4,338,262</u>             | <u>0</u>                     | <u>0</u>                            | <u>0</u>                      | <u>0</u>                             |
| FTE   | 1.0                          | 0.0                          | 0.0                                 | 0.0                           | 0.0                                  |
| Cash Funds                                    | 4,338,262                    | 0                            | 0                                   | 0                             | 0                                    |
| Early Literacy Assessment Tool Program        | <u>0</u>                     | <u>0</u>                     | <u>0</u>                            | <u>2,819,373</u>              | <u>2,679,484</u>                     |
| FTE   | 0.0                          | 0.0                          | 0.0                                 | 1.0                           | 0.0                                  |
| Cash Funds                                    | 0                            | 0                            | 0                                   | 2,819,373                     | 2,679,484                            |

**JBC Staff Staff Figure Setting - FY 2014-15**  
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|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (III) Reading and Literacy</b> | 4,338,262                    | 4,320,252                    | 20,583,938                          | 23,416,649                    | 23,240,494                           |
| <i>FTE</i>                                   | <u>1.0</u>                   | <u>3.0</u>                   | <u>9.0</u>                          | <u>10.0</u>                   | <u>9.0</u>                           |
| Cash Funds                                   | 4,338,262                    | 4,320,252                    | 20,583,938                          | 23,416,649                    | 23,240,494                           |

**(IV) Professional Development and Instructional Support**

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| Content Specialists                                   | <u>410,402</u>   | <u>432,150</u>   | <u>441,808</u>   | <u>463,652</u>   | <u>463,652</u>   |
| FTE   | 3.9              | 4.0              | 5.0              | 5.0              | 5.0              |
| Cash Funds  | 410,402          | 432,150          | 441,808          | 463,652          | 463,652          |
| Office of Dropout Prevention and Student Reengagement | <u>3,000,000</u> | <u>3,000,000</u> | <u>2,700,000</u> | <u>2,708,166</u> | <u>2,400,000</u> |
| FTE   | 2.3              | 2.3              | 2.3              | 2.3              | 2.3              |
| Federal Funds   | 3,000,000        | 3,000,000        | 2,700,000        | 2,708,166        | 2,400,000        |
| Stipends for Nationally Board Certified Teachers      | <u>0</u>         | <u>160,848</u>   | <u>1,617,600</u> | <u>1,617,600</u> | <u>1,580,800</u> |
| Cash Funds  | 0                | 160,848          | 1,617,600        | 1,617,600        | 1,580,800        |
| Quality Teacher Recruitment Program                   | <u>0</u>         | <u>0</u>         | <u>3,000,000</u> | <u>3,000,000</u> | <u>3,000,000</u> |
| Cash Funds  | 0                | 0                | 3,000,000        | 3,000,000        | 3,000,000        |
| Educator Recognition and Perception                   | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>100,000</u>   | <u>0</u>         |
| General Fund  | 0                | 0                | 0                | 100,000          | 0                |
| English Language Learners Technical Assistance        | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>0</u>         | <u>311,682</u> * |
| FTE   | 0.0              | 0.0              | 0.0              | 0.0              | 4.1              |
| General Fund  | 0                | 0                | 0                | 0                | 311,682          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (IV) Professional Development<br/>and Instructional Support</b> | 3,410,402                    | 3,592,998                    | 7,759,408                           | 7,889,418                     | 7,756,134                            |
| <i>FTE</i>  | <u>6.2</u>                   | <u>6.3</u>                   | <u>7.3</u>                          | <u>7.3</u>                    | <u>11.4</u>                          |
| General Fund  | 0                            | 0                            | 0                                   | 100,000                       | 311,682                              |
| Cash Funds  | 410,402                      | 592,998                      | 5,059,408                           | 5,081,252                     | 5,044,452                            |
| Federal Funds   | 3,000,000                    | 3,000,000                    | 2,700,000                           | 2,708,166                     | 2,400,000                            |
| <b>(V) Facility Schools</b>   |                              |                              |                                     |                               |                                      |
| Facility Schools Unit and Facility Schools Board                              | <u>189,922</u>               | <u>201,033</u>               | <u>258,575</u>                      | <u>263,517</u>                | <u>263,517</u>                       |
| <i>FTE</i>  | <u>2.2</u>                   | <u>2.0</u>                   | <u>3.0</u>                          | <u>3.0</u>                    | <u>3.0</u>                           |
| Reappropriated Funds  | 189,922                      | 201,033                      | 258,575                             | 263,517                       | 263,517                              |
| Facility School Funding   | <u>13,255,214</u>            | <u>12,706,044</u>            | <u>16,990,054</u>                   | <u>16,990,054</u>             | <u>17,051,972</u>                    |
| Cash Funds  | 13,255,214                   | 12,706,044                   | 16,990,054                          | 16,990,054                    | 17,051,972                           |
| <b>SUBTOTAL - (V) Facility Schools</b>  | 13,445,136                   | 12,907,077                   | 17,248,629                          | 17,253,571                    | 17,315,489                           |
| <i>FTE</i>  | <u>2.2</u>                   | <u>2.0</u>                   | <u>3.0</u>                          | <u>3.0</u>                    | <u>3.0</u>                           |
| Cash Funds  | 13,255,214                   | 12,706,044                   | 16,990,054                          | 16,990,054                    | 17,051,972                           |
| Reappropriated Funds  | 189,922                      | 201,033                      | 258,575                             | 263,517                       | 263,517                              |
| <b>(VI) Other Assistance</b>  |                              |                              |                                     |                               |                                      |
| Appropriated Sponsored Programs   | <u>234,162,767</u>           | <u>234,508,813</u>           | <u>281,168,404</u>                  | <u>281,430,903</u>            | <u>281,430,903</u>                   |
| <i>FTE</i>  | <u>83.5</u>                  | <u>74.0</u>                  | <u>68.7</u>                         | <u>68.7</u>                   | <u>68.7</u>                          |
| Cash Funds  | 1,283,631                    | 1,415,207                    | 2,707,305                           | 2,714,450                     | 2,714,450                            |
| Reappropriated Funds  | 4,480,000                    | 1,152,577                    | 4,595,000                           | 4,607,476                     | 4,607,476                            |
| Federal Funds   | 228,399,136                  | 231,941,029                  | 273,866,099                         | 274,108,977                   | 274,108,977                          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| School Counselor Corps Grant Program                                   | <u>4,991,186</u>             | <u>4,994,940</u>             | <u>5,000,000</u>                    | <u>5,002,716</u>              | <u>5,002,716</u>                     |
| FTE  | 0.9                          | 1.0                          | 1.0                                 | 1.0                           | 1.0                                  |
| Cash Funds   | 4,991,186                    | 4,994,940                    | 5,000,000                           | 5,002,716                     | 5,002,716                            |
| BOCES Funding per Section 22-5-122, C.R.S.                             | <u>0</u>                     | <u>1,258,806</u>             | <u>1,300,000</u>                    | <u>1,302,785</u>              | <u>1,302,785</u>                     |
| FTE  | 0.0                          | 0.7                          | 1.0                                 | 1.0                           | 1.0                                  |
| Cash Funds   | 0                            | 1,258,806                    | 1,300,000                           | 1,302,785                     | 1,302,785                            |
| Contingency Reserve Fund   | <u>100,000</u>               | <u>0</u>                     | <u>4,467,768</u>                    | <u>1,000,000</u>              | <u>1,000,000</u>                     |
| General Fund   | 0                            | 0                            | 1,733,884                           | 0                             | 0                                    |
| Cash Funds   | 100,000                      | 0                            | 1,000,000                           | 1,000,000                     | 1,000,000                            |
| Reappropriated Funds   | 0                            | 0                            | 1,733,884                           | 0                             | 0                                    |
| Supplemental On-line Education Services                                | <u>480,000</u>               | <u>480,000</u>               | <u>480,000</u>                      | <u>480,000</u>                | <u>480,000</u>                       |
| Cash Funds   | 480,000                      | 480,000                      | 480,000                             | 480,000                       | 480,000                              |
| Interstate Compact on Educational Opportunity for<br>Military Children | <u>22,832</u>                | <u>24,061</u>                | <u>23,015</u>                       | <u>23,015</u>                 | <u>23,217</u>                        |
| Cash Funds   | 22,832                       | 24,061                       | 23,015                              | 23,015                        | 23,217                               |
| College and Career Readiness   | <u>0</u>                     | <u>0</u>                     | <u>0</u>                            | <u>234,606</u>                | <u>170,845</u> *                     |
| FTE  | 0.0                          | 0.0                          | 0.0                                 | 1.8                           | 1.8                                  |
| General Fund   | 0                            | 0                            | 0                                   | 234,606                       | 170,845                              |
| <b>SUBTOTAL - (VI) Other Assistance</b>                                | <b>239,756,785</b>           | <b>241,266,620</b>           | <b>292,439,187</b>                  | <b>289,474,025</b>            | <b>289,410,466</b>                   |
| <b>FTE</b>   | <b>84.4</b>                  | <b>75.7</b>                  | <b>70.7</b>                         | <b>72.5</b>                   | <b>72.5</b>                          |
| General Fund   | 0                            | 0                            | 1,733,884                           | 234,606                       | 170,845                              |
| Cash Funds   | 6,877,649                    | 8,173,014                    | 10,510,320                          | 10,522,966                    | 10,523,168                           |
| Reappropriated Funds   | 4,480,000                    | 1,152,577                    | 6,328,884                           | 4,607,476                     | 4,607,476                            |
| Federal Funds  | 228,399,136                  | 231,941,029                  | 273,866,099                         | 274,108,977                   | 274,108,977                          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>SUBTOTAL - (C) Grant Programs,<br/>Distributions, and Other Assistance</b> | 465,065,901                  | 478,922,869                  | 564,659,195                         | 587,425,944                   | 587,260,847                          |
| <i>FTE</i>  | <u>113.2</u>                 | <u>106.9</u>                 | <u>109.4</u>                        | <u>112.5</u>                  | <u>115.6</u>                         |
| General Fund  | 780,159                      | 788,617                      | 2,616,211                           | 1,541,464                     | 1,689,385                            |
| Cash Funds  | 69,061,237                   | 70,123,287                   | 121,505,195                         | 132,320,706                   | 132,167,871                          |
| Reappropriated Funds  | 5,509,571                    | 2,199,250                    | 7,522,052                           | 5,958,799                     | 6,106,782                            |
| Federal Funds   | 389,714,934                  | 405,811,715                  | 433,015,737                         | 447,604,975                   | 447,296,809                          |
| <b>(D) Indirect Cost Assessment</b>   |                              |                              |                                     |                               |                                      |
| Indirect Cost Assessment  | <u>0</u>                     | <u>0</u>                     | <u>1,894,075</u>                    | <u>1,894,075</u>              | <u>1,923,939</u>                     |
| Cash Funds  | 0                            | 0                            | 87,695                              | 87,695                        | 25,000                               |
| Reappropriated Funds  | 0                            | 0                            | 15,406                              | 15,406                        | 55,571                               |
| Federal Funds   | 0                            | 0                            | 1,790,974                           | 1,790,974                     | 1,843,368                            |
| <b>SUBTOTAL - (D) Indirect Cost Assessment</b>                                | 0                            | 0                            | 1,894,075                           | 1,894,075                     | 1,923,939                            |
| <i>FTE</i>  | <u>0.0</u>                   | <u>0.0</u>                   | <u>0.0</u>                          | <u>0.0</u>                    | <u>0.0</u>                           |
| Cash Funds  | 0                            | 0                            | 87,695                              | 87,695                        | 25,000                               |
| Reappropriated Funds  | 0                            | 0                            | 15,406                              | 15,406                        | 55,571                               |
| Federal Funds   | 0                            | 0                            | 1,790,974                           | 1,790,974                     | 1,843,368                            |
| <b>TOTAL - (2) Assistance to Public Schools</b>                               | 4,228,582,048                | 4,295,749,302                | 4,602,873,405                       | 4,859,380,560                 | 4,827,953,249                        |
| <i>FTE</i>  | <u>220.9</u>                 | <u>212.9</u>                 | <u>198.7</u>                        | <u>205.9</u>                  | <u>204.9</u>                         |
| General Fund  | 2,530,213,198                | 2,682,639,339                | 2,659,850,484                       | 2,747,964,501                 | 2,805,584,315                        |
| General Fund Exempt   | 284,175,417                  | 312,202,624                  | 469,842,084                         | 469,842,084                   | 469,842,084                          |
| Cash Funds  | 830,582,901                  | 712,699,082                  | 862,920,438                         | 1,017,947,066                 | 928,967,565                          |
| Reappropriated Funds  | 6,918,842                    | 3,781,908                    | 9,120,117                           | 7,599,319                     | 7,787,467                            |
| Federal Funds   | 576,691,690                  | 584,426,349                  | 601,140,282                         | 616,027,590                   | 615,771,818                          |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

**(3) LIBRARY PROGRAMS**

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

|  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
| Administration                             | <u>805,623</u>   | <u>847,722</u>   | <u>999,598</u>   | <u>1,022,962</u> | <u>1,022,962</u> |
| FTE  | 12.4             | 10.8             | 14.3             | 14.3             | 14.3             |
| General Fund                               | 725,568          | 745,078          | 749,598          | 771,748          | 771,748          |
| Cash Funds                                 | 80,055           | 102,644          | 250,000          | 251,214          | 251,214          |
| Federal Library Funding                    | <u>2,806,091</u> | <u>2,386,045</u> | <u>2,948,239</u> | <u>2,993,042</u> | <u>2,993,042</u> |
| FTE  | 23.1             | 20.3             | 23.8             | 23.8             | 23.8             |
| Federal Funds                              | 2,806,091        | 2,386,045        | 2,948,239        | 2,993,042        | 2,993,042        |
| Broadband Technology Opportunities Program | <u>1,413,095</u> | <u>863,100</u>   | <u>67,000</u>    | <u>0</u>         | <u>0</u>         |
| FTE  | 4.5              | 4.5              | 0.0              | 0.0              | 0.0              |
| Cash Funds                                 | 390,739          | 86,914           | 67,000           | 0                | 0                |
| Federal Funds                              | 1,022,356        | 776,186          | 0                | 0                | 0                |
| Colorado Library Consortium                | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| General Fund                               | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        |
| Colorado Virtual Library                   | <u>359,796</u>   | <u>359,796</u>   | <u>379,796</u>   | <u>379,796</u>   | <u>379,796</u>   |
| General Fund                               | 359,796          | 359,796          | 359,796          | 359,796          | 359,796          |
| Cash Funds                                 | 0                | 0                | 20,000           | 20,000           | 20,000           |
| Colorado Talking Book Library, Building    |                  |                  |                  |                  |                  |
| Maintenance and Utilities Expenses         | <u>70,488</u>    | <u>62,062</u>    | <u>70,660</u>    | <u>70,660</u>    | <u>70,660</u>    |
| General Fund                               | 70,488           | 62,062           | 70,660           | 70,660           | 70,660           |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|   | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Reading Services for the Blind                    | <u>250,000</u>               | <u>350,000</u>               | <u>350,000</u>                      | <u>350,000</u>                | <u>350,000</u>                       |
| Reappropriated Funds                              | 250,000                      | 350,000                      | 350,000                             | 350,000                       | 350,000                              |
| State Grants to Publicly-Supported Libraries Fund | <u>0</u>                     | <u>0</u>                     | <u>2,000,000</u>                    | <u>2,000,000</u>              | <u>2,000,000</u>                     |
| General Fund                                      | 0                            | 0                            | 2,000,000                           | 2,000,000                     | 2,000,000                            |
| State Grants to Publicly-Supported Libraries      |                              |                              |                                     |                               |                                      |
| Program   | <u>0</u>                     | <u>0</u>                     | <u>2,000,000</u>                    | <u>2,000,000</u>              | <u>2,000,000</u>                     |
| Reappropriated Funds                              | 0                            | 0                            | 2,000,000                           | 2,000,000                     | 2,000,000                            |
| Indirect Cost Assessment                          | <u>0</u>                     | <u>0</u>                     | <u>83,548</u>                       | <u>83,548</u>                 | <u>55,327</u>                        |
| Federal Funds                                     | 0                            | 0                            | 83,548                              | 83,548                        | 55,327                               |
| <b>TOTAL - (3) Library Programs</b>               | <b>6,705,093</b>             | <b>5,868,725</b>             | <b>9,898,841</b>                    | <b>9,900,008</b>              | <b>9,871,787</b>                     |
| <i>FTE</i>  | <u>40.0</u>                  | <u>35.6</u>                  | <u>38.1</u>                         | <u>38.1</u>                   | <u>38.1</u>                          |
| General Fund                                      | 2,155,852                    | 2,166,936                    | 4,180,054                           | 4,202,204                     | 4,202,204                            |
| Cash Funds  | 470,794                      | 189,558                      | 337,000                             | 271,214                       | 271,214                              |
| Reappropriated Funds                              | 250,000                      | 350,000                      | 2,350,000                           | 2,350,000                     | 2,350,000                            |
| Federal Funds                                     | 3,828,447                    | 3,162,231                    | 3,031,787                           | 3,076,590                     | 3,048,369                            |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2011-12<br>Actual | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2014-15<br>Request | FY 2014-15<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

**(4) SCHOOL FOR THE DEAF AND THE BLIND**

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

**(A) School Operations**

|                             |                  |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Personal Services           | <u>8,700,446</u> | <u>9,096,123</u> | <u>9,121,285</u> | <u>9,391,391</u> | <u>9,391,391</u> |
| FTE                         | 135.8            | 128.0            | 141.3            | 141.3            | 141.3            |
| General Fund                | 7,479,446        | 7,899,335        | 7,831,409        | 8,101,515        | 7,885,736        |
| Cash Funds                  | 0                | 0                | 0                | 0                | 0                |
| Reappropriated Funds        | 1,221,000        | 1,196,788        | 1,289,876        | 1,289,876        | 1,505,655        |
| Federal Funds               | 0                | 0                | 0                | 0                | 0                |
| Early Intervention Services | <u>1,037,519</u> | <u>1,008,485</u> | <u>1,165,533</u> | <u>1,187,847</u> | <u>1,187,847</u> |
| FTE                         | 9.2              | 8.6              | 10.0             | 10.0             | 10.0             |
| General Fund                | 1,037,519        | 1,008,485        | 1,165,533        | 1,187,847        | 1,187,847        |
| Shift Differential          | <u>87,032</u>    | <u>83,981</u>    | <u>87,032</u>    | <u>106,056</u>   | <u>106,056</u>   |
| General Fund                | 87,032           | 83,981           | 87,032           | 106,056          | 106,056          |
| Operating Expenses          | <u>417,277</u>   | <u>417,275</u>   | <u>417,277</u>   | <u>417,277</u>   | <u>417,277</u>   |
| General Fund                | 417,277          | 417,275          | 417,277          | 417,277          | 417,277          |
| Vehicle Lease Payments      | <u>24,100</u>    | <u>22,748</u>    | <u>27,913</u>    | <u>21,320</u>    | <u>21,320</u>    |
| General Fund                | 24,100           | 22,748           | 27,913           | 21,320           | 21,320           |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Utilities  | <u>543,132</u>               | <u>494,873</u>               | <u>554,810</u>                      | <u>554,810</u>                | <u>554,810</u>                       |
| General Fund   | 543,132                      | 494,873                      | 554,810                             | 554,810                       | 554,810                              |
| Allocation of State and Federal Categorical<br>Program Funding | <u>183,537</u>               | <u>177,506</u>               | <u>170,000</u>                      | <u>170,000</u>                | <u>170,000</u>                       |
| FTE  | 0.3                          | 0.0                          | 0.4                                 | 0.4                           | 0.4                                  |
| Reappropriated Funds   | 183,537                      | 177,506                      | 170,000                             | 170,000                       | 170,000                              |
| Medicaid Reimbursements for Public School                      |                              |                              |                                     |                               |                                      |
| Health Services  | <u>144,306</u>               | <u>135,639</u>               | <u>150,000</u>                      | <u>401,577</u>                | <u>401,577</u>                       |
| FTE  | 1.5                          | 1.4                          | 1.5                                 | 1.5                           | 1.5                                  |
| Reappropriated Funds   | 144,306                      | 135,639                      | 150,000                             | 401,577                       | 401,577                              |
| <b>SUBTOTAL - (A) School Operations</b>                        | <b>11,137,349</b>            | <b>11,436,630</b>            | <b>11,693,850</b>                   | <b>12,250,278</b>             | <b>12,250,278</b>                    |
| <b>FTE</b>   | <b><u>146.8</u></b>          | <b><u>138.0</u></b>          | <b><u>153.2</u></b>                 | <b><u>153.2</u></b>           | <b><u>153.2</u></b>                  |
| General Fund   | 9,588,506                    | 9,926,697                    | 10,083,974                          | 10,388,825                    | 10,173,046                           |
| Cash Funds   | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Reappropriated Funds   | 1,548,843                    | 1,509,933                    | 1,609,876                           | 1,861,453                     | 2,077,232                            |
| Federal Funds  | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| <b>(B) Special Purpose</b>                                     |                              |                              |                                     |                               |                                      |
| Fees and Conferences   | <u>7,926</u>                 | <u>8,005</u>                 | <u>120,000</u>                      | <u>120,000</u>                | <u>120,000</u>                       |
| General Fund   | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Cash Funds   | 7,926                        | 8,005                        | 120,000                             | 120,000                       | 120,000                              |
| Federal Funds  | 0                            | 0                            | 0                                   | 0                             | 0                                    |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Outreach Services                                    | <u>653,456</u>               | <u>666,272</u>               | <u>1,025,000</u>                    | <u>1,030,699</u>              | <u>1,025,000</u>                     |
| FTE  | 3.9                          | 3.0                          | 5.4                                 | 5.4                           | 5.4                                  |
| Cash Funds   | 493,637                      | 499,496                      | 755,000                             | 755,000                       | 755,000                              |
| Reappropriated Funds                                 | 159,819                      | 166,776                      | 270,000                             | 275,699                       | 270,000                              |
| Tuition from Out-of-state Students                   | <u>0</u>                     | <u>0</u>                     | <u>200,000</u>                      | <u>200,000</u>                | <u>200,000</u>                       |
| Cash Funds   | 0                            | 0                            | 200,000                             | 200,000                       | 200,000                              |
| Grants   | <u>444,509</u>               | <u>446,349</u>               | <u>1,200,000</u>                    | <u>1,203,357</u>              | <u>1,200,000</u>                     |
| FTE  | 2.9                          | 4.0                          | 9.0                                 | 9.0                           | 9.0                                  |
| Reappropriated Funds                                 | 444,509                      | 446,349                      | 1,200,000                           | 1,203,357                     | 1,200,000                            |
| <b>SUBTOTAL - (B) Special Purpose</b>                | <b>1,105,891</b>             | <b>1,120,626</b>             | <b>2,545,000</b>                    | <b>2,554,056</b>              | <b>2,545,000</b>                     |
| FTE  | <u>6.8</u>                   | <u>7.0</u>                   | <u>14.4</u>                         | <u>14.4</u>                   | <u>14.4</u>                          |
| General Fund   | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Cash Funds   | 501,563                      | 507,501                      | 1,075,000                           | 1,075,000                     | 1,075,000                            |
| Reappropriated Funds                                 | 604,328                      | 613,125                      | 1,470,000                           | 1,479,056                     | 1,470,000                            |
| Federal Funds  | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| <b>TOTAL - (4) School for the Deaf and the Blind</b> | <b>12,243,240</b>            | <b>12,557,256</b>            | <b>14,238,850</b>                   | <b>14,804,334</b>             | <b>14,795,278</b>                    |
| FTE  | <u>153.6</u>                 | <u>145.0</u>                 | <u>167.6</u>                        | <u>167.6</u>                  | <u>167.6</u>                         |
| General Fund   | 9,588,506                    | 9,926,697                    | 10,083,974                          | 10,388,825                    | 10,173,046                           |
| Cash Funds   | 501,563                      | 507,501                      | 1,075,000                           | 1,075,000                     | 1,075,000                            |
| Reappropriated Funds                                 | 2,153,171                    | 2,123,058                    | 3,079,876                           | 3,340,509                     | 3,547,232                            |
| Federal Funds  | 0                            | 0                            | 0                                   | 0                             | 0                                    |

**JBC Staff Staff Figure Setting - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | <b>FY 2011-12<br/>Actual</b> | <b>FY 2012-13<br/>Actual</b> | <b>FY 2013-14<br/>Appropriation</b> | <b>FY 2014-15<br/>Request</b> | <b>FY 2014-15<br/>Recommendation</b> |
|--|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>TOTAL - Department of Education</b> | 4,303,805,999                | 4,381,369,667                | 4,705,800,751                       | 4,966,889,202                 | 4,936,919,738                        |
| <i>FTE</i>                             | <u>538.8</u>                 | <u>521.1</u>                 | <u>563.8</u>                        | <u>575.8</u>                  | <u>574.8</u>                         |
| General Fund                           | 2,549,014,066                | 2,702,320,767                | 2,683,999,537                       | 2,776,275,979                 | 2,833,802,623                        |
| General Fund Exempt                    | 284,175,417                  | 312,202,624                  | 469,842,084                         | 469,842,084                   | 469,842,084                          |
| Cash Funds                             | 851,074,015                  | 740,668,201                  | 895,916,330                         | 1,054,591,669                 | 966,115,439                          |
| Reappropriated Funds                   | 21,245,293                   | 19,830,312                   | 30,459,207                          | 30,264,287                    | 30,736,153                           |
| Federal Funds                          | 598,297,208                  | 606,347,763                  | 625,583,593                         | 635,915,183                   | 636,423,439                          |

**TABLE B-1**  
**Comparison of Governor's Request and Legislative Action: Funding for Public School Finance for FY 2013-14**

| Description  | Governor's FY 2013-14 Request |                               |                        | Legislative Action      |                                   |                        | 2014 Mid-year        |                        |
|--|-------------------------------|-------------------------------|------------------------|-------------------------|-----------------------------------|------------------------|----------------------|------------------------|
|  | November 2012 Request         | January 2013 Budget Amendment | Final Request 1/       | Long Bill (S.B. 13-230) | School Finance Bill (S.B. 13-260) | Subtotal               | Adjust. H.B. 14-1251 | Final Appropriation    |
| Funded Pupil Count                                   | 825,813.0                     | 1,743.0                       | 827,556.0              | 828,045.1               |                                   | 828,045.1              | 2787.9               | 830,833.0              |
| Statewide Base Per-Pupil Funding                     | \$5,971.81                    |                               | \$5,965.97             | \$5,954.28              |                                   | \$5,954.28             |                      | \$5,954.28             |
| <i>Denver-Boulder Inflation Rate for Prior CY 2/</i> | <i>2.2%</i>                   |                               | <i>2.1%</i>            | <i>1.9%</i>             |                                   | <i>1.9%</i>            |                      | <i>1.9%</i>            |
| Total Program Funding (Prior to Negative Factor)     | \$6,510,905,288               | \$12,510,597                  | \$6,523,415,885        | \$6,502,398,280         | \$11,842,221                      | \$6,514,240,501        | \$16,995,316         | \$6,531,235,817        |
| LESS: Negative Factor Reduction                      | (1,011,518,997)               | 38,975,400                    | (972,543,597)          | (1,045,881,297)         | 40,026,920                        | (1,005,854,377)        | 1552309              | (1,004,302,068)        |
| <b>EQUALS: Adjusted Total Program Funding</b>        | <b>\$5,499,386,291</b>        | <b>\$51,485,997</b>           | <b>\$5,550,872,288</b> | <b>\$5,456,516,983</b>  | <b>\$51,869,141</b>               | <b>\$5,508,386,124</b> | <b>\$18,547,625</b>  | <b>\$5,526,933,749</b> |
| <i>Negative Factor as Percent of "Full" Funding</i>  | <i>-15.5%</i>                 |                               | <i>-14.9%</i>          | <i>-16.1%</i>           |                                   | <i>-15.4%</i>          |                      | <i>-15.4%</i>          |
| <b>Statewide Average Per Pupil Funding</b>           | <b>\$6,659.36</b>             | <b>\$48.31</b>                | <b>\$6,707.67</b>      | <b>\$6,589.64</b>       | <b>\$62.64</b>                    | <b>\$6,652.28</b>      | <b>\$0.00</b>        | <b>\$6,652.28</b>      |
| Local Share of Districts' Total Program Funding      | \$1,936,925,267               | \$38,789,750                  | \$1,975,715,017        | \$1,975,697,952         | \$25,407                          | \$1,975,723,359        | (\$36,889,870)       | \$1,938,833,489        |
| State Share of Districts' Total Program Funding      | \$3,562,461,024               | \$12,800,000                  | \$3,575,261,024        | \$3,480,819,031         | \$51,843,734                      | \$3,532,662,765        | \$55,437,495         | \$3,588,100,260        |

1/ These figures represent the Governor's final budget request, prior to legislative action in the 2013 Session. These figures exclude the Governor's January 2014 request for mid-year appropriation adjustments.

2/ The Governor's budget request was based on the OSPB projection of the inflation rate for calendar year 2012; legislative action was based on the actual inflation rate (released in February 2013).

**TABLE B-2**  
**Comparison of Governor's Request for FY 2014-15 and Appropriations for FY 2013-14**

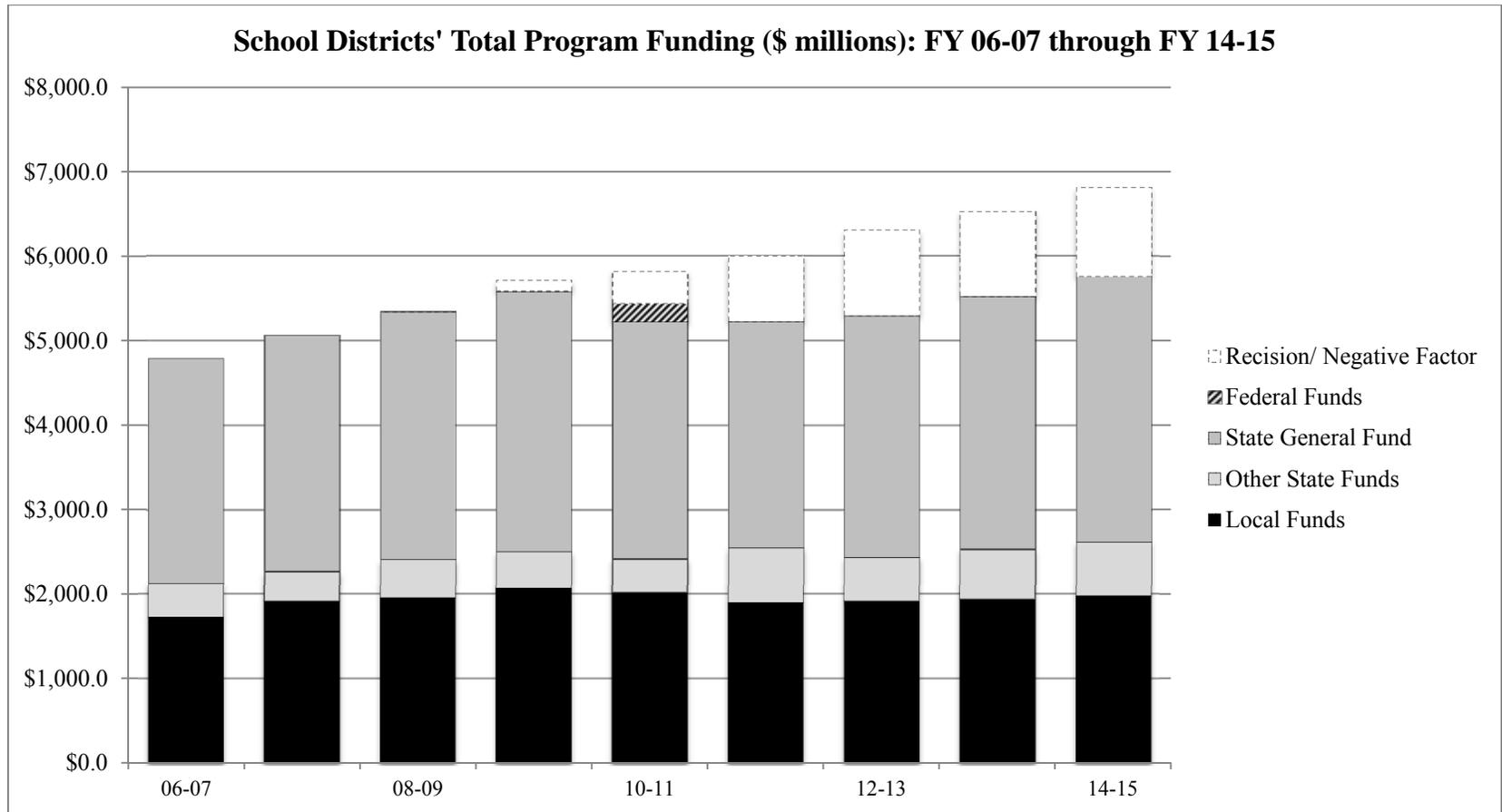
| Description   | Governor's November 2013 Request              |  |                          | Governor's Amended Request                                |   |                          |
|---|---|--|--------------------------|---|---|--------------------------|
|   | FY 2013-14<br>Appropriation as<br>of May 2013 | FY 2014-15<br>Request as of<br>November 2013 | Year-over-year<br>Change | Adjusted FY<br>2013-14<br>Appropriation<br>(H.B. 14-1251) | FY 2014-15<br>Request as of<br>January 2013 | Year-over-year<br>Change |
| Funded Pupil Count  | 828,045.1                                     | 838,724.9                                    | 10,679.8                 | 830,833.0   | 842,636.5                                   | 11,803.5                 |
| Statewide Base Per-Pupil Funding                              | \$5,954.28                                    | \$6,109.09                                   | \$154.81                 | \$5,954.28  | \$6,109.09                                  | \$154.81                 |
| <i>Denver-Boulder Inflation Rate for Prior CY 1/</i>          | <i>1.9%</i>                                   | <i>2.6%</i>                                  |                          | <i>1.9%</i>   | <i>2.6%</i>                                 |                          |
| Total Program Funding (Prior to Negative Factor)              | \$6,514,240,501                               | \$6,772,651,983                              | \$258,411,482            | \$6,531,235,817   | \$6,795,822,309                             | \$264,586,492            |
| LESS: Negative Factor Reduction                               | (1,005,854,377)                               | (1,005,854,377)                              | 0                        | (1,004,302,068)   | (1,002,131,805)                             | 2,170,263                |
| <b>EQUALS: Adjusted Total Program Funding</b>                 | <b>\$5,508,386,124</b>                        | <b>\$5,766,797,606</b>                       | <b>\$258,411,482</b>     | <b>\$5,526,933,749</b>                                    | <b>\$5,793,690,504</b>                      | <b>\$266,756,755</b>     |
| <i>Negative Factor Reduction as Percent of "Full" Funding</i> | <i>15.4%</i>                                  | <i>14.9%</i>                                 | <i>-0.6%</i>             | <i>15.4%</i>  | <i>14.7%</i>                                | <i>-0.6%</i>             |
| <b>Statewide Average Per Pupil Funding</b>                    | <b>\$6,652.28</b>                             | <b>\$6,875.67</b>                            | <b>\$223.39</b>          | <b>\$6,652.28</b>   | <b>\$6,875.67</b>                           | <b>\$223.39</b>          |
| Local Share of Districts' Total Program Funding               | \$1,975,723,359                               | \$2,012,075,393                              | \$36,352,034             | \$1,938,833,489   | \$1,979,865,840                             | \$41,032,351             |
| State Share of Districts' Total Program Funding               | \$3,532,662,765                               | \$3,754,722,213                              | \$222,059,448            | \$3,588,100,260   | \$3,813,824,664                             | \$225,724,404            |

1/ The Governor's budget request is based on the OSPB projection of the inflation rate for calendar year 2013 (2.6 percent); legislative action will be based on the actual inflation rate (2.8 percent).

**TABLE B-3**  
**Comparison of Governor's Request and Staff Recommendation: Funding for Public School Finance for FY 2014-15**

| Description   | Governor's FY 2014-15 Request |                               |                        | Staff Recommendation for Long Bill | Difference            |
|---|-------------------------------|-------------------------------|------------------------|------------------------------------|-----------------------|
|   | November 2013 Request         | January 2014 Budget Amendment | Final Request          |                                    |                       |
| Funded Pupil Count  | 838,724.9                     | 3,911.6                       | 842,636.5              | 842,636.5                          | 0.0                   |
| Statewide Base Per-Pupil Funding                              | \$6,109.09                    | \$0.00                        | \$6,109.09             | \$6,121.00                         | \$11.91               |
| <i>Denver-Boulder Inflation Rate for Prior CY 1/</i>          | 2.6%                          |                               | 2.6%                   | 2.8%                               |                       |
| Total Program Funding (Prior to Negative Factor)              | \$6,772,651,983               | \$23,170,326                  | \$6,795,822,309        | \$6,809,064,459                    | \$13,242,150          |
| LESS: Negative Factor Reduction                               | (1,005,854,377)               | 3,722,572                     | (1,002,131,805)        | (1,046,661,048)                    | (44,529,243)          |
| <b>EQUALS: Adjusted Total Program Funding</b>                 | <b>\$5,766,797,606</b>        | <b>\$26,892,898</b>           | <b>\$5,793,690,504</b> | <b>\$5,762,403,411</b>             | <b>(\$31,287,093)</b> |
| <i>Negative Factor Reduction as Percent of "Full" Funding</i> | 14.9%                         | -0.1%                         | 14.7%                  | 15.4%                              | 0.6%                  |
| <b>Statewide Average Per Pupil Funding</b>                    | <b>\$6,875.67</b>             | <b>(\$0.00)</b>               | <b>\$6,875.67</b>      | <b>\$6,838.54</b>                  | <b>(\$37.13)</b>      |
| Local Share of Districts' Total Program Funding               | \$2,012,075,393               | (\$32,209,553)                | \$1,979,865,840        | \$1,979,917,403                    | \$51,563              |
| State Share of Districts' Total Program Funding               | <u>\$3,754,722,213</u>        | <u>\$59,102,451</u>           | <u>\$3,813,824,664</u> | <u>\$3,782,486,008</u>             | <u>(\$31,338,656)</u> |
| General Fund  | 3,007,273,790                 | 66,796,512                    | 3,074,070,302          | 3,131,971,540                      | 57,901,238            |
| Cash Funds (State Education Fund)                             | 670,448,423                   | (9,694,061)                   | 660,754,362            | 580,666,087                        | (80,088,275)          |
| Cash Funds (State Public School Fund)                         | 77,000,000                    | 2,000,000                     | 79,000,000             | 69,848,381                         | (9,151,619)           |

1/ The Governor's November 1, 2013 request was based on the September 2013 OSPB projection of the inflation rate for calendar year 2013 (2.6 percent); the final request was based on the December 2013 OSPB projection (2.6 percent); staff's recommendation is based on the actual inflation rate released in February 2014 (2.8 percent).



**School Districts' Total Program Funding**

| Fund Source   | FY 06-07                  | FY 07-08             | FY 08-09             | FY 09-10             | FY 10-11             | FY 11-12             | FY 12-13             | FY 13-14             | Recomm.<br>FY 14-15  |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <i>Funded Pupil Count</i> | 753,338              | 760,917              | 778,136              | 789,511              | 798,677              | 808,195              | 817,645              | 830,833              |
| Local Funds   | \$1,729,248,571           | \$1,915,779,555      | \$1,955,868,681      | \$2,068,616,086      | \$2,018,856,003      | \$1,900,525,468      | \$1,918,248,885      | \$1,938,833,489      | \$1,979,917,403      |
| State Education Fund (SEF)/<br>State Public School Fund (SPSF)        | 403,505,151               | 362,163,909          | 462,870,995          | 442,677,995          | 408,557,173          | 660,076,411          | 527,412,414          | 602,789,377          | 650,514,468          |
| General Fund  | 2,657,663,684             | 2,790,546,868        | 2,930,074,211        | 3,076,277,922        | 2,797,831,709        | 2,671,845,744        | 2,852,301,877        | 2,985,310,883        | 3,131,971,540        |
| Federal Funds a/  | 0                         | 0                    | 0                    | 0                    | 216,358,164          | 0                    | 0                    | 0                    | 0                    |
| <b>SUBTOTAL: AVAILABLE FUNDING</b>                                    | <b>4,790,417,406</b>      | <b>5,068,490,332</b> | <b>5,348,813,887</b> | <b>5,587,572,003</b> | <b>5,441,603,049</b> | <b>5,232,447,623</b> | <b>5,297,963,176</b> | <b>5,526,933,749</b> | <b>5,762,403,411</b> |
| <i>Available Funding/<br/>Funded Pupil Count</i>                      | \$6,359                   | \$6,661              | \$6,874              | \$7,077              | \$6,813              | \$6,474              | \$6,480              | \$6,652              |                      |
| Recision/ Negative Factor b/<br><b>SUBTOTAL: FUNDING NOT PROVIDED</b> | 0                         | 0                    | 6,247,730            | 129,813,999          | 381,211,101          | 774,414,342          | 1,011,518,997        | 1,004,302,068        | 1,046,661,048        |
| <b>TOTAL</b>  | <b>4,790,417,406</b>      | <b>5,068,490,332</b> | <b>5,355,061,617</b> | <b>5,717,386,002</b> | <b>5,822,814,150</b> | <b>6,006,861,965</b> | <b>6,309,482,173</b> | <b>6,531,235,817</b> | <b>6,809,064,459</b> |

a/ This amount includes \$60,026,613 in Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA and \$156,331,551 from the Education Jobs Fund Program. While these moneys are not included within the calculation of Total Program Funding, they were distributed to districts in a similar manner.

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