JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2019-20

DEPARTMENT OF EDUCATION

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

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DECEMBER 4, 2018

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DEPARTMENT OF EDUCATION

DEPARTMENT OVERVIEW

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

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

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

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

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

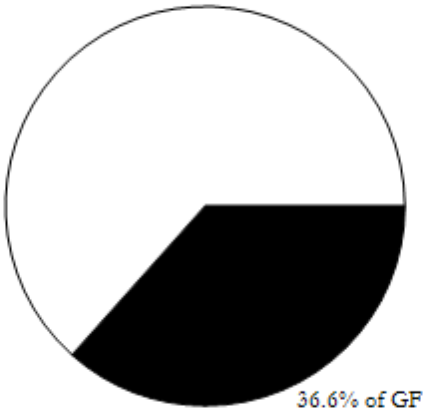
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 *
General Fund	$3,764,862,059	$4,071,447,763	$4,180,288,239	$4,450,025,920
Cash Funds	1,012,079,491	737,188,510	1,154,714,411	1,130,253,612
Reappropriated Funds	33,261,008	34,930,424	39,385,509	44,900,780
Federal Funds	648,328,512	648,233,511	617,194,961	618,333,581
TOTAL FUNDS	**$5,458,531,070**	**$5,491,800,208**	**$5,991,583,120**	**$6,243,513,893**
Full Time Equiv. Staff	599.5	599.2	602.5	609.0

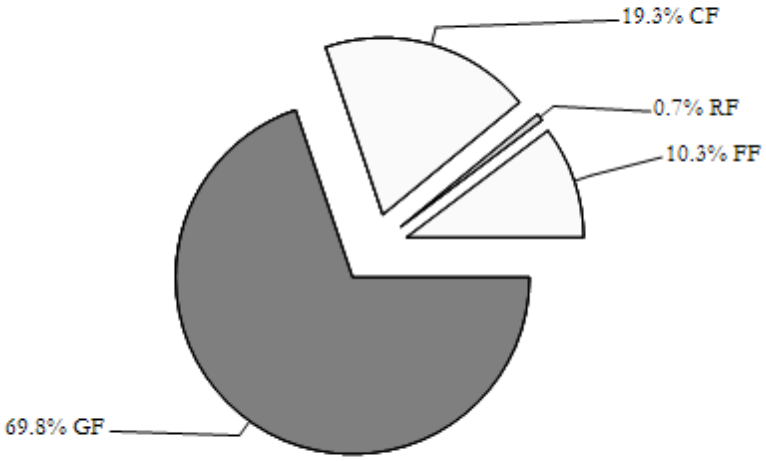
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

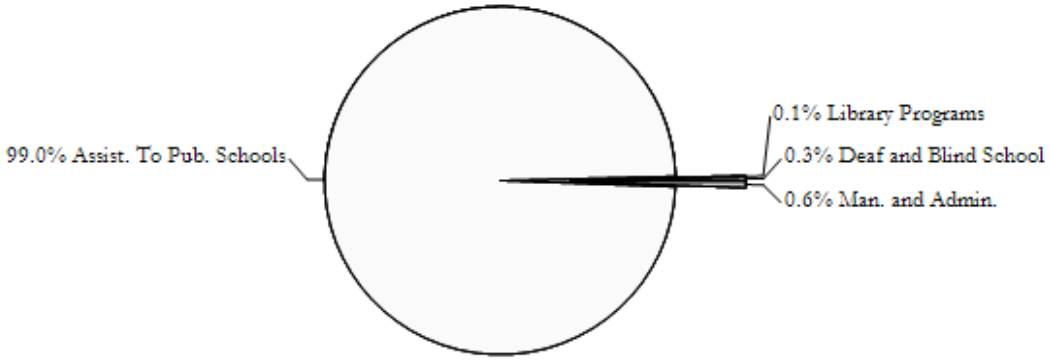


Department Funding Sources

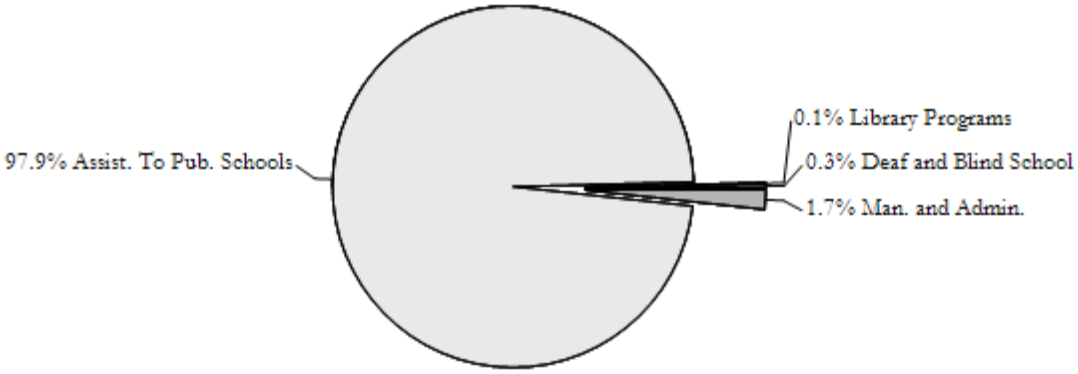


All charts are based on the FY 2018-19 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2018-19 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The Governor's FY 2019-20 request for the Department of Education consists of 71.3 percent General Fund, 18.1 percent cash funds, 9.9 percent federal funds, and 0.7 percent reappropriated funds. Although local government revenues provide a significant source of funding for K-12 education in Colorado ($2.5 billion anticipated for school finance alone in FY 2018-19), local funds are not reflected in the State's annual appropriations to the Department of Education. The following sections review three significant factors driving the Department's budget: (1) public school finance, (2) categorical programs, and (3) marijuana-related revenues.

PUBLIC SCHOOL FINANCE

School finance is the primary driver of the Department's budget. The State's share of distributions under the statutory school finance formula ($4.5 billion total funds and $4.0 billion General Fund in FY 2018-19) represents 75.9 percent of the Department's total budget and 95.4 percent of the Department's General Fund appropriations in FY 2018-19. A pair of constitutional requirements drive requirements for school finance funding distributed through a statutory school finance formula. In recent years, the desire to reduce the budget stabilization factor (first applied to school finance funding in FY 2010-11) has also been a significant driver.

THOROUGH AND UNIFORM REQUIREMENT

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

CONSTITUTIONAL INFLATIONARY REQUIREMENT (AMENDMENT 23)

Section 17 of Article IX of the Colorado Constitution (passed by the voters in 2000 as Amendment 23) requires the General Assembly to provide annual inflationary increases in the statewide base per-pupil funding amount, which provides the foundation of the statutory school finance formula (discussed below). For FY 2001-02 through FY 2010-11, this provision required base per pupil funding to increase annually by at least inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the statewide base must increase annually by at least the rate of inflation. For example, for FY 2018-19, the General Assembly was required to increase the statewide base per-pupil funding amount by at least $223 (from $6,546 to $6,769, or 3.4 percent), based on the actual 3.4 percent increase in the Denver-Boulder-Greeley consumer price index in calendar year 2017. Given an estimated funded-pupil count of more than 871,000, the General Assembly was thus required to provide a minimum of $5.9 billion in state and local funds for FY 2018-19, equal to 83.2 percent of the $7.1 billion in total program funding available in FY 2018-19.

SCHOOL FINANCE FORMULA – THE SCHOOL FINANCE ACT OF 1994

The statutory school finance formula allocates funds among school districts by calculating a per-pupil level of funding for each school district, as well as a specific state and local share of funding for each district. Building on the uniform statewide base per-pupil funding amount for every school district ($6,769 per pupil for FY 2018-19), the formula then adds to this amount for each district based on factors that affect districts' costs of providing educational services, creating a different per-pupil

funding allocation for each district. For FY 2018-19, per-pupil funding allocations are estimated to range from $7,668 to $17,280, with a statewide average of $8,137 per pupil. Each district's per-pupil funding allocation is multiplied by its funded-pupil count to determine its total program funding. For FY 2018-19, pursuant to the formula, a total of $7.1 billion in state and local funds will be allocated among school districts.

FACTORS CONSIDERED IN PUBLIC SCHOOL FINANCE FORMULA

With 83.2 percent of total program funding dedicated to the statewide base, the remaining 16.8 percent of state and local funds being allocated among school districts in FY 2018-19 is driven by the "factors" in the statutory school finance formula that account for individual district characteristics. The formula includes three primary factors:

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

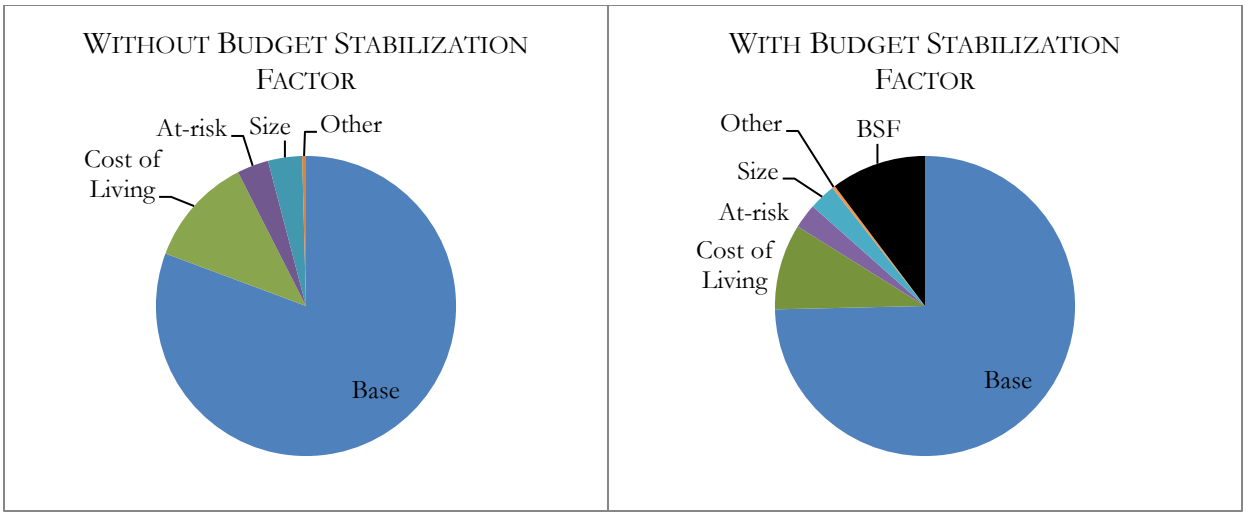
In addition, the school finance formula requires a minimum level of per-pupil funding ($7,730 per pupil for FY 2018-19), regardless of the impact of the above factors. Based on current estimates for FY 2018-19, 10 districts are receiving funding based on this minimum level of per-pupil funding. The School Finance Act also provides a fixed amount of funding per pupil (established at $7,455 for FY 2018-19) for two types of students:

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

BUDGET STABILIZATION FACTOR

Finally, since FY 2010-11 the formula has included a budget stabilization factor (BSF, previously known as the negative factor) designed to reduce districts' total program funding to a specified total amount based on the availability of revenues.

- Without the application of the BSF, the school finance formula would require $7.8 billion in total program funding for FY 2018-19 (including $5.2 billion in state funding and $2.5 billion in local funding). Available state revenues were not sufficient to support that appropriation.
- Based on the current FY 2018-19 appropriation, the BSF is reducing total program funding by 8.7 percent, a reduction of $672.4 million, all of which is from the state share. Thus, the Department is calculating total program funding for each district based on the formula described above and then reducing each district's total program funding by 8.7 percent (or by the amount of state share for the district if it is less than 8.7 percent). Because the General Assembly cannot decrease base per-pupil funding and comply with Amendment 23, the BSF has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.



The BSF peaked at more than $1.0 billion (representing 16.03 percent of formula-based total program funding) in FY 2012-13. Since that time, the General Assembly has "bought down" the value of the BSF to the current level of $672.4 million (8.7 percent of total program funding). Current law, as enacted in H.B. 18-1379 (School Finance) would not allow the BSF to grow as a dollar amount in FY 2019-20, thereby setting the "floor" for school finance appropriations for FY 2019-20 pending further action by the General Assembly during the 2019 Session.

DETERMINING THE STATE AND LOCAL SHARES OF FUNDING

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

- The FY 2018-19 appropriation anticipates that $2.54 billion in local tax revenues will be available to support public schools pursuant to the statutory school finance formula (please note that this does *not* include any voter-approved override funds as those are not considered in the school finance calculations).
- Thus, the General Assembly appropriated $4.55 billion in state funding for FY 2018-19 to provide a total of $7.1 billion for school district operations.

Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Two constitutional provisions, combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues available for public school operations:

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

As a result of the Gallagher amendment, the residential assessment rate has declined from 30.00 percent to 7.20 percent. Most recently, H.B. 17-1349 (Assessment Ratio for Residential Real Property) reduced the residential assessment rate from 7.96 percent to 7.20 percent beginning in FY 2017-18 to keep the residential share of property tax revenues at about 45.8 percent. Similarly, TABOR has reduced school district mill levies from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to increase. Specifically, from CY 1988 to FY 2006-07, the state share of funding rose from 43 percent to 64 percent, while the local share fell from 57 percent to 36 percent.

Senate Bill 07-199 (School Finance) changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding. Due to the passage of S.B. 07-199 and increases in assessed valuation, the state share of funding (as a percentage of the total program) decreased in FY 2007-08 to 62.2 percent. Subsequently, due to declines in assessed valuation, the state share increased to 66.6 percent of total program funding in FY 2014-15. The state share is projected to provide 64.1 percent of total program funding in FY 2018-19.

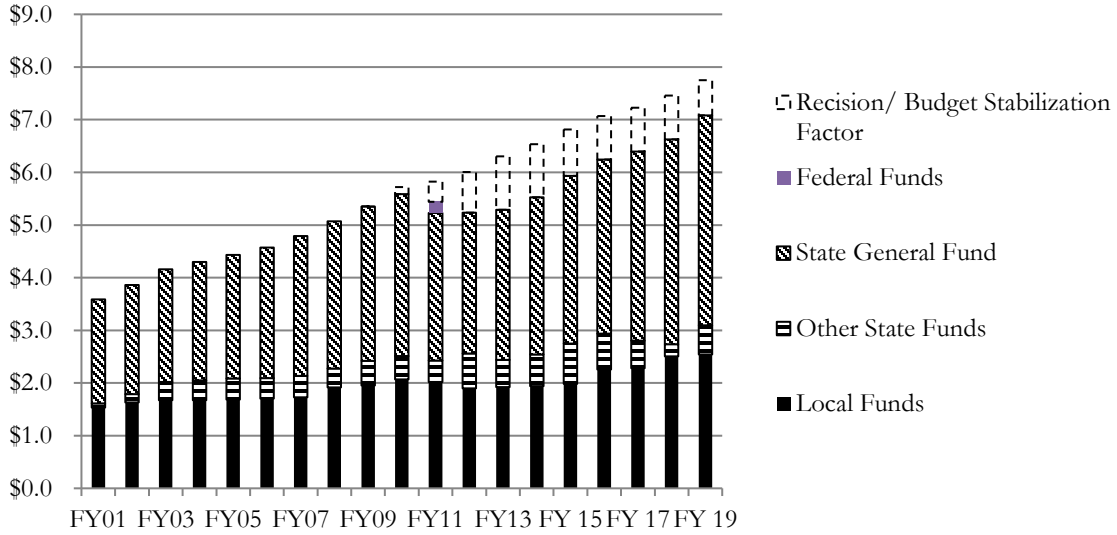
In summary, several factors affect the amount of state funding required for public school finance, including:

- The number of pupils enrolled in public schools, including children attending state-supported preschool programs; students enrolled in full-time, on-line programs; and students participating in the ASCENT program.
- The rate of inflation, which drives the mandatory increase in statewide base per pupil funding under Amendment 23.
- Changes in the relative cost-of-living in various regions of the state.
- The number of at-risk students enrolled in public schools.
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues.
- Changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district.

Finally, as noted above, dynamics surrounding the BSF have been significant budget drivers in recent years. With the BSF providing flexibility to fund total program at an amount less than required by the rest of the school finance formula, the General Assembly's prioritization of reducing the BSF (and therefore increasing total program funding) is a major factor in annual appropriations for school finance.

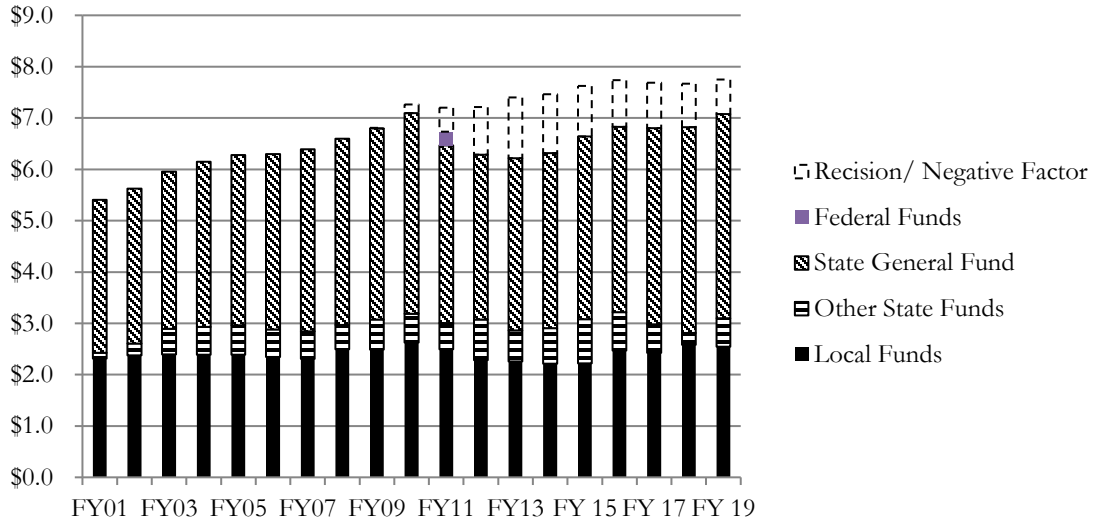
The following graph illustrates school districts' total program funding, by fund source, from FY 2000-01 through FY 2018-19. The stacked bar segments outlined with a dotted line illustrate the mid-year recisions required in FY 2008-09 and FY 2009-10 due to insufficient state appropriations, as well as the impact of the budget stabilization factor in subsequent fiscal years. As shown in the chart, total program before the application of the budget stabilization factor increases each year (based on the inflationary requirement in Amendment 23), while the application of the budget stabilization factor has provided flexibility to reflect available revenues.

SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING
($ IN BILLIONS)



As an alternative view, the following graphic shows the same chart adjusted for inflation (shown in 2019 dollars as adjusted by the Denver-Boulder-Greeley consumer price index).

INFLATION-ADJUSTED SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING
(2019 $ IN BILLIONS)



The following table shows key data related to school finance funding for the last five fiscal years, as well as the current (2018 Session) appropriations for FY 2018-19.

SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING: KEY DATA						
DESCRIPTION	FY 2013-14 ACTUAL	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 APPROP.
Funded Pupil Count	**830,831**	**844,546**	**853,251**	**858,872**	**865,017**	**871,141**
Annual Percent Change	*1.6%*	*1.7%*	*1.0%*	*0.7%*	*0.7%*	*0.7%*
Change in Denver-Boulder Consumer Price Index for Previous Calendar Year	*1.9%*	*2.8%*	*2.8%*	*1.2%*	*2.8%*	*3.4%*
Statewide Base Per Pupil Funding	$5,954	$6,121	$6,292	$6,368	$6,546	$6,769
Annual Percent Change	*1.9%*	*2.8%*	*2.8%*	*1.2%*	*2.8%*	*3.4%*
Statewide Average Per Pupil Funding	**$6,652**	**$7,026**	**$7,313**	**$7,420**	**$7,662**	**$8,137**
Annual Percent Change	*2.7%*	*5.6%*	*4.1%*	*1.5%*	*3.3%*	*6.2%*
Total Program Funding[1]	**$5,526,933,750**	**$5,933,444,389**	**$6,239,564,775**	**$6,372,827,460**	**$6,627,917,199**	**$7,088,830,951**
Annual Percent Change	*4.3%*	*7.4%*	*5.2%*	*2.1%*	*4.0%*	*7.0%*
Local Share of Total Program Funding	$1,938,833,490	$1,982,831,906	$2,259,785,802	$2,257,704,955	$2,506,844,504	$2,542,655,348
Annual Percent Change	*1.1%*	*2.3%*	*14.0%*	*-0.1%*	*11.0%*	*1.4%*
State Share of Total Program Funding	$3,588,100,260	$3,950,612,483	$3,979,778,973	$4,115,122,505	$4,121,072,695	$4,546,175,603
Annual Percent Change	*6.2%*	*10.1%*	*0.7%*	*3.4%*	*0.1%*	*10.3%*
State Share as Percent of Districts' Total Program Funding	*64.9%*	*66.6%*	*63.8%*	*64.6%*	*62.2%*	*64.1%*

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

CATEGORICAL PROGRAMS

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 (Amendment 23) 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 2017 the percentage change in the Denver-Boulder-Greeley consumer price index was 3.4 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount ($10,119,156) for FY 2018-19.

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 $165.6 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 $67.3 million higher than the minimum amount that would have otherwise been required.

The following table details the allocation of the $165.6 million increase since FY 2000-01 among categorical programs.

INCREASES IN STATE FUNDING FOR CATEGORICAL PROGRAMS SINCE FY 2000-01

LONG BILL LINE ITEM	FY 2000-01 APPROPRIATION	FY 2018-19 APPROPRIATION	TOTAL INCREASE IN ANNUAL APPROPRIATION OF STATE FUNDS SINCE FY 2000-01	
Special Education - Children with Disabilities	$71,510,773	$176,129,215	$104,618,442	146.3%
English Language Proficiency Program	3,101,598	21,608,211	18,506,613	596.7%
Public School Transportation	36,922,227	59,099,150	22,176,923	60.1%
Career and Technical Education Programs	17,792,850	26,675,279	8,882,429	49.9%
Special Education - Gifted and Talented Children	5,500,000	12,528,041	7,028,041	127.8%
Expelled and At-risk Student Services Grant Program	5,788,807	9,493,560	3,704,753	64.0%
Small Attendance Center Aid	948,140	1,076,550	128,410	13.5%
Comprehensive Health Education	600,000	1,131,396	531,396	88.6%
Total	**$142,164,395**	**$307,741,402**	**$165,577,007**	**116.5%**

MARIJUANA-RELATED REVENUE

Over the past several years, marijuana tax revenues have played an increasing role in the Department's budget. The Department first received appropriations of marijuana revenue for the Building Excellent Schools Today (B.E.S.T.) Program in FY 2013-14 (a total of $4.0 million). The Department's FY 2017-18 appropriation included a total of $90.4 million originally derived from marijuana revenues, including a $30.0 million statutory appropriation in S.B. 17-267 (Sustainability of Rural Colorado) for per pupil distributions to rural and small rural school districts. Current appropriations and revenue estimates for FY 2018-19 anticipate $77.9 million in revenues/appropriations from marijuana taxes.

Marijuana revenues currently support a variety of purposes for the Department:

- *Marijuana excise taxes support school capital construction programs* (B.E.S.T. and State Aid for Charter School Facilities). Prior to H.B. 18-1070 (Additional Public School Capital Construction Funding), capital construction programs received the first $40.0 million in excise tax revenues. However, H.B. 18-1070 increased that allocation the greater of $40.0 million or 90.0 percent of marijuana excise taxes collected each year, with 12.5 percent of that amount specifically dedicated to charter school capital construction. The funds supporting the B.E.S.T. program are distributed through the program's competitive process (including cash grants and certificates of participation), while the charter school funds are distributed to charter schools statewide on a per pupil basis.
- *Rural schools per pupil funding* from marijuana special sales tax provided an additional $30.0 million dedicated to rural schools in FY 2017-18 (authorized in S.B. 17-267). The General Assembly appropriated $30.0 million again for FY 2018-19 but the appropriations were from the State Education Fund rather than marijuana revenues.
- *Total program funding* also receives support from marijuana special sales tax revenues. Beginning in FY 2018-19, S.B. 17-267 deposits 12.59 percent of the state share of special sales tax revenues into the State Public School Fund for total program. Pursuant to H.B. 18-1101 (Retail Marijuana Sales Tax Appropriations for Schools), the General Assembly appropriates those funds in the year following their collection (an estimated $21.6 million in FY 2018-19 revenues will support FY 2019-20 appropriations for total program). For context, the $21.6 million anticipated to be available in FY 2019-20 represents $24.70 per pupil based on current pupil count estimates and 0.3 percent of anticipated total program funding (assuming a constant budget stabilization factor).
- *The Marijuana Tax Cash Fund* supports several other programs, including $11.9 million for the School Health Professionals Grant Program in FY 2018-19.
- *The Public School (Permanent) Fund* receives the spillover of excise tax revenues above the amount supporting capital construction. Spillover amounts are decreasing in FY 2018-19 and subsequent years because H.B. 18-1070 increases the allocation of excise tax revenues to the B.E.S.T. program, resulting in a decrease in spillover to the Permanent Fund. Deposits to the Permanent Fund become part of the corpus and then generate interest to support education programs in perpetuity.

MARIJUANA-RELATED REVENUES SUPPORTING THE DEPARTMENT OF EDUCATION

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 EST.
Capital Construction Programs (First $40.0 million of Excise Tax)				
B.E.S.T. Program[1]	$35,000,000	$35,000,000	$51,471,801	$50,420,736
State Aid for Charter School Facilities[1]	5,000,000	5,000,000	5,000,000	7,202,962
Total - Capital Construction	**$40,000,000**	**$40,000,000**	**$56,471,801**	**$57,623,698**
Per Pupil Funding (Sales Tax - S.B. 17-267)				
Rural School Per Pupil Funding	$0	$30,000,000	$0	$0
Total Program Funding[1]	$0	$0	$0	$21,649,766
Other Programs (Marijuana Tax Cash Fund)				
School Health Professionals Grant Program	$2,280,833	$11,970,783	$11,930,434	$11,937,032
Early Literacy Competitive Grant	4,378,678	4,378,678	5,378,678	5,378,678
Office of Dropout Prevention and Student Reengagement	900,000	2,000,000	2,000,419	2,004,279
School Bullying Prevention and Education	900,000	2,000,000	2,000,000	2,000,000
Central Appropriations	18,649	69,869	89,296	100,828
Total - Marijuana Tax Cash Fund	**$8,478,160**	**$20,419,330**	**$21,398,827**	**$21,420,817**
Grand Total - Marijuana-related Appropriations	**$48,478,160**	**$90,419,330**	**$77,870,628**	**$100,694,281**
Transfer to Permanent Fund (Excise Tax above allocation to B.E.S.T.)[1]	$31,915,551	$28,161,684	$6,536,102	$6,402,633

[1] Values for FY 2018-19 and FY 2019-20 are based on Legislative Council Staff September 2018 Revenue Forecast.

SUMMARY: FY 2018-19 APPROPRIATION & FY 2019-20 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	$5,760,809,014	$4,051,091,776	$1,053,136,768	$39,385,509	$617,194,961	601.6
HB 18-1379 (School Finance)	189,504,911	123,428,205	66,076,706	0	0	0.0
Other legislation	41,269,195	5,768,258	35,500,937	0	0	0.9
TOTAL	**$5,991,583,120**	**$4,180,288,239**	**$1,154,714,411**	**$39,385,509**	**$617,194,961**	**602.5**
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	$5,991,583,120	$4,180,288,239	$1,154,714,411	$39,385,509	$617,194,961	602.5
R1 Total program increase	247,866,534	261,056,096	(13,189,562)	0	0	0.0
R2 Categorical programs increase	9,232,242	4,252,964	4,979,278	0	0	0.0
R3 Schools of choice	360,374	360,374	0	0	0	2.6
R4 Funding for school turnaround	2,352,193	2,352,193	0	0	0	1.8
R5 CPP tax checkoff	410,000	0	410,000	0	0	0.0
R6 CSI mill levy equalization	10,000,000	5,000,000	0	5,000,000	0	0.0
R7 CSDB teacher salary increase	396,307	396,307	0	0	0	0.0
R8 ELC career development priorities	6,000,000	0	6,000,000	0	0	0.0
R9 ELC educator talent priorities	4,000,000	0	4,000,000	0	0	0.0
Non-prioritized items	243,458	104,502	36,243	102,713	0	0.0
Centrally appropriated items	3,744,752	1,559,047	833,252	393,176	959,277	0.0
Indirect cost assessment adjustments	180,117	0	49,620	0	130,497	0.0
Educator perception technical	75,000	75,000	0	0	0	0.0
Annualize prior year legislation	(29,511,214)	(1,999,812)	(27,579,630)	15,592	52,636	2.1
Annualize prior year budget actions	(3,418,990)	(3,418,990)	0	3,790	(3,790)	0.0
TOTAL	**$6,243,513,893**	**$4,450,025,920**	**$1,130,253,612**	**$44,900,780**	**$618,333,581**	**609.0**
INCREASE/(DECREASE)	$251,930,773	$269,737,681	($24,460,799)	$5,515,271	$1,138,620	6.5
Percentage Change	4.2%	6.5%	(2.1%)	14.0%	0.2%	1.1%

R1 TOTAL PROGRAM INCREASE: The request includes a net increase of $247.9 million total funds for appropriations related to school finance (including an increase of $261.1 million General Fund that is partially offset by a net decrease of $13.2 million cash funds). The increase in total funds includes $247.5 million for the state share of districts' total program funding and $0.4 million for hold-harmless full-day kindergarten funding. Based on the Office of State Planning and Budgeting (OSPB) September 2018 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by $357.81 (4.4 percent); and (2) decrease the dollar value of the budget stabilization factor by $77.0 million (from $672.4 million in FY 2018-19 to $595.4 million in FY 2019-20, or 11.5 percent). The request does not specify a budget stabilization factor for FY 2020-21 or subsequent years. See the first issue brief in this document for further discussion of school finance projections for FY 2019-20 and the Governor's request.

R2 CATEGORICAL PROGRAMS INCREASE: Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2019-20. The request, based on the OSPB-projected inflation rate for CY 2018 (3.0 percent), seeks an increase of $9.2 million total funds for categorical programs in FY 2018-19, including increases of $4.3

million General Fund and $5.0 million cash funds from the State Education Fund. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. In a change from recent years, the request seeks an increase of $237,700 total funds for the Small Attendance Center Aid program, which has not received an increase since FY 2015-16. See Appendix C for a discussion of the Department's response to a request for information associated with categorical funding.

R2 REQUESTED INCREASES IN *STATE* FUNDING FOR CATEGORICAL PROGRAMS

LONG BILL LINE ITEM	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	CHANGE IN STATE FUNDING	PERCENT CHANGE
Special Education - Children with Disabilities	$176,129,215	$181,183,987	$5,054,772	2.9%
English Language Proficiency Program	21,608,211	23,210,913	1,602,702	7.4%
Public School Transportation	59,099,150	60,626,723	1,527,573	2.6%
Career and Technical Education Programs	26,675,279	27,297,859	622,580	2.3%
Special Education - Gifted and Talented Children	12,528,041	12,714,956	186,915	1.5%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,076,550	1,314,250	237,700	22.1%
Comprehensive Health Education	1,131,396	1,131,396	0	0.0%
Total	**$307,741,402**	**$316,973,644**	**$9,232,242**	**3.0%**

R3 SCHOOLS OF CHOICE: The request includes an increase of $360,374 General Fund and 2.6 FTE to support the Schools of Choice Unit's ongoing support and oversight of charter schools statewide. To date, federal funds dedicated to the support of new and expanding charter schools have supported the Unit's operations. However, federal funding has diminished as the number of applications for new and expanding schools has decreased, driving a reduction in staff for the Unit. In addition, those federal funds are not appropriate for the ongoing oversight and support of existing schools. While revenues have declined, the increasing number of established charter schools requiring the department's oversight and support under the Charter Schools Act (Sections 22-30.5-101 through 22-30.5-704, C.R.S.) has increased the Unit's workload. The request seeks State funding to support the State's ongoing workload and to support the Department's ongoing obligations under the Charter Schools Act.

R4 FUNDING FOR SCHOOL TURNAROUND: The request includes an increase of $2.4 million General Fund and 1.8 FTE to expand state support for schools identified as turnaround or priority improvement status (the two lowest categories) in the statewide accountability system. The request would approximately double the existing School Transformation Grant program (formerly known as the School Turnaround Leadership Development Program) and increase technical assistance support provided to schools through the Turnaround Network. For additional information, see the fifth briefing paper in this document.

R5 CPP TAX CHECKOFF: The request includes an increase of $410,000 cash funds in one-time funding for distribution to Colorado Preschool Program (CPP) providers. The cash funds were collected as a result of a voluntary tax checkoff authorized in S.B. 11-109 (Public Education Fund Tax Checkoff) and transferred to the Public Education Fund created in that bill. The tax checkoff is no longer available and the Department proposes to distribute all remaining funds to CPP providers on a formula basis per pupil. The request does not propose any constraints on the use of funds.

R6 CSI MILL LEVY EQUALIZATION: The request includes an increase of $10.0 million total funds (including $5.0 million General Fund appropriated to the Mill Levy Equalization Fund created in H.B. 18-1375 and $5.0 million reappropriated funds to appropriate those funds out of the cash fund) for

mill levy equalization payments to Colorado Charter School Institute (CSI) schools in FY 2019-20. The request adds to an appropriation of $11.0 million total funds (including $5.5 million General Fund and $5.5 million reappropriated funds) provided in FY 2018-19. As a result, the proposed appropriation would distribute a total of $10.5 million to CSI schools in FY 2019-20 for mill levy equalization.

R7 CSDB TEACHER SALARY INCREASE: The request includes an increase of $0.4 million General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB's salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2018-19 (the CSDB salaries lag District 11 by one year), the request seeks to provide experience step increases that align with the District 11 salary schedule.

R8 ELC PROFESSIONAL DEVELOPMENT PRIORITIES: The request includes an increase of $6.0 million cash funds from the State Education Fund (originating as a proposed transfer from the General Fund to the State Education Fund) in one-time funding to support career development efforts aligned with the anticipated recommendations of the Education Leadership Council (ELC). The request includes the following three components: (1) $3.0 million to expand the Career Development Success Program to pay incentives for the participating school districts and charter schools that encourage high school students to complete a qualified workforce program; (2) $1.5 million to support professional development and training efforts to improve career counseling for students; and (3) $1.5 million in grant funds to expand and improve concurrent enrollment opportunities. For additional information, see the fourth issue paper in this document.

R9 ELC EDUCATOR TALENT PRIORITIES: The request includes an increase of $4.0 million cash funds from the State Education Fund (also originating as a proposed transfer from the General Fund to the State Education Fund) in one-time funding to support educator talent (recruitment, retention, and professional development) efforts aligned with the anticipated recommendations of the Education Leadership Council (ELC). The request includes the following two components: (1) $3.0 million, to be spent over two years, to expand the Retaining Teachers Grant Program created in H.B. 18-1412; and (2) $1.0 million, to be spent over two years, to support a proposed Principal Leadership Academy to provide training and professional development for school principals. For additional information, see the fourth issue paper in this document.

NON-PRIORITIZED ITEMS: The request includes increases totaling $243,458 total funds (including $104,502 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2019-20.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations	$236,799	$101,644	$35,252	$99,903	$0	0.0
OIT Optimize self-service capabilities	6,659	2,858	991	2,810	0	0.0
TOTAL	**$243,458**	**$104,502**	**$36,243**	**$102,713**	**$0**	**0.0**

CENTRALLY APPROPRIATED ITEMS: The request includes an increase of $3.7 million total funds (including $1.6 million General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	$1,508,148	$474,512	$236,729	$176,365	$620,542	0.0
PERA Direct Distribution	1,288,681	934,551	202,452	151,678	0	0.0
Health, life, and dental adjustment	451,798	(5,640)	162,619	61,051	233,768	0.0
Payment to risk management / property funds adjustment	237,707	237,707	0	0	0	0.0
Legal services adjustment	136,447	78,873	54,073	3,501	0	0.0
Payments to OIT adjustment	89,386	(7,280)	98,457	(1,791)	0	0.0
AED adjustment	65,965	(53,749)	37,269	18,349	64,096	0.0
SAED adjustment	65,965	(53,749)	37,269	18,349	64,096	0.0
Leased space adjustment	49,057	2,623	9,551	559	36,324	0.0
ALJ adjustment	25,310	0	20,944	4,366	0	0.0
Salary survey adjustment	11,005	11,005	0	0	0	0.0
Short-term disability adjustment	5,784	(584)	1,780	1,027	3,561	0.0
Shift differential adjustment	517	517	0	0	0	0.0
Capitol Complex leased space adjustment	(96,184)	(28,925)	(22,378)	(7,814)	(37,067)	0.0
Workers' compensation adjustment	(73,308)	(32,745)	(9,567)	(4,953)	(26,043)	0.0
CORE adjustment	(16,998)	6,459	4,054	(27,511)	0	0.0
Vehicle lease payments adjustment	(4,528)	(4,528)	0	0	0	0.0
TOTAL	**$3,744,752**	**$1,559,047**	**$833,252**	**$393,176**	**$959,277**	**0.0**

INDIRECT COST ASSESSMENT ADJUSTMENTS: The request includes increases totaling $180,117 total funds based on the Department's indirect cost assessment plan.

EDUCATOR PERCEPTION TECHNICAL: The request includes an increase of $75,000 General Fund to support the administration of the statewide Teaching and Learning Conditions Colorado Survey (TLCC Survey, formerly the TELL Survey) in FY 2019-20. The Department conducts the TLCC survey every other year. In prior years, the appropriation has provided $100,000 in the year of survey administration and $0 in the year between surveys. The request proposes a technical adjustment to provide $75,000 in FY 2019-20 and $25,000 in FY 2020-21 to support workload required in the "off-year."

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2019-20 impact of legislation passed in prior years, including the adjustments shown in the following table. The net reduction of $29.5 million total funds is driven by the elimination of $30.0 million in one-time funding (from the State Education Fund) provided for assistance to rural schools in H.B. 18-1379 (School Finance).

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1070 (Additional Public School Capital Construction)	$1,400,000	$0	$1,400,000	$0	$0	0.0
HB 18-1306 (Improving Ed Stability for Foster Youth)	1,045,030	1,045,030	0	0	0	1.0
HB 18-1266 (Career Development Success Prog. Expansion)	1,000,000	1,000,000	0	0	0	0.0
SB 18-200 (PERA)	129,663	41,065	20,370	15,592	52,636	0.0
HB 18-1019 (K12 Accreditation Weighted Factors)	22,500	22,500	0	0	0	0.0
HB 18-1396 (Adv. Placement Exam Fee Grant Program)	5,714	5,714	0	0	0	0.1

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1379 (School Finance)	(30,000,000)	0	(30,000,000)	0	0	0.0
HB 18-1412 (Retaining Teachers Grant Program)	(2,000,000)	(3,000,000)	1,000,000	0	0	1.0
HB 18-1189 (Expanding Effective Teacher Residency Programs)	(600,000)	(600,000)	0	0	0	0.0
HB 18-1309 (Programs Addressing Educator Shortages)	(496,177)	(496,177)	0	0	0	0.0
HB 18-1322 (Expand Child Nutrition School Lunch Protection)	(17,944)	(17,944)	0	0	0	0.0
TOTAL	**($29,511,214)**	**($1,999,812)**	**($27,579,630)**	**$15,592**	**$52,636**	**2.1**

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments to reflect the FY 2019-20 impact of budget actions and decision items included in prior year Long Bill appropriations. The table below summarizes each annualization for FY 2019-20.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 R3 Staffing IMS	($2,193,500)	($2,193,500)	$0	$0	$0	0.0
FY 2018-19 R7 Career Development Success Pilot Program	(1,000,000)	(1,000,000)	0	0	0	0.0
FY 2018-19 R4 State Board meeting transcription	(114,828)	(114,828)	0	0	0	0.0
FY 2018-19 salary survey	(110,662)	(110,662)	0	3,790	(3,790)	0.0
TOTAL	**($3,418,990)**	**($3,418,990)**	**$0**	**$3,790**	**($3,790)**	**0.0**

ISSUE: SCHOOL FINANCE ACT FUNDING PROJECTIONS

Current law requires the General Assembly to provide at least enough funding for school finance in FY 2019-20 to maintain the budget stabilization factor at no more than the dollar amount from FY 2018-19 ($672.4 million based on the current FY 2018-19 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the budget stabilization factor at $672.4 million in FY 2019-20 would require an additional $185.7 million in state funding above the current FY 2018-19 appropriation. That amount includes an increase of $286.6 million General Fund that would be partially offset by a reduction of $100.9 million from cash fund sources based on projections of available cash fund revenues. Barring changes to other appropriations, any reduction in the budget stabilization factor for FY 2019-20 would require additional General Fund.

SUMMARY

- Current law, as enacted in H.B. 18-1379, requires the General Assembly to provide sufficient total program funding in FY 2019-20 to prevent the budget stabilization factor from growing above the FY 2018-19 dollar amount ($672.4 million).

- Based on the Legislative Council Staff September 2018 Revenue Forecast (LCS Forecast), meeting the current law funding requirement for FY 2019-20 would require an increase of $185.7 million total funds for the state share of total program funding. Supporting that appropriation requires an increase of $286.6 million General Fund in FY 2019-20 relative to the current FY 2018-19 appropriation. Without changes to current law, staff expects this scenario to determine the FY 2019-20 Long Bill appropriation for school finance, which the General Assembly may adjust through the annual school finance bill. The cost estimates will change based on the December 2018 revenue forecast(s).

- Based on the Office of State Planning and Budgeting (OSPB) September 2018 Revenue Forecast, the Governor's FY 2019-20 request includes a net increase of $247.5 million in state funding for total program relative to the current appropriation (including an increase of $261.1 million General Fund). Using assumptions from the OSPB Revenue Forecast, the Governor's proposal would reduce the budget stabilization factor by $77.0 million (to $595.4 million) in FY 2019-20. The proposal does not specify a targeted budget stabilization factor in subsequent years.

RECOMMENDATION

Based on the current statutory school finance formula, staff's school finance funding projections, and the Governor's proposed budget for FY 2019-20, staff recommends that the Joint Budget Committee discuss public school funding with legislative leadership, the Education Committees, and the Governor's Office. Specifically:

- How does the General Assembly intend to meet the key constitutional requirements concerning education (Amendment 23 and the thorough and uniform requirement)? What is an adequate total program amount? Does the General Assembly intend to increase or decrease the value of the budget stabilization factor in FY 2019-20 and beyond?
- Should the General Assembly pursue changes to the statutory school finance formula, changes to Amendment 23, and/or changes to increase the revenues available to support school finance to

ensure the State's ability to continue to provide for the maintenance of a thorough and uniform system of public schools? For example, should the General Assembly adjust the factors in the formula to address potential inequities? Should the General Assembly adjust the formula to reflect available revenues or continue to track appropriations relative to the budget stabilization factor?

With respect to the FY 2019-20 appropriation, unless the General Assembly elects to change current law prior to the figure setting process, staff anticipates making the following specific recommendations *for the FY 2019-20 Long Bill*:

1 Set the Long Bill appropriation for school finance to maintain the budget stabilization factor as a constant dollar amount ($672.4 million based on the current FY 2018-19 appropriation). Please note that because the Long Bill reflects current law, increasing the budget stabilization factor as a dollar amount *in the Long Bill appropriation* would require separate legislation (such as the mid-year school finance adjustments bill for FY 2018-19) to change the current statutory requirement.

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

3 Plan to maintain a minimum balance in the SEF of at least $100 million at the end of FY 2019-20 and subsequent years, consistent with recent targeted ending balances for the SEF.

DISCUSSION

BACKGROUND – PROJECTION ASSUMPTIONS

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

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

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

- First, the projections incorporate the budget stabilization factor. Thus, the "current law" amount is no longer generated solely through the statutory school finance formula.
- Second, in light of the uncertainty introduced by the budget stabilization factor, the General Assembly generally establishes a "current law" requirement for the *following fiscal* year during each

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

legislative session. For example, H.B. 18-1379 requires the General Assembly to prevent growth in the budget stabilization factor (as a dollar amount) from FY 2018-19 to FY 2019-20. Thus, under current law (which determines the Long Bill appropriation) the budget stabilization factor may not exceed $672.4 million in FY 2019-20.

- Finally, the concept of SEF "solvency" changed because of declines in the SEF fund balance. Specifically, the projections now assume a minimum SEF balance ($100 million in recent years) to account for income tax revenue forecast error.

2018 Projection Assumptions

As discussed above, H.B. 18-1379 set a statutory baseline *for the FY 2019-20 Long Bill appropriation* requiring the budget stabilization factor to remain at or below $672.4 million, which determines staff's current law scenario for FY 2019-20. Please note that while the current law scenario assumes a flat budget stabilization factor throughout the forecast period, the statute is silent with respect to FY 2020-21 and subsequent years.

Consistent with recent projections, staff's 2018 funding analysis assumes the following:

- The General Assembly will not change existing appropriations for FY 2018-19 mid-year (though staff anticipates that mid-year adjustments will be necessary based on actual pupil counts and local revenues).
- Based on H.B. 18-1379, the current law projection maintains the budget stabilization factor at $672.4 million throughout the forecast period.
- The General Assembly will increase state funding for categorical programs by the rate of inflation annually, as required by Amendment 23. Consistent with recent legislative actions, staff assumes the General Assembly will use SEF money to comply with this provision.
- The General Assembly will continue to appropriate SEF moneys to support a variety of programs and functions other than school finance and categorical programs (totaling 160.5 million in FY 2018-19).
- The General Assembly will maintain a minimum year-end fund balance of $100 million in the SEF to account for potential revenue forecast error.

Finally, staff will update these projections again based on the Legislative Council Staff and Office of State Planning and Budgeting December 2018 revenue forecasts (including adjustments for inflation, SEF revenues, pupil enrollment, and property tax revenues), as well as actual pupil count information for the current school year that will be available in January 2019.

2018 Projections (FY 2018-19 through FY 2022-23)

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

How much should the State spend on total program in FY 2019-20?

The General Assembly faces a menu of options regarding expenditures for total program, ranging from reducing appropriations below FY 2018-19 levels (within constitutional constraints and requiring statutory change) to eliminating the budget stabilization factor and "fully funding" the formula (if revenues allow it).

Similar to recent years, the 2018 projections include five incremental scenarios to illustrate potential answers to the question of how much to spend on total program. Ordered from least expensive to most expensive, the scenarios include:

- *Baseline:* Maintain total program funding (the total of state and local shares) at FY 2018-19 levels throughout the forecast period. Anticipated increases in local revenues allow the state share, including the projected General Fund appropriation, to decline each year. Please note that this scenario may raise constitutional concerns in the out-years as the amount of funding available for the factors (above statewide base per pupil funding) declines.
- *Caseload:* Maintain constant statewide average per pupil funding at FY 2018-19 levels ($8,137 per pupil) for the duration of the forecast period. This scenario accounts for changes in enrollment to maintain the targeted per pupil amount.
- *Inflation:* Increase statewide average per pupil funding by the rate of inflation (as projected in the September 2018 Legislative Council Staff Revenue Forecast) each year. By increasing the statewide average by the rate of inflation, this scenario accounts for both inflation and enrollment growth but does still allow growth in the budget stabilization factor.
- *Current Law:* Maintain the budget stabilization factor at a constant dollar amount ($672,396,894) for the duration of the forecast period. Based on current revenue forecasts, any spending above the amounts in this scenario would reduce the budget stabilization factor.
- *Policy Option:* "Fully fund" the statutory school finance formula and eliminate the budget stabilization factor beginning in FY 2019-20.

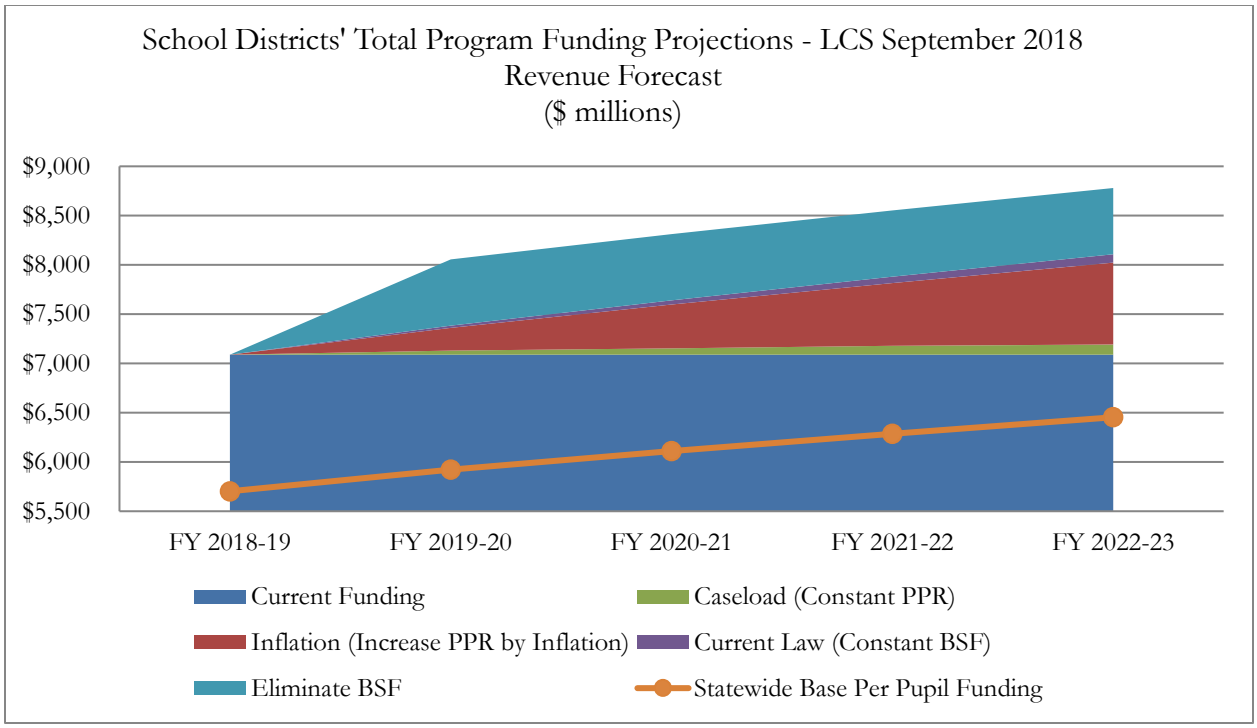
TOTAL STATE SHARE REQUIRED

Table 1 on the following page shows the *total state funding* necessary to support each scenario based on the Legislative Council Staff September 2018 Revenue Forecast. To simplify the presentation, staff is not including projections based on the OSPB Revenue Forecast. Please note, however, that the OSPB forecast anticipates an inflation rate of 3.0 percent (vs. the 3.2 percent anticipated by Legislative Council Staff) as well as differences in revenues available to the State Education Fund. The OSPB inflation rate would decrease costs for the "inflation," "current law," and "policy" scenarios by reducing the magnitude of the mandatory increase in statewide base per pupil funding.

TABLE 1: TOTAL STATE SHARE OF TOTAL PROGRAM FUNDING					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Projected Pupil Count	*871,141*	*876,386*	*879,058*	*882,226*	*883,651*
Local Share of Funding	$2,542,655,348	$2,651,829,441	$2,752,598,960	$2,807,650,939	$2,863,803,958
Annual Percent Change	*1.4%*	*4.3%*	*3.8%*	*2.0%*	*2.0%*
STATE SHARE OF FUNDING - LEGISLATIVE COUNCIL STAFF SEPTEMBER 2018 FORECAST					
Forecast Inflation Rate	*3.4%*	*3.2%*	*2.9%*	*2.5%*	*2.5%*
Baseline - Maintain Total Program	$4,546,175,603	$4,437,001,510	$4,336,231,991	$4,281,180,012	$4,225,026,993
Annual Increase in State Share	*n/a*	(109,174,093)	(100,769,519)	(55,051,979)	(56,153,019)
Statewide Average Per Pupil	8,137	8,089	8,064	8,035	8,022
Budget Stabilization Factor	(672,396,894)	(967,271,657)	(1,224,650,813)	(1,463,197,776)	(1,691,155,348)
Caseload - Maintain Average PPR	$4,546,175,603	$4,479,683,845	$4,400,656,505	$4,371,385,202	$4,326,827,988
Annual Increase in State Share	*n/a*	(66,491,758)	(79,027,340)	(29,271,303)	(44,557,214)
Statewide Average Per Pupil	8,137	8,137	8,137	8,137	8,137
Budget Stabilization Factor	(672,396,894)	(924,589,322)	(1,160,226,299)	(1,372,992,586)	(1,589,354,353)
Inflation - Increase Average PPR by Inflation	$4,546,175,603	$4,707,892,270	$4,843,643,310	$5,006,559,040	$5,158,698,571
Annual Increase in State Share	*n/a*	161,716,667	135,751,040	162,915,730	152,139,531
Statewide Average Per Pupil	8,137	8,398	8,641	8,857	9,079
Budget Stabilization Factor	(672,396,894)	(696,380,897)	(717,239,494)	(737,818,748)	(757,483,770)
Current Law - Maintain BSF as a Dollar Amount	$4,546,175,603	$4,731,876,273	$4,888,485,910	$5,071,980,894	$5,243,785,448
Annual Increase in State Share	*n/a*	185,700,670	156,609,637	183,494,984	171,804,554
Statewide Average Per Pupil	8,137	8,425	8,692	8,932	9,175
Budget Stabilization Factor	(672,396,894)	(672,396,894)	(672,396,894)	(672,396,894)	(672,396,893)
Eliminate BSF in FY 2019-20	$4,546,175,603	$5,404,273,167	$5,560,882,804	$5,744,377,788	$5,916,182,341
Annual Increase in State Share	*n/a*	858,097,564	156,609,637	183,494,984	171,804,553
Statewide Average Per Pupil	8,137	9,192	9,457	9,694	9,936
Budget Stabilization Factor	(672,396,894)	0	0	0	0

Thus, based on the current Legislative Council Staff revenue forecast, maintaining a constant budget stabilization factor (of $672.4 million) through FY 2022-23 requires an average increase in total *state* funds of $174.4 million per year. As discussed below, *General Fund* appropriations would need to increase by an average of $157.2 million per year over that period.

As a different view, the following graphic shows staff's projections of total program funding (including both state and local shares) based on these incremental scenarios. Each layer of the chart represents additional funding required under each scenario. The graph also includes a line to identify the costs of simply providing base per pupil funding, keeping pace with projected enrollment increases and the constitutionally required inflationary increases in base per pupil funding (this line represents the minimum level of funding implied by the Colorado Supreme Court's decision in the *Dwyer v. Colorado* case). The area above that line reflects the amount of funding available for the "factors" in the school finance formula under each scenario. As shown in the chart, under the baseline scenario (maintaining total program funding at FY 2018-19 levels), the funding available for the factors declines significantly by FY 2022-23.



GENERAL FUND IMPACT

In recent years, one-time funding in the SEF (as a result of year-end transfers from the General Fund to the SEF) has reduced the pressure on the General Fund to support school finance. For example, the SEF ended FY 2013-14 with a balance of $1.05 billion as a result of year-end transfers in prior years. However, appropriations since that time have depleted the fund balance and staff currently projects that the SEF will end FY 2018-19 with a balance of approximately $124.7 million. As discussed above, staff's 2018 projections assume a targeted ending balance of $100 million going forward, meaning that annual appropriations from the fund cannot significantly exceed revenues.

The depletion of one-time funding and required decreases in appropriations from the SEF increased pressure on the General Fund in FY 2017-18, requiring an increase of $331.9 million General Fund in FY 2017-18 to hold the budget stabilization factor relatively constant. Looking forward, the projected annual increases in General Fund have stabilized at a lower level. Table 2 (below) details the necessary changes in *General Fund* appropriations for each scenario using the LCS September 2018 revenue forecast.

TABLE 2: PROJECTION OF GENERAL FUND NEED FOR PUBLIC SCHOOL FINANCE
(SEPTEMBER 2018 LCS FORECAST WITH $100 MILLION MINIMUM SEF BALANCE)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Base Appropriation	$3,986,613,739	$4,945,565,545	$5,111,967,152	$5,287,681,119
Baseline - Maintain Total Program	(8,319,852)	(90,977,549)	(62,932,996)	(64,804,400)
Caseload - Maintain Average PPR	42,682,335	21,742,179	25,880,676	11,595,804
Inflation - Increase Average PPR by Inflation	228,208,425	214,778,380	192,187,033	196,696,746
Current Law - Maintain BSF as a Dollar Amount	23,984,004	20,858,597	20,579,254	19,665,022
Eliminate Negative Factor in FY 2018-19	672,396,894	0	0	0
Adjusted GF Appropriation to "Fully Fund" Formula (Eliminating Negative Factor)	$4,945,565,545	$5,111,967,152	$5,287,681,119	$5,450,834,291

TABLE 2: PROJECTION OF GENERAL FUND NEED FOR PUBLIC SCHOOL FINANCE (SEPTEMBER 2018 LCS FORECAST WITH $100 MILLION MINIMUM SEF BALANCE)				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Annual GF Change	$958,951,806	$166,401,607	$175,713,967	$163,153,172
Total Annual Percent Change	24.1%	3.4%	3.4%	3.1%

Table 3 (below) includes detail on all of the applicable fund sources for the current law (constant budget stabilization factor) scenario, putting the state share and General Fund projections in broader context. The table includes total program funding and the average per pupil funding level for each year, as well as the associated state and local funding components, based on a targeted minimum SEF balance of $100 million at the end of each year.

TABLE 3: FUND SOURCE DETAIL CORRESPONDING TO GENERAL FUND PROJECTIONS - LCS FORECAST (CONSTANT BUDGET STABILIZATION FACTOR - $100 MILLION MINIMUM SEF FUND BALANCE)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Projected Pupil Count	*871,141*	*876,386*	*879,058*	*882,226*	*883,651*
Maintain Budget Stabilization Factor as a Constant Dollar Amount					
General Fund	$3,986,613,739	$4,273,168,651	$4,439,570,258	$4,615,284,225	$4,778,437,396
State Education Fund	416,891,296	382,908,410	367,826,316	375,607,334	384,258,715
State Public School Fund	142,670,568	54,149,446	57,486,297	55,720,548	55,720,548
State Public School Fund from Marijuana Excise Tax/1	0	21,649,766	23,603,039	25,368,788	25,368,788
Subtotal: State Share of Funding	$4,546,175,603	$4,731,876,273	$4,888,485,910	$5,071,980,895	$5,243,785,447
Annual Percent Change	*2.7%*	*4.1%*	*3.3%*	*3.8%*	*3.4%*
Local Share of Funding	$2,542,655,348	$2,651,829,441	$2,752,598,960	$2,807,650,939	$2,863,803,958
Annual Percent Change	*1.4%*	*4.3%*	*3.8%*	*2.0%*	*2.0%*
Total Program Funding	$7,088,830,951	$7,383,705,714	$7,641,084,870	$7,879,631,834	$8,107,589,405
Annual Percent Change	*6.2%*	*4.2%*	*3.5%*	*3.1%*	*2.9%*
Average Funding Per Pupil	$8,137	$8,425	$8,692	$8,932	$9,175
Annual Percent Change	*4.7%*	*3.5%*	*3.2%*	*2.8%*	*2.7%*

GOVERNOR'S FY 2019-20 BUDGET REQUEST

Relative to the current FY 2018-19 appropriation, the Governor's budget request proposes a $247.5 million increase in state funding for school districts' total program in FY 2019-20, including an increase of $261.1 million General Fund. Combined with an assumed increase of $108.8 million in local revenues, the Governor's proposal provides an increase of $356.3 million for total program funding.

Based on the September 2018 OSPB revenue forecast, the Governor's request proposes to decrease the budget stabilization factor by $77.0 million (from $672.4 million in FY 2018-19 to $595.4 million in FY 2019-20). However, staff notes that the impact on the budget stabilization factor depends on the assumed inflation rate as well as projections of other available revenue. Staff notes two differences in assumptions between the Governor's request and the LCS estimates informing staff's projections:

- *State Education Fund:* The Governor's request proposes to transfer $77.0 million from the General Fund to the State Education Fund to support the reduction in the budget stabilization factor. The proposed transfer would increase the potential *appropriation* from the State Education Fund but would still require a $77.0 million impact on the General Fund. The JBC Staff assumptions do *not* include the proposed transfer.
- *Inflation:* The Governor's request assumes an inflation rate of 3.0 percent for FY 2019-20, as compared to the 3.2 percent projected by LCS. The lower inflation rate decreases total program

funding prior to the application of the budget stabilization factor by $15.6 million. Thus, using the Governor's proposed *appropriations* and the LCS projected *inflation rate* (3.2 percent) would increase the budget stabilization factor by $15.6 million relative to the assumptions in the request. Conversely, achieving the Governor's proposed reduction in the budget stabilization factor would require an additional $15.6 million General Fund under the LCS inflation forecast.

- *Local Share:* Based on what appears to be outdated data, the Governor's request assumes $387,902 *less* in local funding for school finance than the JBC staff projections.

The following table shows the components of the Governor's request relative to the FY 2018-19 appropriation, including the changes associated with inflation and local revenues. As shown in the table, the assumptions in the Governor's request result in a $77.0 million reduction in the budget stabilization factor (to $595.4 million), while applying the LCS assumptions to the Governor's proposed *appropriations* would increase the budget stabilization factor by $15.2 million relative to the Governor's request, largely as a result of the difference in inflation assumptions.

TABLE 4: FY 2019-20 GOVERNOR'S REQUEST

	FY 2018-19	FY 2019-20 Request	
	Appropriation	OSPB Forecast	LCS Forecast
Total Program Funding Before Budget Stabilization Factor	$7,761,227,845	$8,040,492,839	$8,056,102,608
Local Share	$2,542,655,348	$2,651,441,539	$2,651,829,441
State Share			
General Fund	$3,986,613,739	$4,247,669,835	$4,324,669,835
State Education Fund	416,891,296	469,684,571	392,684,571
State Public School Fund Appropriated	142,670,568	76,300,000	76,300,000
Subtotal - State Share	$4,546,175,603	$4,793,654,406	$4,793,654,406
Total Program Funding After Negative Factor	$7,088,830,951	$7,445,095,945	$7,445,483,847
Budget Stabilization Factor	($672,396,894)	($595,396,894)	($610,618,761)

ISSUE: TAXPAYER INEQUITY IN THE SCHOOL FINANCE PROPERTY TAX SYSTEM

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

SUMMARY

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

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

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

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

RECOMMENDATION

Staff recommends that the General Assembly return the state to a uniform (statewide) mill levy for school finance property taxes such that each school district's total program mill levy would be the lesser of the statewide mill levy or the mill levy necessary to fully fund the district's total program with local revenues. In a change from previous years, staff offers two alternative methods for the Committee's consideration: (1) a statewide vote to amend the State Constitution and (2) a statutory change that would not require a statewide vote or amendment to the Constitution but would require local votes for some school districts.

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

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

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

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

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

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

DISCUSSION

INTRODUCTION AND OVERARCHING QUESTIONS

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

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

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

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

As discussed in detail below, local revenues (driven by property taxes) provide the foundation for school finance funding in Colorado. The two components that determine the amount of state aid

necessary in any given year (for either an individual school district or statewide) are: (1) the amount of local revenue available; and (2) the total program funding amount calculated under the formula (as adjusted by the budget stabilization factor if necessary).

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

TAXPAYER EQUITY

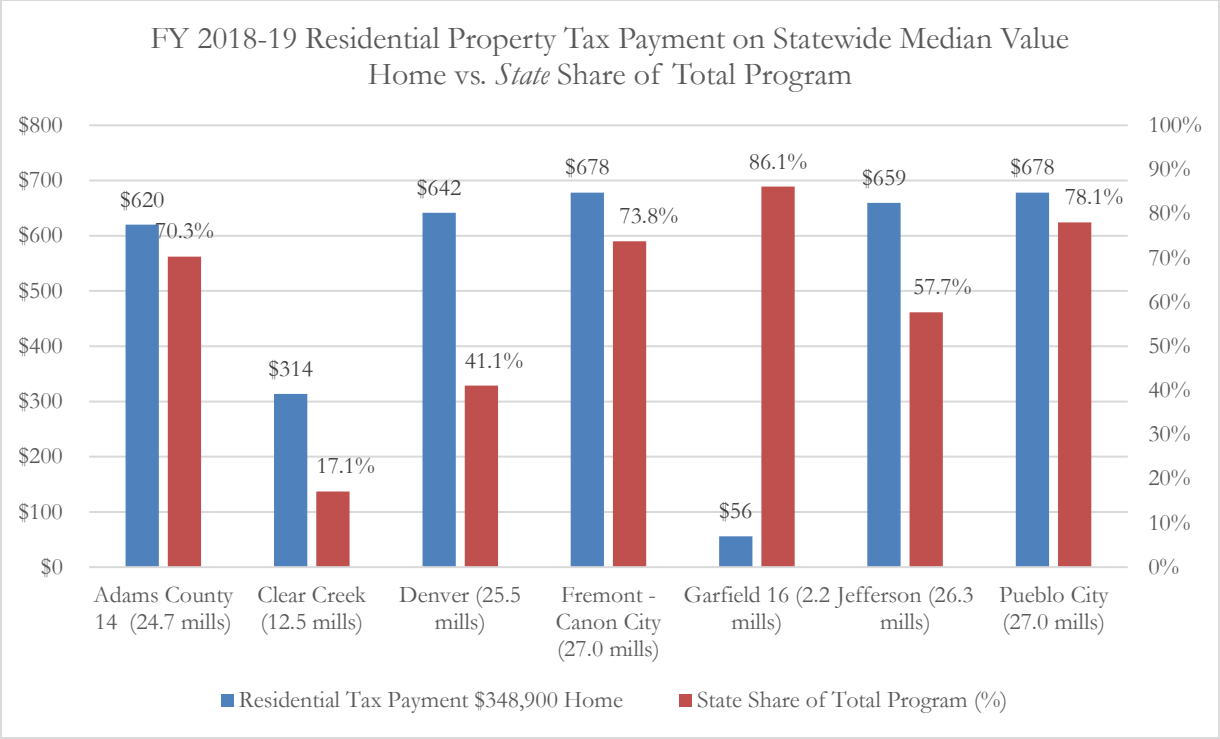
A discussion of taxpayer equity requires agreement on the meaning of "taxpayer equity." For purposes of this discussion, staff offers the following definition: An equitable tax system would treat identical taxpayers within the system (measured by property value in the case of a property tax) equally.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

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

As a preview of how the current system compares to that definition, the graph on the following page shows the amount paid on residential properties *of identical value* in seven Colorado school districts and the state share of total program funding (the percentage paid by the State) for each district in FY 2018-19.[4] In all cases, the graph shows the amount paid in total program property taxes on a home valued at $348,900, the statewide median home value in 2017 according to the U.S. Census Bureau.

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

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



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

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

Background: Total Program Funding and the State and Local Share

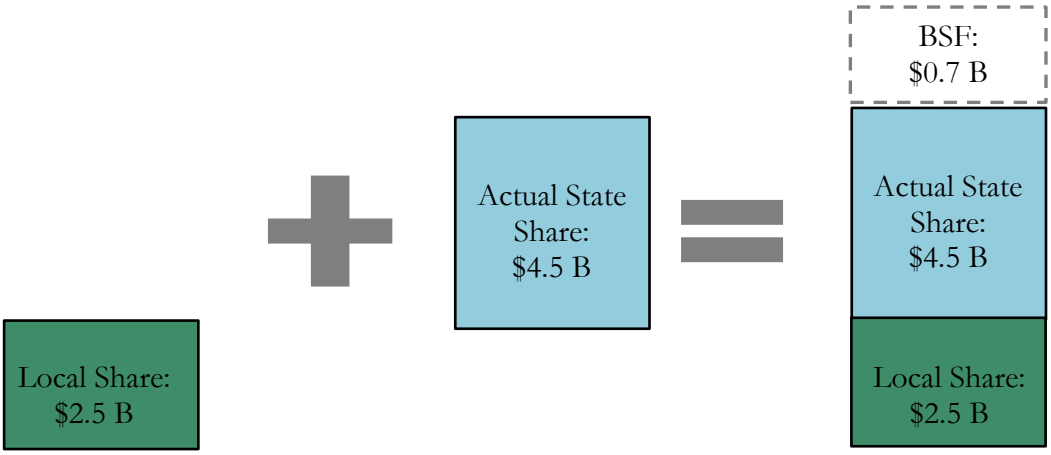
As discussed in the General Factors Driving the Budget section, the School Finance Act calculates a total program funding amount for each of Colorado's 178 school districts by building on a statewide base per pupil funding amount to account for specific factors that affect the cost of delivering educational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

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

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

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

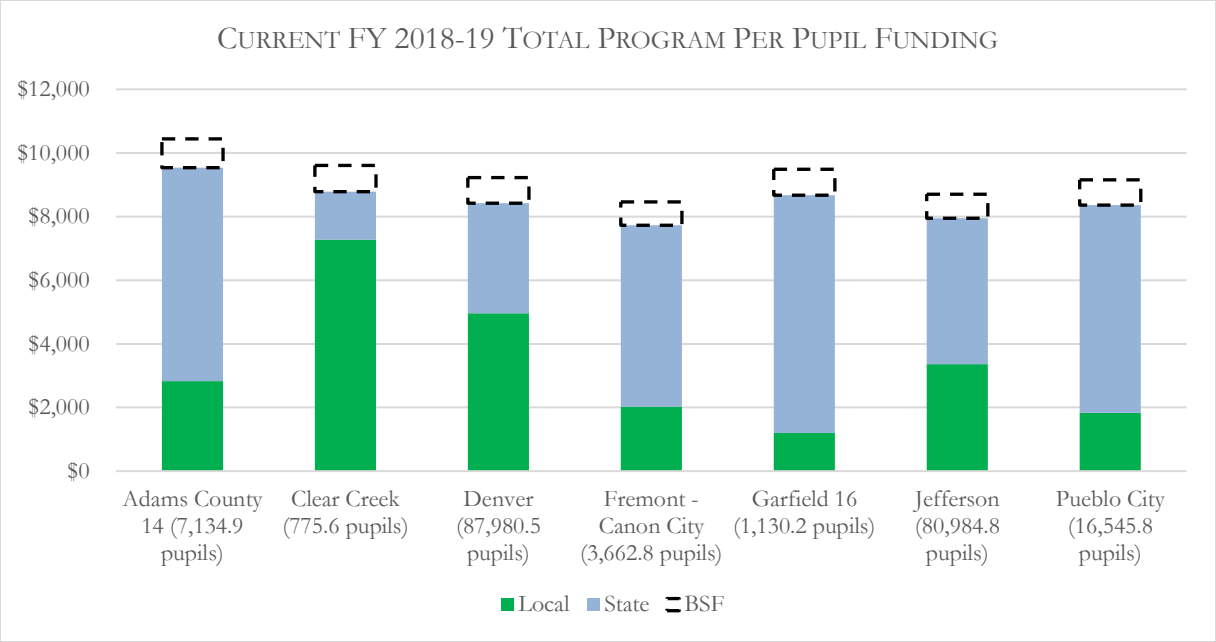
FY 2018-19 TOTAL PROGRAM FUNDING (2018 SESSION APPROPRIATION)



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

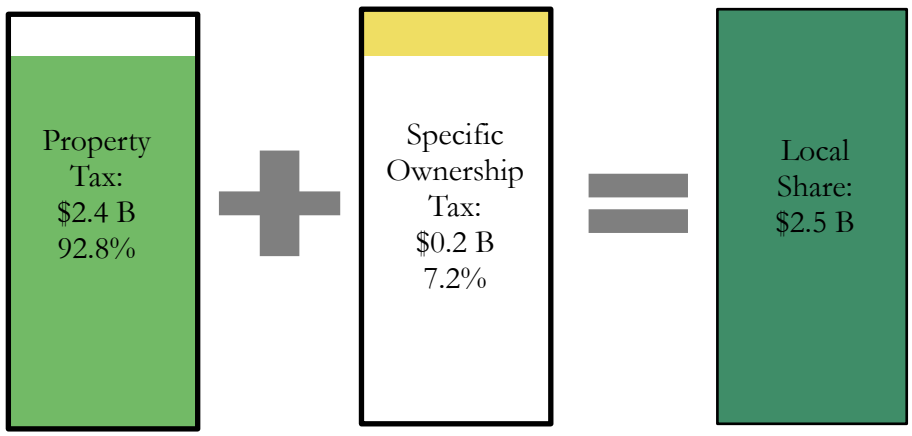
- Current total program funding per pupil in FY 2018-19 (after the application of the budget stabilization factor) varies from a low of $7,668 in Las Animas – Branson to a high of $17,280 in Elbert – Agate.
- The local share of funding also varies widely. Local funding supports only 5.5 percent of total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

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



LOCAL SHARE: PROPERTY TAXES ARE THE DRIVER

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



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

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

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

- The *total program mill levy* is the property tax *rate* for each school district.[5] Statutory and constitutional requirements (discussed below) determine each district's mill levy each year, and there is no local control of the total program mill levy. The enactment of S.B. 07-199 (School Finance) established a ceiling of 27.0 mills for the total program mill levy and effectively froze the mill levies for most school districts; as result, most district mill levies have been unchanged since FY 2007-08. However, as discussed below, district mill levies diverged significantly prior to 2007 and, in some cases, district rates have continued to decrease since 2007.

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

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

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

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

In school finance terms, this system of funding is called "equalization" because it allows similar districts (based on the factors included in the formula) to spend similar amounts regardless of property wealth.[6] (Please note that this equalization only includes total program funding calculated pursuant to the formula. None of the calculations regarding the state share of funding incorporate locally approved mill levy overrides, and the state appropriations for school finance do *not* equalize local overrides.)

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

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

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

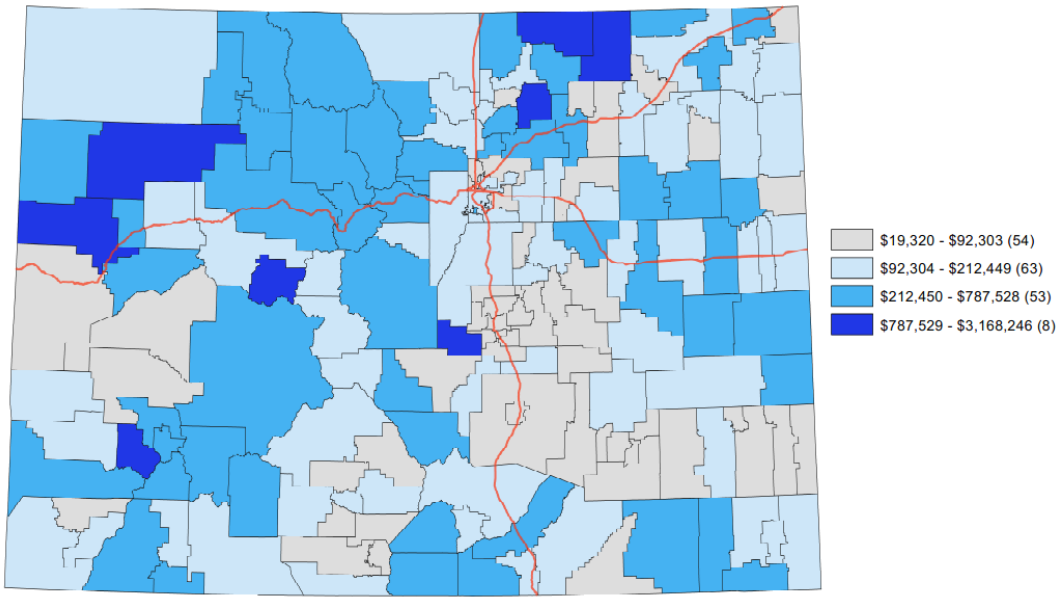
equalizes funding to account for differences in property wealth using the state share. In Colorado, however, the current school finance system is forcing the state share to equalize disparities in both variables of the property tax calculation: 1) local property wealth (measured in this issue brief as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

DISPARITIES IN ASSESSED VALUE PER PUPIL

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

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

FY 2018-19 ESTIMATED ASSESSED VALUE PER PUPIL



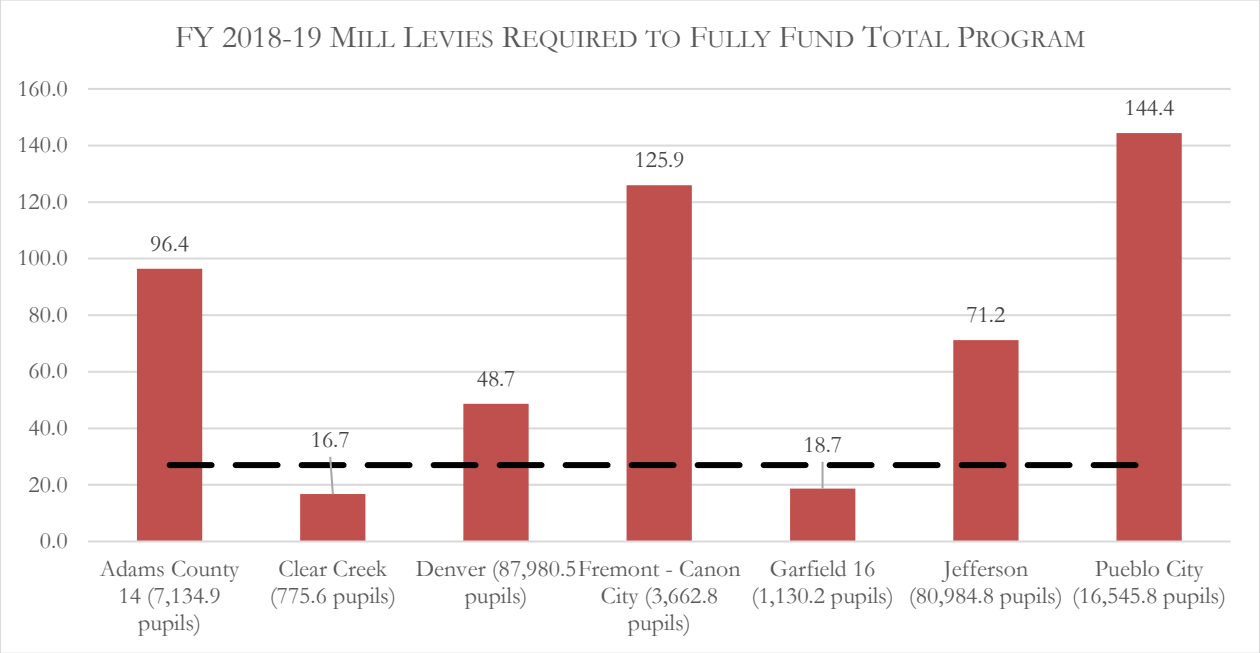
Map prepared by Legislative Council Staff.
Map Date: November 29, 2018

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

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

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

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



Staff notes the following:

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

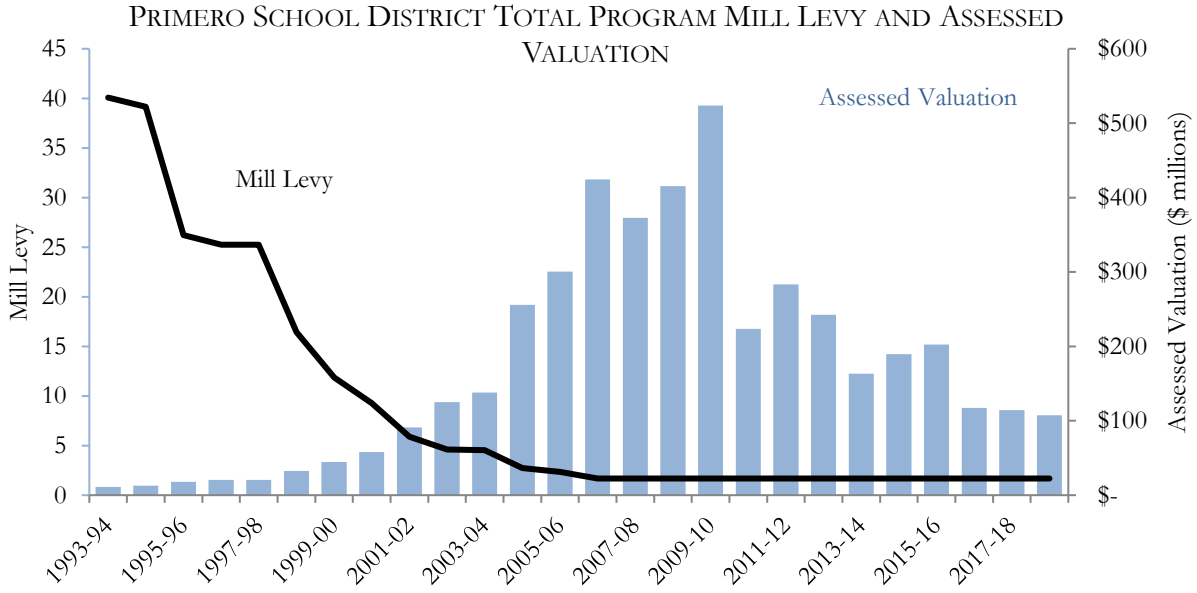
Staff argues that an equitable system (from the taxpayers' perspective) would build on consistent local effort, as measured by the mill levy, and target more state funds to districts with lower property wealth and local revenue capacity. However, as discussed in the following section, Colorado's current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

DISPARITIES IN LOCAL MILL LEVIES

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

However, since that time the implementation of the Taxpayers' Bill of Rights (TABOR, coincidentally approved by the voters in 1992) has driven disparities in local mill levies.[7]

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



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

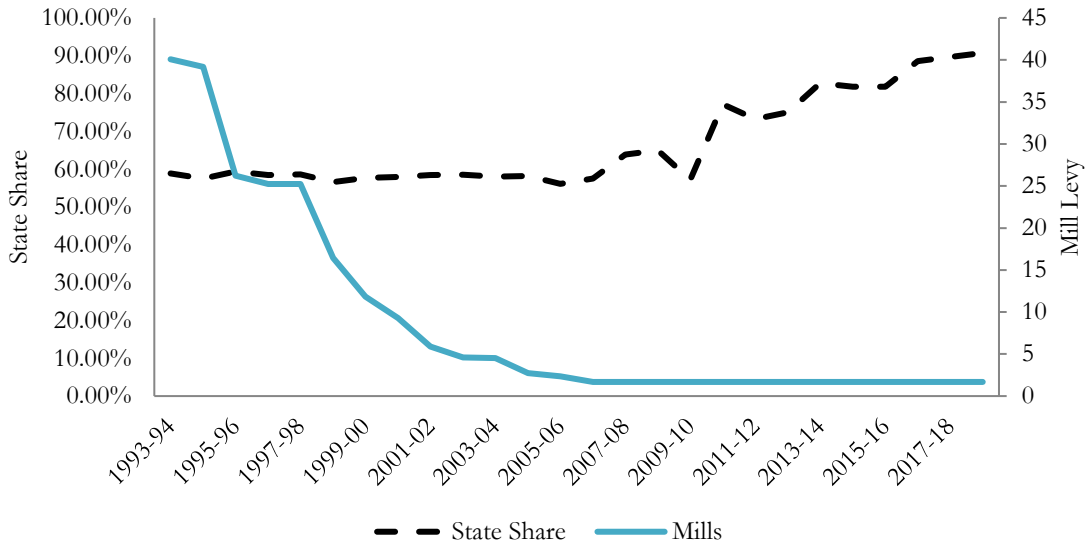
[7] Again, see the FY 2017-18 JBC Staff Briefing Document for the Department of Education for a detailed discussion of the property value dynamics that drove mill levy changes.

continued to decrease under two scenarios: 1) for the four districts that have not obtained voter approval to retain revenues above the TABOR limit;[8] and 2) for certain districts that were fully locally funded and had to reduce their mill levies to avoid collecting revenues over and above their total program amount.

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

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

PRIMERO STATE SHARE OF TOTAL PROGRAM AND MILL LEVY

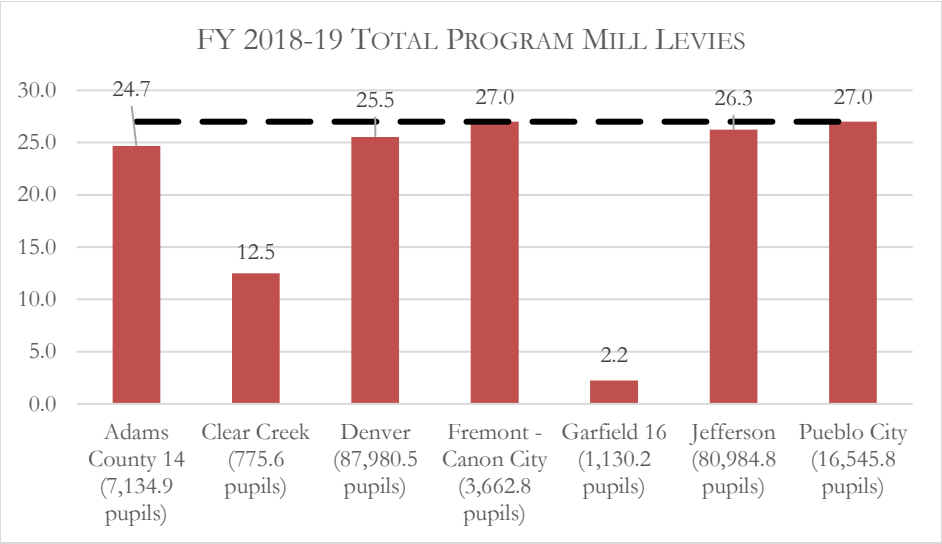


Based on current estimates, Primero could fully fund total program in FY 2018-19 at 24.89 mills. That would represent an increase of 23.2 mills above its current rate but is still 3.8 mills *below* the rate paid in 39 school districts where taxpayers are paying the maximum of 27.0 mills. Instead, taxpayers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

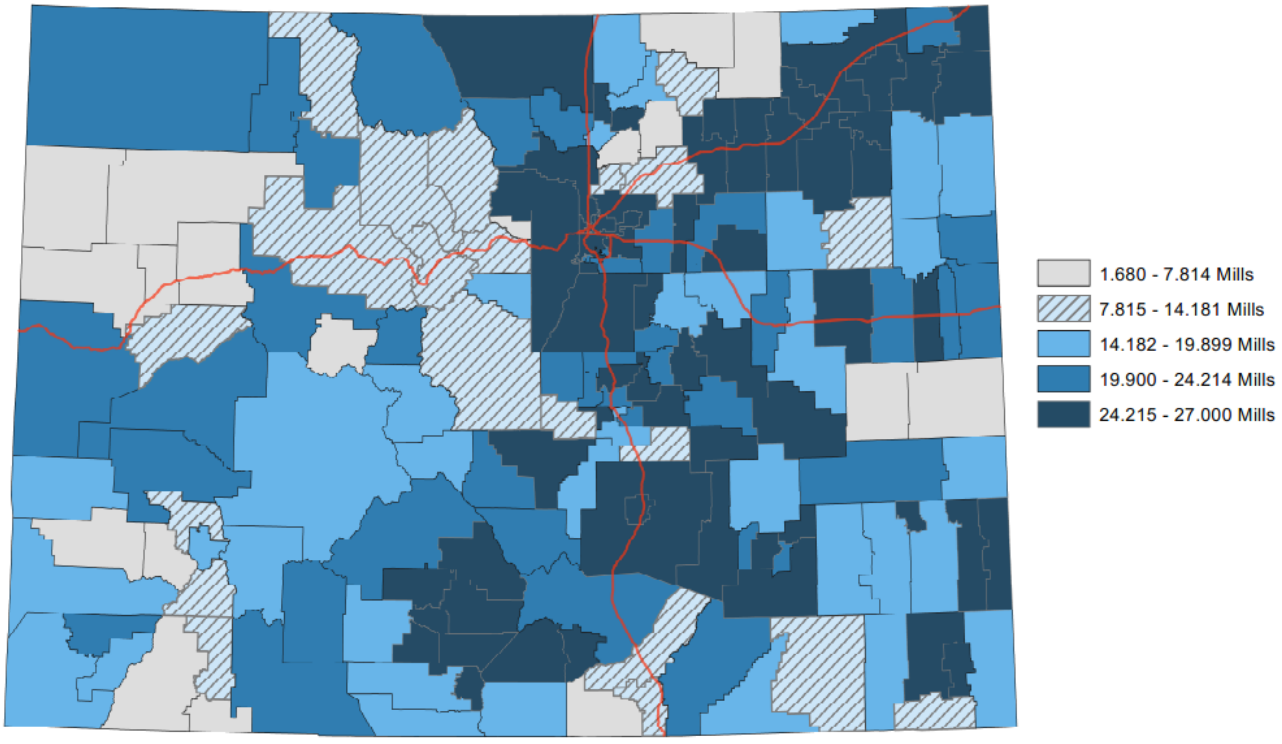
With the lowest total program mill levy in the State, Primero is the most extreme example of disparities in mill levies (and differences in the tax rates paid to support school finance). However, the same dynamic has played out to varying degrees throughout the state. For example, total program mill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

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

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



FY 2018-19 Total Program Mill Levies



Map prepared by Legislative Council Staff.

Budgetary Impact of Mill Levy Disparities

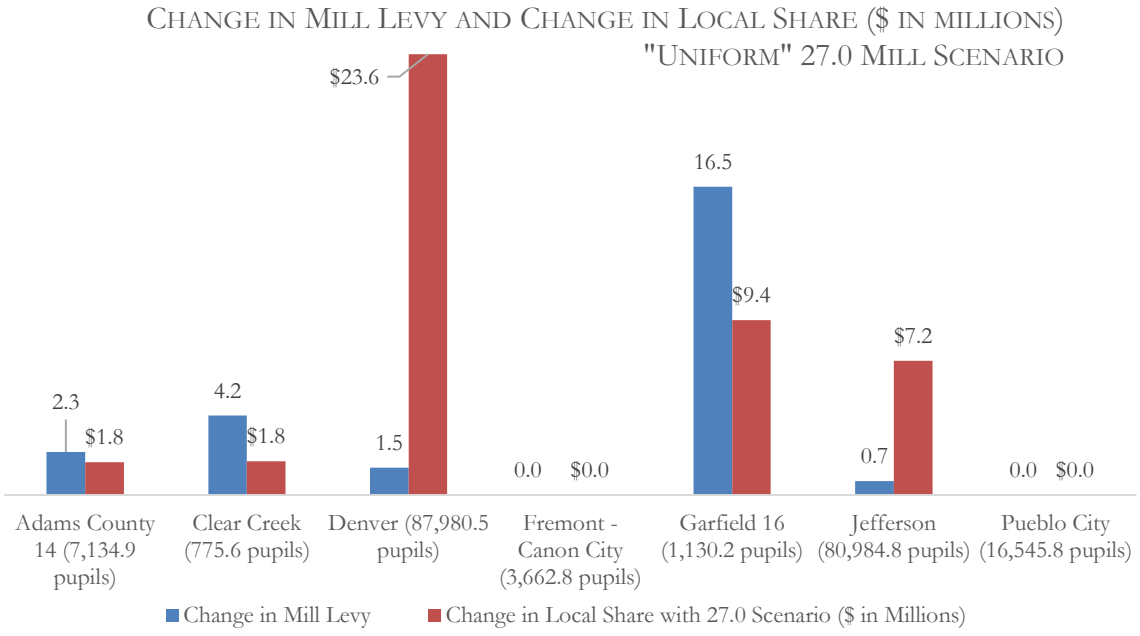
The variation in mill levies directly impacts the state budget because the State backfills (or subsidizes) districts' reduced mill levies. Staff offers three illustrative/benchmark examples of the impact of implementing a uniform mill levy in alignment with the staff recommendation (with districts that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

27.0 Mills - Current Statutory Ceiling

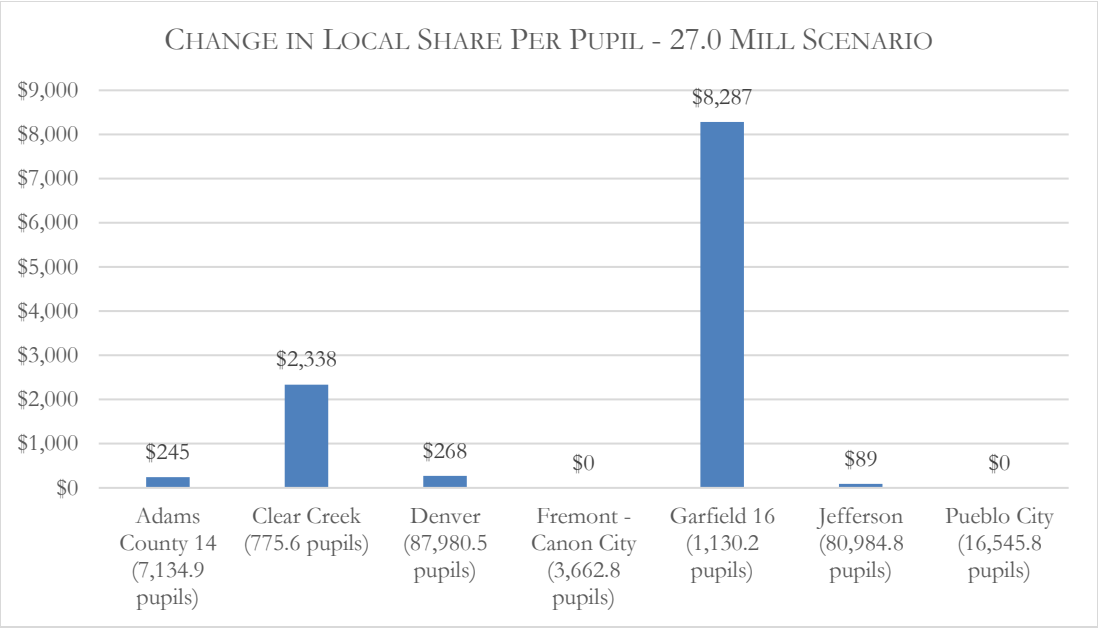
A total of 39 school districts are levying 27.0 mills for total program in FY 2018-19. Based on current estimates, implementing a "uniform" mill levy at that level would generate $412.5 million in additional local revenues in FY 2018-19. In other words, holding the state share constant under that scenario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

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

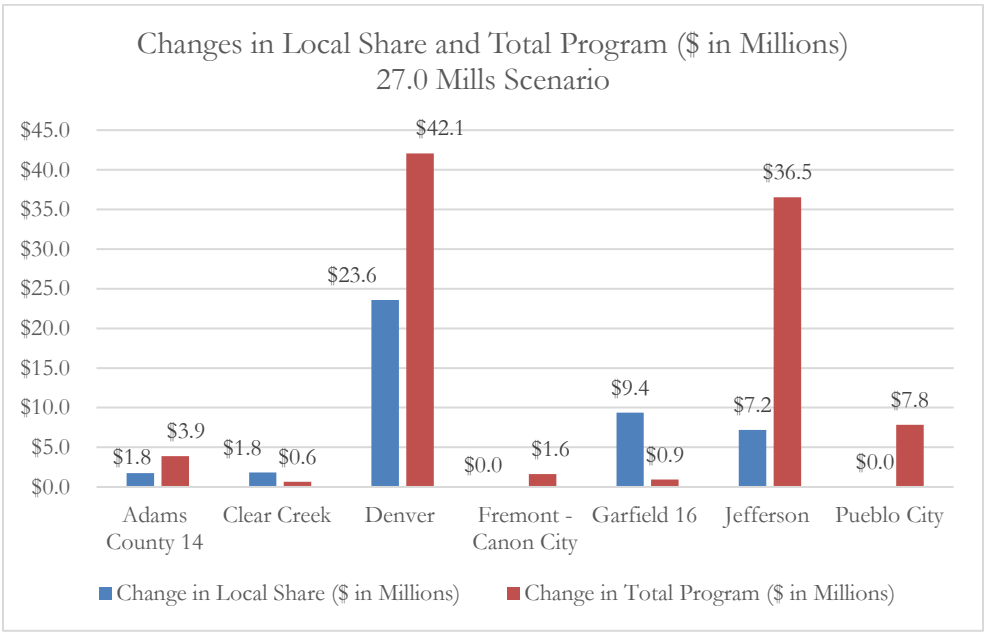
As shown in the following graph, under this scenario the local share would increase for districts that are currently below 27.0 mills, making state revenues available to either reduce the budget stabilization factor or support other priorities. Districts that are already at 27.0 mills would not see an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



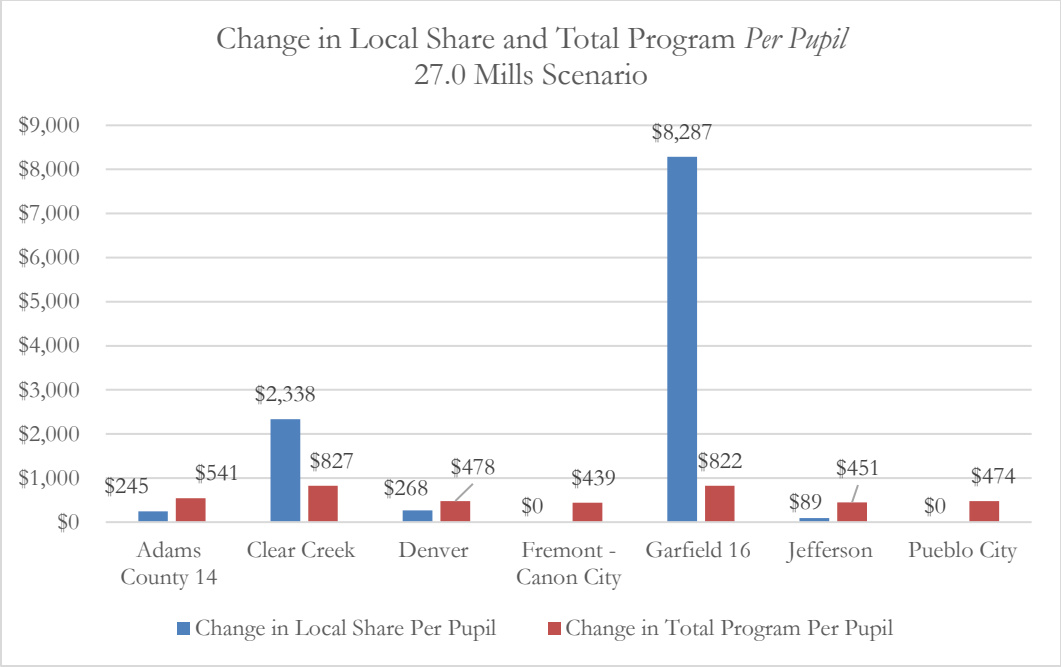
The following graph shows the change in local share *per pupil*, indicating the current level of state subsidy on a per pupil basis. As shown in the graph, $23.6 million associated with Denver equates to $268 per pupil while the $9.4 million in Garfield 16 equates to a state subsidy of $8,287 per pupil.



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

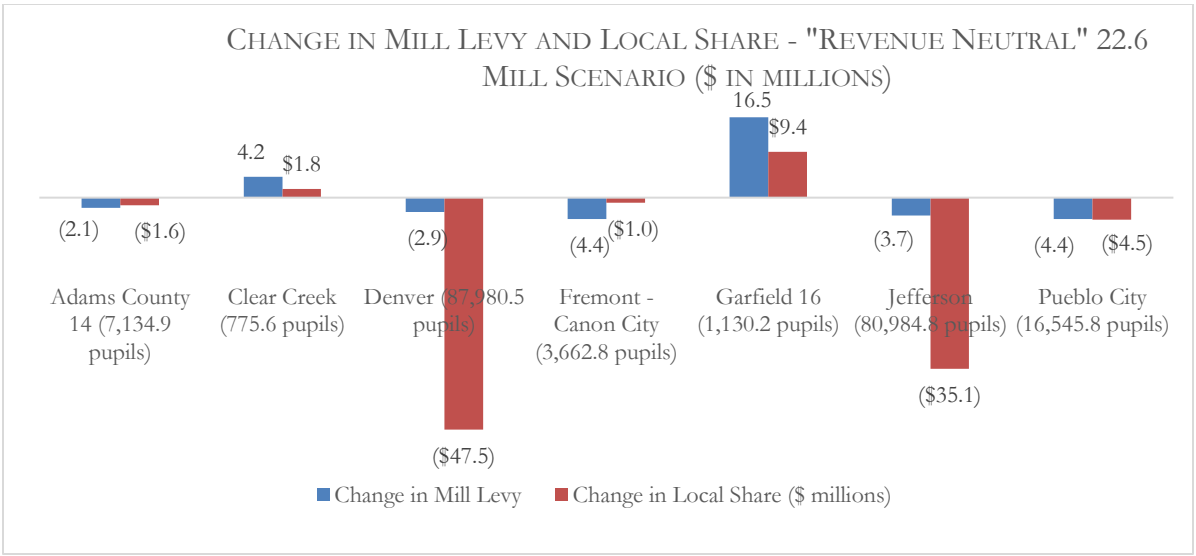


The following chart shows the same changes (local share and total program) on a per pupil basis.



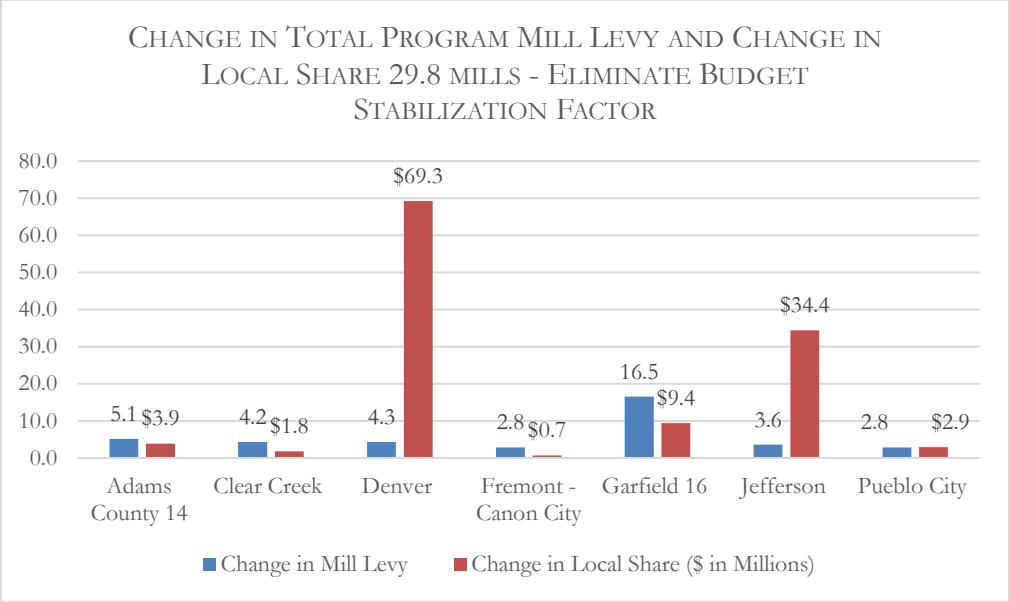
22.6 MILL – REVENUE NEUTRAL

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

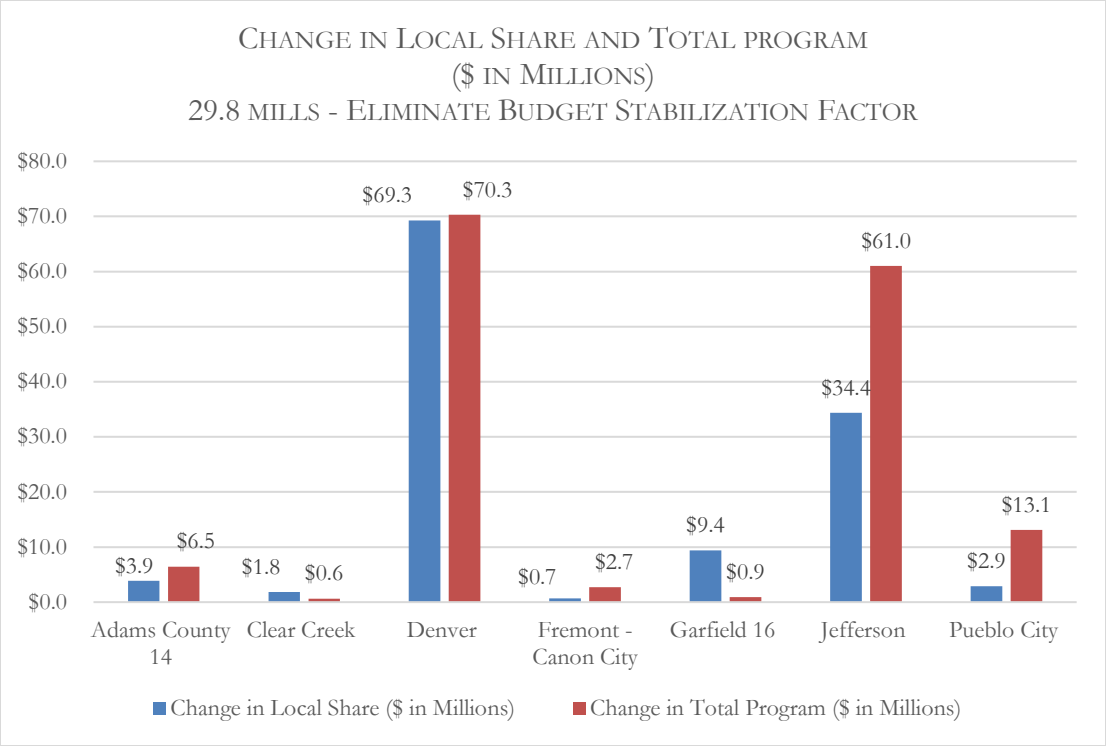


29.8 MILLS – ELIMINATE THE BUDGET STABILIZATION FACTOR

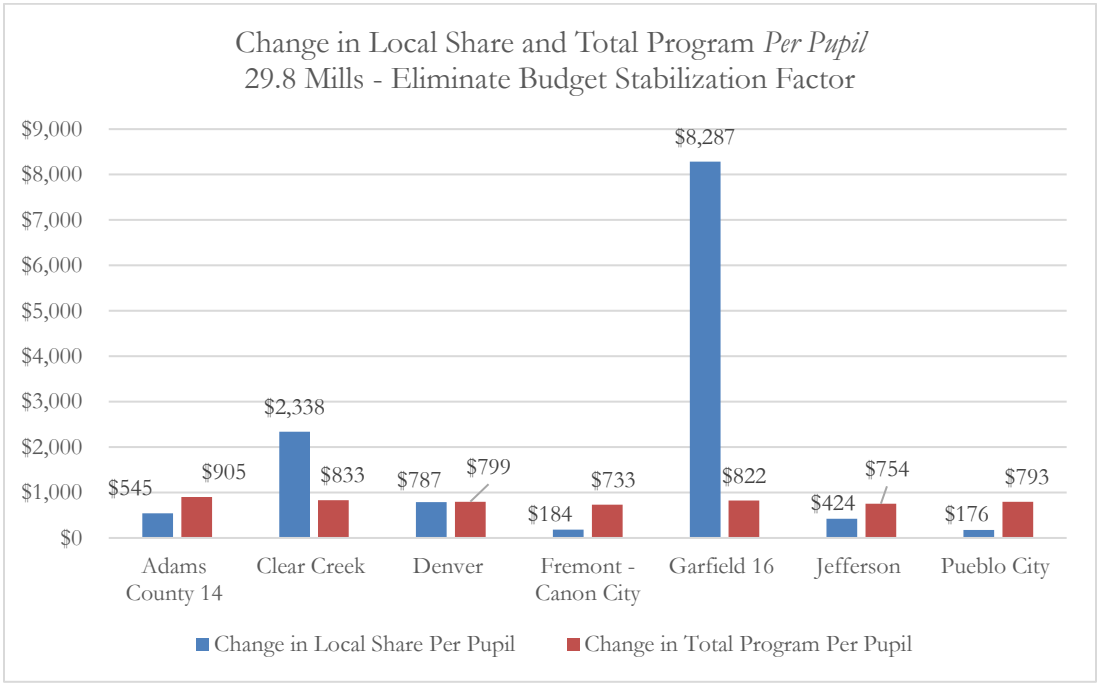
Based on current estimates, setting the "uniform" mill levy at approximately 29.8 mills would increase local revenues by $672.4 million, enough to eliminate the budget stabilization factor entirely with local revenue. Staff notes that eliminating the budget stabilization factor with local revenues would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



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



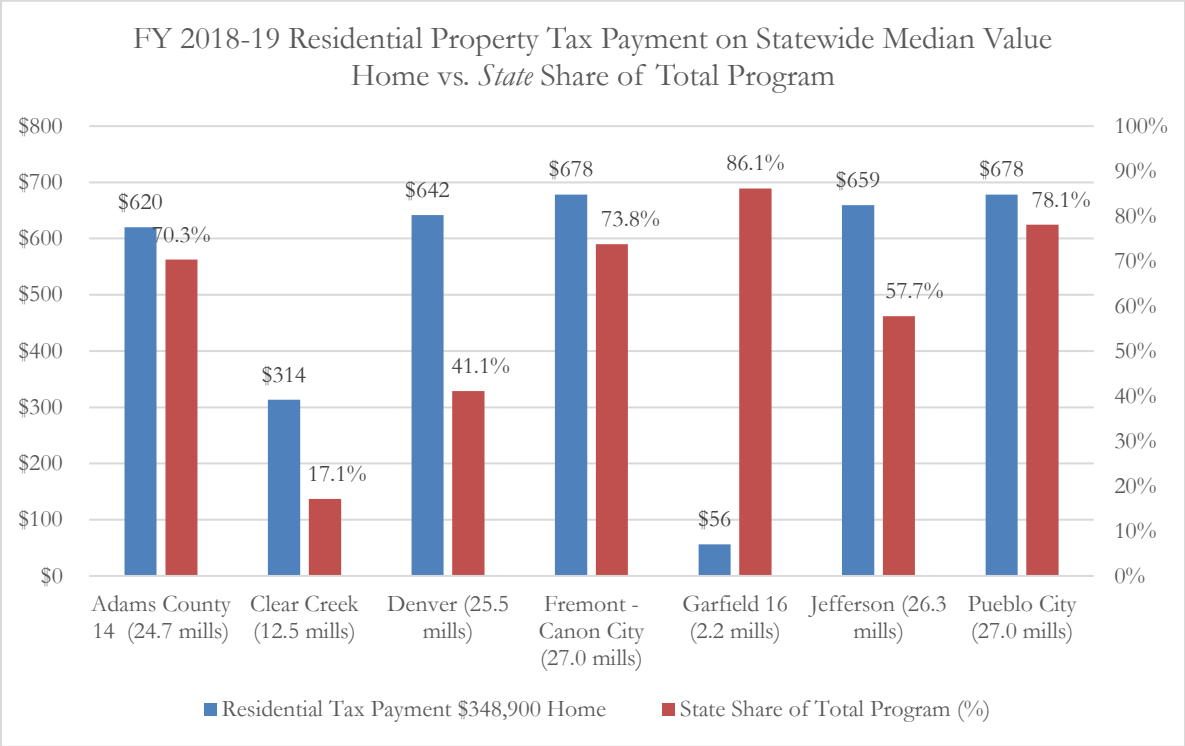
Finally, staff notes that looking at the changes in total revenues masks significant changes in *per pupil* revenues, particularly for the smaller districts. While Denver's total program funding increases by $70.3 million under this scenario, that equates to an increase of $799 per pupil, with $787 of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



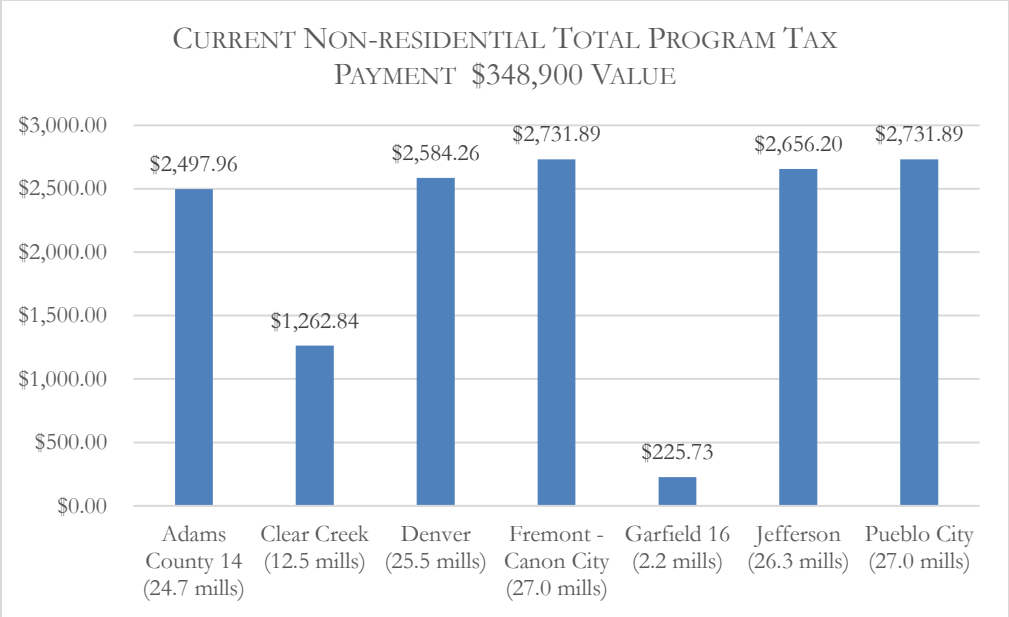
IMPACT ON TAXPAYER EQUITY

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

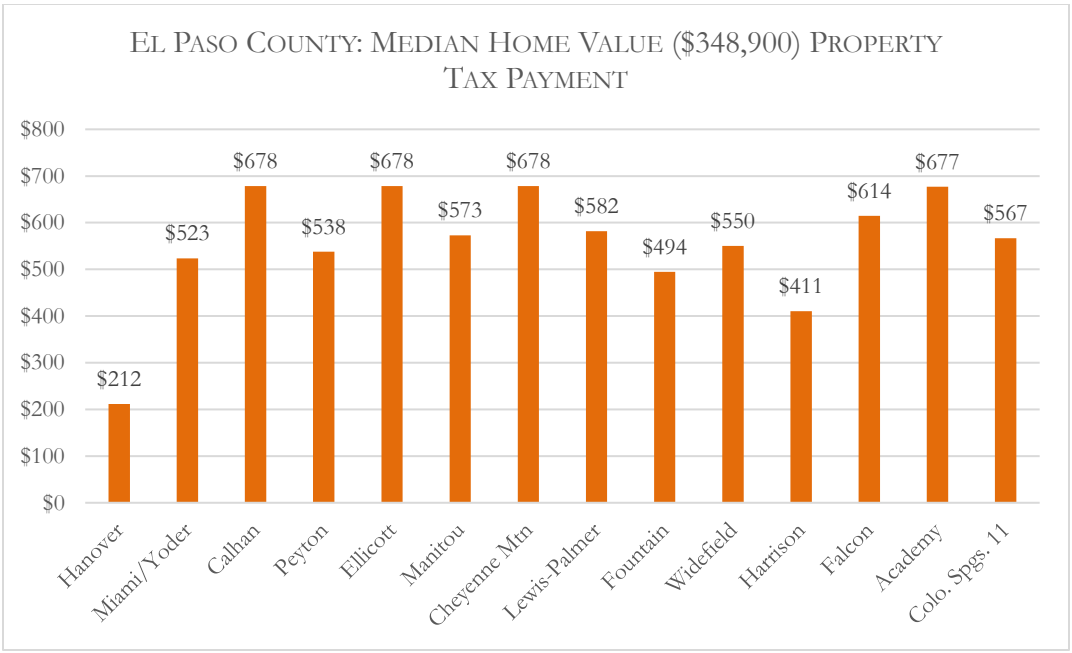
- According to the U.S. Census Bureau, the statewide median home value in Colorado was $348,900 in 2017.
- With a total program mill levy set at 2.2 mills, a residential property owner in Garfield 16 would pay $56 in total program property taxes on that home in FY 2018-19. The State covers the shortfall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



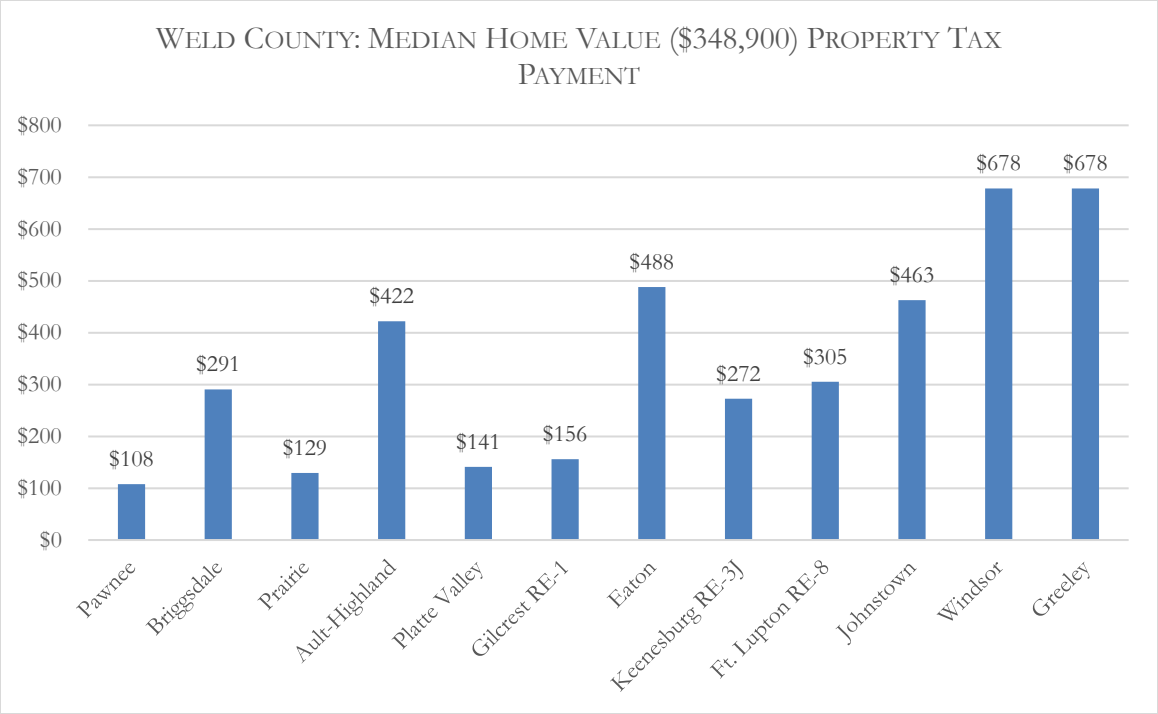
Given that non-residential property has a 29.0 percent assessment rate (compared to 7.2 percent for residential property in FY 2018-19 under current law), the magnitude of the difference is even larger for non-residential property owners (see following graph).



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



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



POINTS TO CONSIDER

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

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

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

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

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

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

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

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

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

STAFF CONCLUSIONS AND RECOMMENDATION

Staff continues to believe that action is warranted to improve the equity of the school finance funding system in Colorado for both taxpayers and school districts. If the goal of the school finance formula is to equalize funding for school districts based on disparities in local funding capacity, then staff is at a loss to provide a policy rationale to support the current system which uses state funding to subsidize reduced levels of local effort in districts with comparatively high local capacity. Staff therefore recommends that Colorado return to a system requiring consistent local effort for school finance and equalizing school districts' funding with state funds.[9] Given that doing so would require increases in mill levies for some or all school districts (depending on the mill levy selected), the staff recommendation requires either voter approval or the statutory change addressed in the "Recommendation" section of this issue brief.

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

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

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

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

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

ISSUE: EARLY LITERACY PERFORMANCE

House Bill 12-1238 (Colorado READ Act) established the Early Litearcy Program to support early literacy efforts statewide. Focused on achieving literacy by the end of third grade, the program requires schools to assess students in kindergarten through third grade, identify students with significant reading deficiencies, and provide additional supports to those students to achieve literacy by the end of third grade. Given both the importance of improving early literacy and the significant state investment in early literacy since FY 2013-14, staff is concerned about the lack of demonstrable improvement in results statewide.

SUMMARY

- House Bill 12-1238, the Colorado Reading to Ensure Academic Development Act (READ Act) created the Early Literacy Program to ensure that students read proficiently by the end of third grade. Based on research demonstrating the importance of reading proficiently by that time, the READ Act requires local education providers to annually assess all students from kindergarten through third grade, identify students with significant reading deficiencies, and provide additional supports to students that are below grade level to improve proficiency.

- The FY 2018-19 appropriation for early literacy includes: (1) $33.2 million (originally from the State Education Fund) for Early Literacy Program Per Pupil Intervention Funding distributed based on the number of students identified with significant reading deficiencies; (2) $6.2 million (primarily from the Marijuana Tax Cash Fund) for the Early Literacy Competitive Grant Program line item, which supports both the competitive grant program and the Department's administrative and technical assistance effort; and $3.0 million (from the State Education Fund) for the Early Literacy Assessment Tool .

- Given the importance of early literacy and the significant state investment ($231.4 million appropriated for early literacy activities from FY 2013-14 through FY 2018-19), staff is concerned about the lack of demonstrable results. The statewide percentage of students identified with significant reading deficiencies has changed little from 2014 (the first year with consistent data) to 2017. In short, third graders in 2017 (four years into the program) were just as likely to have a significant reading deficiency as the third graders in 2014 (the first year of the program).

RECOMMENDATION

Staff recommends that the Committee discuss READ Act performance and results with the Department at the upcoming hearing, as well as any potential statutory changes that the Department believes could improve results under the program. For example, the General Assembly may wish to consider additional constraints on districts' use of READ Act funds and/or stronger reporting requirements regarding the use of funds. Based on the detailed policy questions in play, staff does not necessarily recommend carrying such legislation as a Joint Budget Committee bill. However, given the importance of early literacy to educational outcomes, the size of the annual investment, and the apparently lackluster results to date, staff recommends working with the Department and the Education Committees as necessary to improve early literacy programming.

DISCUSSION

BACKGROUND – EARLY LITERACY AND H.B. 12-1238

The READ Act was enacted as H.B. 12-1238 during the 2012 Session. Based on research indicating that educational outcomes (academic performance, graduation rates, workforce readiness, etc.) change significantly for children that are not able to read proficiently by the end of third grade, the goal of the READ Act is to ensure that students are reading proficiently by that time. The READ Act requires local education providers to:

- Administer an interim reading assessment to all students in kindergarten through third grade using assessments approved by the State Board of Education. Local education providers must assess all kindergarten students within the first 90 days of the school year and must assess all students from kindergarten through third grade throughout the school year to determine whether students are making sufficient progress toward grade level reading competency.
- Identify students with "significant reading deficiencies," (SRDs) defined in Section 22-7-1203 (15), C.R.S., as a student that "does not meet the minimum skill levels for reading competency in the areas of phonemic awareness, phonics, vocabulary development, reading fluency, including oral skills, and reading comprehension established by the state board pursuant to section 22-7-1209 for the student's grade level." Local education providers have to report the number of students identified with SRDs to the Department each year.
- Administer diagnostic assessments to each student identified with an SRD to determine the student's specific reading skill deficiencies and inform the choice of interventions and supports.
- Collaborate with the student's parent(s) to develop a Reading to Ensure Academic Development (READ) Plan, including "targeted, scientifically based or evidence-based intervention instruction to address and remediate the student's specific, diagnosed reading skill deficiencies."
- Implement and monitor the READ Plan until the student demonstrates reading competency.

STATE SUPPORT FOR EARLY LITERACY

School finance (total program) funding inherently supports the bulk of early literacy education efforts in Colorado. However, the General Assembly also provides support specifically dedicated to early literacy efforts under the READ Act, including $42.5 million cash funds in FY 2018-19 (including $37.1 million originating from the State Education Fund and $5.4 million from the Marijuana Tax Cash Fund). The State provides dedicated support through four related efforts: (1) per pupil intervention funding; (2) the Early Literacy Competitive Grant Program; (3) regional technical assistance and professional development provided by the Department; and (4) the Early Literacy Assessment Tool program. The table below shows the history of early literacy appropriations from FY 2013-14 through FY 2018-19 and is followed by a brief discussion of each category of effort.

APPROPRIATIONS HISTORY FOR EARLY LITERACY PROGRAMS SINCE FY 2013-14

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	TOTAL
Early Literacy Per Pupil Intervention Funding	$15,433,938	$33,397,672	$33,242,424	$33,242,424	$33,242,424	$33,242,424	$181,801,306
Early Literacy Competitive Grant Program and Support	5,150,000	5,163,338	5,185,705	5,197,604	5,197,604	6,219,998	32,114,249
Early Literacy Assessment Tool Program[1]	3,000,000	2,679,484	2,795,767	2,987,226	2,997,072	2,997,072	17,456,621
Total Early Literacy Funding	**$23,583,938**	**$41,240,494**	**$41,223,896**	**$41,427,254**	**$41,437,100**	**$42,459,494**	**$231,372,176**

[1] The appropriation shown for the Early Literacy Assessment Tool Program in FY 2013-14 was originally made in H.B. 12-1345 (School Finance) for FY 2012-13 but was "rolled forward" to FY 2013-14 based on the Department's lack of use of the funds in FY 2012-13. The General Assembly created the Long Bill line item for the program in FY 2014-15.

PER PUPIL INTERVENTION FUNDING ($33.2 MILLION IN FY 2018-19): The Department allocates per pupil intervention funding to local education providers based on the number of students identified with SRDs in the previous budget year. Section 22-7-1210 (5)(b), C.R.S., allows local education providers to use the funds to: provide full-day kindergarten services, operate a summer school literacy program, purchase tutoring services in reading for students receiving such services under a READ Plan, and/or to provide other targeted, scientifically- or evidence-based interventions as approved by the Department.

- With 39,614 students identified in FY 2017-18, the $33.1 million available for allocation in FY 2018-19 equates to $834.79 per pupil.
- In the most recent data, districts report using 80 percent of funds for targeted, scientifically- or evidence-based intervention services, 9 percent for tutoring services, 8 percent for summer school literacy programs, and 4 percent for full-day kindergarten.
- While the Department receives very limited information on the *planned* use of funds (in broad categories), it does not receive detailed information on the *actual* local use of funds such as the actual intervention programs provided.
- There is no system in place to ensure that all of the funds are even used for early literacy efforts in alignment with the READ Act and the Department does not have sufficient data to identify interventions that are particularly effective (or ineffective).

EARLY LITERACY COMPETITIVE GRANT PROGRAM ($5.0 MILLION IN FY 2018-19): Local education providers apply for these funds on a competitive basis. When considering grants, statute requires the Department and the State Board to consider the percentage of kindergarten through third grade students with significant reading deficiencies, the instructional program that the local education provider intends to implement using the grant, the cost of the instructional program, and any other factors identified by the State Board through rule. Grants are funded for three years and the Department has funded three cohorts of grantees to date.

- The competitive grant program has additional requirements for planning, the use of funds, and reporting on the use of funds as well as results. Unlike the per pupil intervention funding discussed above, the competitive grants require recipients to commit to specific changes in instruction and includes a system to follow-up and track the use of funds.
- The Department has seen some promising results from grant recipients. For example, while SRD rates rose statewide from 14.8 percent in 2016 to 15.7 percent in 2017, schools in the second cohort of competitive grant funding actually saw a decline from 16.2 percent in 2016 to 15.9 percent of student in 2017. Previous results also showed some level of improvement.

REGIONAL TECHNICAL ASSISTANCE AND PROFESSIONAL DEVELOPMENT ($1.0 MILLION IN FY 2018-19): Statute requires the General Assembly to appropriate $1.0 million per year for regional technical assistance and professional development activities provided by the Department. The appropriation is currently included in the Early Literacy Competitive Grant Program line item and supports 7.0 FTE that provide technical assistance and professional development on a regional basis. The funds also support the Reading Foundations Academy and the annual READing Conference.

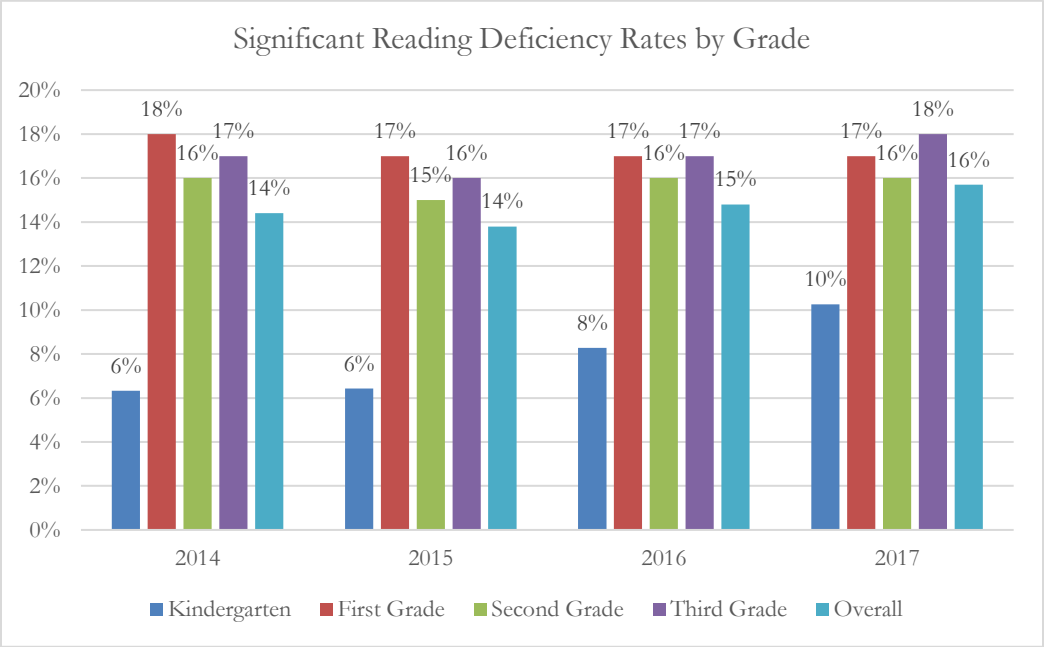
EARLY LITERACY ASSESSMENT TOOL PROGRAM (ELAT, $3.0 MILLION IN FY 2018-19): The ELAT Program provides software for assessments that align with the READ Act. District participation is voluntary and requires the district to use the software provided through the program and to provide necessary hardware. Participation defrays costs that the district would otherwise have to pay to purchase appropriate software. Participation has grown from 123 districts (representing 417

schools and 90,500 students) in FY 2013-14 to 146 districts (579 schools and 126,000 students) in FY 2017-18.

STAFF CONCERNS ABOUT EARLY LITERACY RESULTS

While there are spots of improvement, particularly among the Early Literacy Competitive Grant recipients, staff is concerned about the lack of early literacy progress statewide. The READ Act's primary metric of success is the prevalence of SRDs. As shown in the graph below, the prevalence of SRDs has changed little over four years of the program and has actually worsened for some grades.

- Within each year, the prevalence of SRDs increases dramatically after kindergarten. The Department reports that the increase is associated with higher expectations starting in first grade.
- According to the Department, 17 percent of third graders were identified with SRDs in 2014, which was the first year of consistent testing and before those students would have benefited from READ Act implementation. That percentage actually increased to 18 percent of third graders in 2017, and the READ Act had been in place for every year of those students' time in school.
- Similarly, the prevalence of SRDs overall (from kindergarten through third grade) also increased over that time period, from 14 percent in 2014 to 16 percent in 2017.



Staff notes that changes in assessments as well as other changes could have contributed to the increase. The Department's data also show that SRD prevalence is correlated with a variety of other factors, with increased prevalence of SRDs among students with disabilities, students that are eligible for free and reduced price lunch, and English language learners. Staff also notes that there are separate streams of State funding associated with each of those risk factors. To the extent that SRD status is related to another risk factor, the relative roles of READ Act funding and school finance or categorical funding in improving early literacy are unclear. However, none of those considerations change the conclusion that the State is falling short of the goals of the READ Act.

CONCLUSION

Based on the available data four years into READ Act implementation, staff is unable to tell the Committee that the investment in early literacy programming (at least outside of the competitive grants) is having the desired effects. Without changes to the program (such as stronger requirements regarding the use of funds and/or more robust reporting requirements) staff is unable to assure the Committee that continued funding will make more of a difference. Given the importance of early literacy and the significant state investment, it appears that changes to the program may be necessary to drive changes in instruction that will improve outcomes. Staff therefore recommends that the Committee discuss potential changes to improve early literacy outcomes with the Department at the upcoming hearing and, if necessary, work with the Department and the Education Committees to make any necessary changes.

ISSUE: REQUESTS R8 AND R9 – EDUCATION LEADERSHIP COUNCIL INITIATIVES

The Governor's Office is requesting a total of $10.0 million General Fund (proposed as a transfer from the General Fund to the State Education Fund) in one-time funding to support the emerging recommendations of the Education Leadership Council. Request R8 proposes an increase of $6.0 million focused on students' career readiness and career development. Request R9 proposes an additional $4.0 million for educator talent initiatives, including recruiting, retention, and professional development for teachers and principals.

SUMMARY

- The Governor established the current Education Leadership Council (ELC) in June 2017 through executive order. Based on the anticipated recommendations of the ELC, the Governor's Office is proposing an increase of $10.0 million in one-time funding through the Department's budget to support the emerging priorities of the ELC. The request proposes to transfer $10.0 million from the General Fund to the State Education Fund to support the initiatives.

- Request R8 seeks $6.0 million for career readiness and career development initiatives, including $3.0 million for additional incentives paid through the Career Development Success Program, $1.5 million in grant funding to support concurrent enrollment expansion and innovation, and $1.5 million for professional development to improve career counseling in schools.

- Request R9 proposes $4.0 million for educator talent initiatives, including an increase of $3.0 million for the Retaining Teachers Grant Program created in H.B. 18-1412 and $1.0 million to support a Principal Academy to provide professional development for school principals.

- Staff questions the utility of one-time funding for many of the priorities included in these decision items. In addition, staff and the Department agree that several components of these requests will require separate legislation rather than action solely through the budget process.

RECOMMENDATION

Staff recommends that the Committee discuss the ELC-related requests with the Department at the upcoming hearing. Given that several components of the requests appear to require separate legislation, staff recommends that the Committee consider referring these items to the Education Committee's for consideration through the standard legislative process rather than the budget process.

DISCUSSION

BACKGROUND – EDUCATION LEADERSHIP COUNCIL

The Governor originally established the Education Leadership Council (ELC) through an executive order in 2011. In June 2017, the Governor amended the original executive order to continue and

expand the work of the ELC.[10] The current ELC, consisting of 25 members from government, business, and the non-profit community, has been meeting since June 2017 to develop a vision and a strategic plan for education (from early childhood through postsecondary education) in Colorado. The work has included stakeholder engagement efforts throughout the state as well as a series of ELC and subcommittee meetings.

FY 2019-20 REQUESTS R8 AND R9

According to the Department's request, the ELC intends to vote on final recommendations to the Governor and the General Assembly in December 2018. Although the ELC has not yet finalized recommendations, the Governor's Office has included two decision items (R8 and R9) in the Department of Education's budget request in anticipation of the ELC's recommendations. In total, requests R8 and R9 propose an increase of $10 million in one-time funding to support the anticipated ELC priorities. The following table summarizes requests R8 and R9 and is followed by a more detailed discussion of each component of the requests.

FY 2018-19 CAREER DEVELOPMENT SUCCESS PILOT PROGRAM PARTICIPATION

PROPOSED USE	DESCRIPTION	BILL REQUIRED?	CHANGE IN FUNDING
R8 - Career Development			
Career Development Incentives	Increase for Career Development Success Program. Pays incentives for completion of qualified career development programs.	No	$3,000,000
Concurrent Enrollment Innovation	New "innovation incubator" grants to support the expansion of concurrent enrollment in districts with little or no participation.	Uncertain	1,500,000
Career Counseling Professional Development	New funding to support career counseling professional development for school counselors and advisors as well as higher education personnel and other workforce coaches.	Uncertain	1,500,000
Total - Request R8			**$6,000,000**
R9 - Educator Talent			
Teacher Retention Grants	Increase for the Retaining Teacher Grant Program (created in H.B. 18-1412), to be spent over multiple years.	No	$3,000,000
Principal Academy	New program to support professional development for school principals. To be spent over three years.	Yes	1,000,000
Total - Request R9			**$4,000,000**
Grand Total			**$10,000,000**

Please note that the Governor's Office is proposing a transfer of $10.0 million from the General Fund to the State Education Fund to support the requests. As a result, while the requests are shown as an increase in cash fund appropriations, the proposal would decrease the amount of General Fund available for other uses in FY 2019-20 by $10.0 million. JBC Staff does not believe that the transfer to the State Education Fund is necessary. If the General Assembly moves forward with these requests, staff would recommend appropriating directly from the General Fund.

REQUEST R8 (ELC CAREER DEVELOPMENT PRIORITIES)

With request R8, the Governor's Office proposes an increase of $6.0 million in FY 2019-20 to support efforts related to career development and student transitions into the workforce. The request includes three components: (1) $3.0 million for additional career development incentive payments; (2) $1.5 million for concurrent enrollment innovation grants; and (3) $1.5 million for career counseling

[10] Executive Order B 2017-001 amended Executive Order B 2011-001. Executive Order B 2018-001 is available at: https://www.colorado.gov/governor/sites/default/files/executive_orders/eo_education.pdf

professional development activities. The following sections briefly summarize each component of the request.

CAREER DEVELOPMENT INCENTIVES ($3.0 MILLION)

The request includes an increase of $3.0 million (one-time) to support additional career development incentive payments under the Career Development Success Program. Originally created as a pilot program in H.B. 16-1289 (Incentives to Complete Career Development) and then expanded and extended in H.B. 18-1266 (Career Development Success Program Expansion), the Career Development Success Program provides incentives for school districts and charter schools to encourage students to participate in qualified career development programs. The program pays incentives in the year following completion of the qualified program. Thus, appropriations in FY 2018-19 will pay incentives for credentials completed in FY 2017-18. The General Assembly increased funding for the program from $1.0 million in FY 2017-18 to $2.0 million in FY 2018-19. The request would add $3.0 million on a one-time basis for FY 2019-20.

The program authorizes incentive payments of up to $1,000 per student completing qualified programs in priority order (such that lower priority programs only receive funding if higher priority programs are fully funded). To date, the available funding has only allowed the Department to pay incentives for the first priority credentials (industry-recognized certificates).

- In FY 2017-18, $1.0 million allowed the Department to pay $553 per industry-recognized certificate for 1,807 certificates. Fully funding $1,000 per credential (for all categories) would have required $3.1 million in FY 2017-18.
- In FY 2018-19, the increased appropriation ($2.0 million) is allowing for payments of $547 per industry-recognized certificate for 3,655 certificates. As shown in the following table, fully funding the authorized Career Development Success incentives in FY 2018-19 would require $5.7 million.

FY 2018-19 CAREER DEVELOPMENT SUCCESS PILOT PROGRAM PARTICIPATION

QUALIFIED PROGRAM	REPORTED CREDENTIAL COMPLETIONS	FULL FUNDING AT $1,000 PER INCENTIVE	NUMBER OF INCENTIVES FUNDED	ACTUAL FUNDING PER INCENTIVE	TOTAL FY 2018-19 PAYMENTS
Industry-recognized certificates	3,655	$3,655,000	3,655	$547.20	$2,000,000
Internships	921	921,000	0	0	0
Residency programs	38	38,000	0	0	0
Construction Pre-apprenticeships	184	184,000	0	0	0
Construction Industry Apprenticeships	0	0	0	0	0
Advanced placement computer science courses	891	891,000	0	0	0
Total	5,689	$5,689,000	3,655	$547.20	$2,000,000

With an increase of $3.0 million in FY 2019-20, the request would provide a total appropriation of $5.0 million. Depending on the growth in participation in FY 2018-19 (for payment in FY 2019-20), that amount may allow for funding beyond the top tier of incentives.

- *Staff Considerations:* JBC Staff is uncertain about the utility of one-time funding for additional incentives under the program. However, the Department and the Governor's Office argue that the additional incentive payments in FY 2019-20 will cover one-time costs and allow participating districts and schools to "build-out" additional pathways and infrastructure (curricula,

programming, equipment and technology, etc.) for career development. This component of the request does not require additional legislation.

CONCURRENT ENROLLMENT INNOVATION GRANTS ($1.5 MILLION)

The request proposes to spend $1.5 million for one-time "innovation incubator" grants to expand the availability of concurrent enrollment opportunities. Although concurrent enrollment participation has increased statewide in recent years, those increases mask variation between school districts.

- Statewide, one-third of Colorado high school students earn college credits in high school through concurrent enrollment, and 85 percent of concurrent enrollment students go on to enroll in college.
- However, 71 school districts have less than 10.0 percent of high school students participating. Approximately 50 districts have participation rates below 5.0 percent, and 12 of those districts are not participating at all.

The request proposes targeting grant funds to those districts with less than 10.0 percent participation to cover one-time costs to facilitate increased participation such as technology upgrades, remote learning investments, and facilitating agreements between school districts and institutions of higher education. With an average anticipated grant of $50,000 per school district, the Department expects to be able to support grants to 30 or more such school districts in FY 2019-20.

- *Staff Considerations:* JBC Staff is again uncertain about the utility of one-time funding to address long-term and structural issues. Staff also notes that there is no clear statutory authority or design for the proposed grant program. The Department is proposing to include this appropriation in the Career Development Success Program line item (which provides the incentive payments discussed above). That proposal would then rely on State Board of Education rulemaking to effectively create the second grant program under the Career Development Success Program. If the General Assembly chooses to move forward with this component of the request, then staff would recommend pursuing legislation (not necessarily as a JBC bill) to clarify the design of the grant program.

CAREER COUNSELING PROFESSIONAL DEVELOPMENT ($1.5 MILLION)

Finally, request R8 proposes an increase of $1.5 million to provide statewide training to improve career counseling. Although the funding is proposed in the Department of Education budget, the Department reports that this effort is planned as a collaboration between the Departments of Education, Higher Education, and Labor and Employment.

According to the Department, there are roughly 6,000 career counselors/advisors in Colorado, including public school personnel (primarily school counselors), workforce centers, institutions of higher education, and adult education programs. The Department expects the $1.5 million request to support training for approximately 5,000 (more than 80 percent) of those counselors, with a focus on "proven career-coaching models" to connect students with high-needs jobs. The Department is planning to provide between 90 and 100 regional training sessions, with between 40 and 50 attendees per session.

- *Staff Considerations:* Because there is no program in place directing the use of the proposed funds, staff argues that a separate bill may be preferable to adding funds through the Long Bill. The Department requested the increase to the School Counselor Corps Grant Program line item but

has since learned that a statutory cap on Counselor Corps funding will not allow for the increase to that line item. As a result, the Department is now proposing to increase the appropriation to the Adult Education and Literacy Program line item. Staff argues that it may be "cleaner" to establish the program and appropriate the funds through separate legislation. Thus, if the General Assembly chooses to move forward with this component of the request, then staff would recommend pursuing legislation (not necessarily as a JBC bill) to clarify the design of the grant program.

REQUEST R9 (ELC EDUCATOR TALENT PRIORITIES)

With request R9, the Governor's Office proposes an increase of $4.0 million to support efforts related to educator talent in FY 2019-20. This request includes two components: (1) a $3.0 million increase for the Retaining Teachers Grant Program (to be spent over two or three years); and (2) $1.0 million to develop and operate a "Principal Academy" to provide professional development specifically targeting school principals (to be spent over three years). A brief summary of each component follows.

TEACHER RECRUITMENT GRANTS ($3.0 MILLION)

The request includes an increase of $3.0 million (one-time) to increase support for the Retaining Teachers Grant Program. Enacted in response to the State's teacher shortage, H.B. 18-1412 creates the Retaining Teachers Grant Program in the Department of Education. The bill appropriated $3.0 million General Fund to the Retaining Teachers Fund to be spent over three years (FY 2018-19 through FY 2020-21), with assumed expenditures of $1.0 million per year.

Created as a competitive grant program, the Department reviews applications and makes recommendations to the State Board of Education, prioritizing applicants that demonstrate a large number of positions for which the local education provider (LEP) is unable to retain teachers, as well as low-performing schools with high rates of teacher turnover. Grants are available for up to three years, contingent upon oversight by the Department. Based on research showing promising strategies from other states, the bill authorizes LEPs to use the funds for the following purposes based on local needs:

- Job-sharing for teachers.
- On-site early childhood care for educator's families.
- Teacher induction programs for new teachers.
- Peer review and mentorship programs.
- Professional development for career advancement pathways and teacher leadership positions.
- Incentives to recognize highly effective teachers.
- Reduced teacher contact hours and additional planning and collaboration time for new and mentor teachers.
- Increased use of technology to create financial incentives for teacher development and cost savings to support salary increases.

The request proposes to transfer an additional $3.0 million to the Retaining Teachers Fund in FY 2019-20 (proposed as a transfer from the General Fund to the State Education Fund and then an appropriation from the State Education Fund to the Retaining Teachers Fund). The request does not specify a timeline for the use of funds. Given that the Retaining Teachers Fund is continuously appropriated to the Department, the Department could elect to spend an additional $1.0 million per year (meaning a total of $2.0 million per year in FY 2019-20 and FY 2020-21 and $1.0 million in FY

2021-22) or an additional $1.5 million per year in FY 2019-20 and FY 2020-21. Staff is not aware of a clear timeline for the use of the requested funds.

- *Staff Considerations:* Given that FY 2018-19 is the first year for this program, there is no performance information available. The Governor's Office and the Department have largely justified the request based on the success of these initiatives in other locations *and the level of interest in the grant funds from LEPs*. According to the Department, there is not enough money available to fund all of the grant applications. Without information showing success for the program, staff does not find oversubscription to be a particularly compelling argument for additional funds. Staff assumes that creating a competitive grant program implies that the General Assembly does not necessarily expect to fund all applications.
- The Department has committed to provide additional financial information (based on the current applicants) to the Committee and to JBC Staff as soon as possible. Staff also notes that H.B. 18-1412 requires the Department to submit a progress report to the JBC, the Education Committees, and the State Board of Education by January 15, 2019. As a result, more information will presumably be available prior to figure setting.

PRINCIPAL ACADEMY ($1.0 MILLION)

The final component of request R9 proposes an increase of $1.0 million (also one-time) to develop and support a "Principal Academy" to provide professional development for school principals (to be spent over three years). Based on the ELC's research, the request argues that Colorado has not invested sufficiently in professional development and support for principals. The Department proposes to create the Principal Academy to provide professional development to 40 principals from around the state and to create a self-sustaining model that would allow the training and professional development to continue without ongoing state funding.

With expenditures spread over three years (FY 2019-20 through FY 2021-22), the Department proposes to serve two cohorts of 20 principals each. Each cohort would last for two years, and the two cohorts would overlap in the second year. The Department's estimates assume a need for:

- $60,000 per year to support a "collaborating and coordinating consultant."
- $205,000 per year per cohort (including a total of $410,000 in year 2 because of the overlapping cohorts) for trainings, supplies (training materials, books, etc.), and travel costs for participating principals (food, lodging, and travel).

- *Staff Considerations:* Because there is no authority for such a "Principal Academy" in statute, JBC Staff and the Department agree that this component of the request would require statutory change and therefore requires separate legislation. Thus, staff does not intend to recommend approval of this item through the budget process. Given the detailed policies in question, staff recommends deferring legislative action to the Education Committees and the standard legislative process.

ISSUE: REQUEST R4 – FUNDING FOR SCHOOL TURNAROUND

The Department's request includes an increase of $2.4 million General Fund and 1.8 FTE to expand state support for schools identified as turnaround or priority improvement status (the two lowest categories) in the statewide accountability system. The request would approximately double the existing School Transformation Grant program (formerly known as the School Turnaround Leadership Development Program), increasing both technical assistance and financial support provided to identified schools.

SUMMARY

- The Department of Education evaluates and reports on the performance of both school districts and individual public schools under the state and federal accountability systems. Although the state and federal systems use different criteria, both systems require the Department to identify low performing districts and schools that require additional support. Both systems also include consequences for low performing districts and schools that do not show adequate improvement over time.

- Federal school improvement funds from the Every Student Succeeds Act support both departmental staff and grants to schools to improve performance of schools identified under the federal system (including schools identified under both systems). Federal funds are *not* available to support low performing schools that are only identified through the state system.

- State funds support an array of services for state-identified schools. For example, supports include technical assistance provided through the Department's Turnaround Network and Connect for Success program, as well as school transformation grant funds distributed to schools. Based on the most recent available data, 80 public schools in Colorado are only identified under the state system. The Department reports that current resources (through the state School Transformation Grant) only allowed the Department to support 38 schools in FY 2017-18.

- For FY 2019-20, the Department is requesting an increase of $2.4 million General Fund and 2.0 FTE to provide additional support and assistance to state-identified turnaround and priority improvement schools.

RECOMMENDATION

Staff recommends that the Committee discuss request R4 with the Department at the upcoming hearing.

DISCUSSION

BACKGROUND – STATE AND FEDERAL ACCOUNTABILITY SYSTEMS

Both state and federal law require the Department to evaluate the performance of public schools and school districts through statewide accountability systems. Directly related to this discussion, both state

and federal law also require the Department to identify low performing schools and districts for accreditation and accountability purposes. Both systems offer additional support to districts and schools identified as low performing; both also include consequences for districts and schools that are consistently low performing.

The two systems use much of the same data (largely driven by standardized assessment scores and graduation rates) but apply different criteria to identify the low performing schools and districts.

- *Federal:* Under the federal Every Student Succeeds Act (ESSA) of 2015, the federal system focuses on three points. First, the system identifies the lowest-performing 5.0 percent of schools eligible for federal Title I funding. Second, the system identifies high schools with low completion rates (graduation rates below 67 percent), regardless of whether the school is eligible for Title I funding. Finally, the system identifies schools with consistently low-performing groups of students (reflected in disaggregated data), again regardless of eligibility for Title I funding.

- *State:* Under the state accountability system (created in S.B. 09-163 and most recently modified in H.B. 18-1355) the Department assesses schools and districts based on overall performance as measured by statewide standardized assessments (including academic achievement and academic growth) as well as postsecondary readiness (graduation rates, dropout rates, college entrance exams, and college matriculation rates). Using the state system, the Department and the State Board annually assign school districts (and the State Charter School Institute) to one of five accreditation categories and assign each school to one of four types of improvement plans (see following table). [11]

DISTRICT ACCREDITATION AND SCHOOL PERFORMANCE PLAN CATEGORIES	
DISTRICT ACCREDITATION RATINGS	SCHOOL PERFORMANCE PLAN TYPES
Accredited with Distinction	Performance Plan
Accredited	Improvement Plan
Improvement	*Priority Improvement Plan
*Priority Improvement	*Turnaround
*Turnaround	

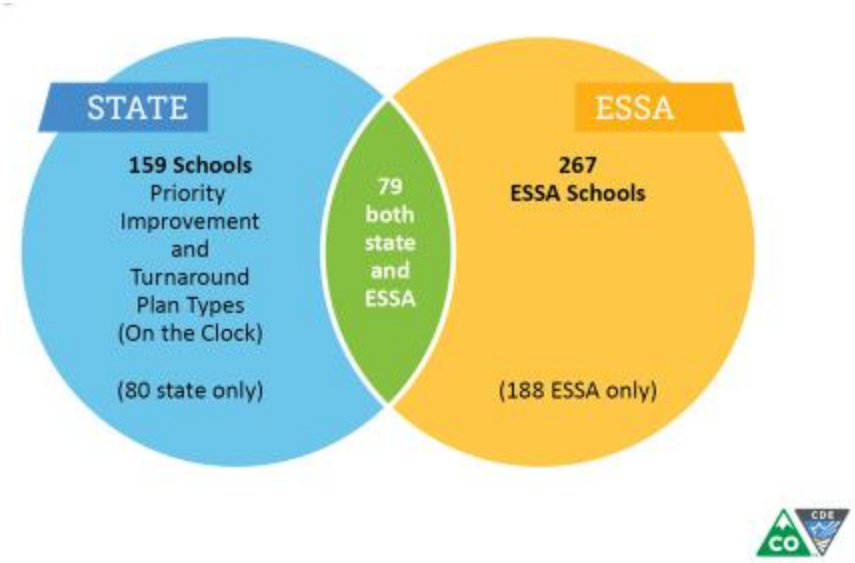
*Schools and districts in these categories are on the state "accountability clock," qualify for additional supports, and face potential consequences with inadequate improvement.

Based on preliminary data for 2018 (to be finalized by the State Board in December 2018), the two systems identified a total of 347 schools as low performing and in need of additional support. As shown in the following diagram, that total includes 267 schools that were identified only under the federal system, 80 that were identified only under the state system, and 79 identified under both systems.[12]

[11] While both systems require evaluation and identification of districts as well as schools, request R4 seeks increased funding for school-level supports. As a result, the remainder of this document focuses on school-level accountability and support.

[12] From 2012 to 2016, the Department operated on a federal waiver that allowed the use of the state systems for both state and federal accountability purposes. However, following the enactment of the federal Every Student Succeeds Act in 2015, the Department is again responsible for evaluating performance using two different sets of criteria.

FY 2018-19 PRELIMINARY SCHOOL IDENTIFICATIONS



Staff notes that the Department's data show a decline in the number of state-identified turnaround and priority improvement schools (including those identified under both state and federal systems) since 2016. The State identified 179 schools in 2016 (representing 83,808 students) and currently expects to identify 159 schools (representing 70,115) students.

FEDERAL VS. STATE FUNDING

The distinctions regarding identification are important because federal school improvement funds under the ESSA are available to support improvement efforts *for schools identified under the federal system* (including schools identified under both systems). According to the Department, current turnaround-related funding (state and federal) supports 13.5 FTE in FY 2018-19, with federal funds supporting 12.5 FTE and state funds supporting 1.0 FTE (actually representing portions of multiple positions).

- Under the federal ESSA, 7.0 percent of total Title I funding is available for school improvement activities (supporting federally-identified schools). For Colorado, that equates to approximately $10 million per year in federal funds that support 12.7 departmental FTE as well as grants and support services provided directly to the federally-identified schools. <u>However, the Department cannot use the federal funds to support schools that are only identified under the state system.</u>
- Through the School Turnaround Leaders Development Program (renamed as the School Transformation Grant Program in H.B. 18-1355), the Department is spending $2.0 million cash funds from the State Education and 1.2 FTE (actually a combination of several partial positions that are each largely federally funded) on turnaround-related efforts in state-identified schools in FY 2018-19. That amount includes an estimated $100,000 to support staff time and $1.9 million in grants and supports provided directly to schools.

CURRENT TURNAROUND SUPPORTS

The Department uses both funding streams to support a menu of services available to the relevant schools (federal funds for federally-identified schools and state-funds for those identified only under the state system). That menu includes three "routes" designed to meet the specific needs of individual schools:

- *Exploration Route:* Assists districts in identifying the best path forward in the improvement planning process. This includes diagnostic services to identify specific areas of improvement, support for stakeholder engagement, and support for improvement planning.
- *Offered Services Route:* Assists districts seeking specific supports from the Department. Services include the Turnaround Network and Connect for Success, which connect participating schools with departmental staff, implementation coaches, and high performing schools. Also includes additional services and pathways.
- *District Designed and Led Route:* Supports district-designed efforts in districts that have already conducted a needs assessment and stakeholder process.

According to the Department, the current *state* resources do not allow for support to all of the state-identified turnaround and priority improvement schools. In FY 2017-18, the Department supported a total of 38 state identified schools, including grants of approximately $40,000 to $50,000 per school. According to the Department, those supports are comparable to the offerings for federally identified schools. However, with 101 schools identified only under the state system in FY 2017-18, that left 63 schools without comparable levels of support.

FY 2019-20 REQUEST R4 – FUNDING FOR SCHOOL TURNAROUND

With request R4, the Department proposes an increase of $2,352,193 General Fund and 1.8 FTE to increase the level of support for state-identified turnaround and priority improvement schools. As discussed above, with existing state resources, the Department was able to support 38 out of 101 state-identified schools in FY 2017-18. The Department estimates that the request (originally written to support 80 percent of the 101 previously identified schools) would allow for services and funding for all 80 of the schools currently identified for FY 2018-19 (if that many schools are again identified for FY 2019-20).

The request includes the following four components:

- $1,995,000 for grants and supports provided to schools. The Department estimates that the funding would support an additional 40 grants of approximately $50,000 per grant. Based on the preliminary number of schools identified in 2018, that would likely allow the Department to fund grants to all of the state-identified schools.

- $235,518 and 1.8 FTE to support two new turnaround-related positions. The positions include: 0.9 FTE (1.0 FTE in subsequent years) intended to better integrate state and federal turnaround activities and work as a turnaround support manager as needed; and 0.9 FTE (1.0 in subsequent years) for another dedicated turnaround manager for the state program. Please note that the request includes $34,196 associated with employee benefits and centrally appropriated line items that the General Assembly generally does not fund for new FTE.

- $100,000 to support an independent evaluation of the program (proposed to be done annually). The Department is consulting with the Research and Evidence-based Policy Team in the Governor's Office of State Planning and Budgeting to plan a quality evaluation of the results of the program. The Department intends to hire an external evaluator to design and conduct an outcome evaluation using a comparison group to provide valid data showing the impact of the program.

- $21,675 for operating and travel costs. The costs include $15,175 in standard operating costs associated with new FTE and $6,500 in travel costs based on historic cost data for the on-site travel required of the Department's turnaround staff.

The following table summarizes the Department's estimated costs for the decision item.

R4 - TURNAROUND SUPPORT				
	FY 2019-20 REQUEST		FY 2020-21 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE
School Turnaround Leaders Development/School Transformation Grant				
Salaries	179,993	1.8	199,992	2.0
PERA (10.4%)	18,719		20,799	
Medicare (1.45%)	2,610		2,900	
AED (5.0%) 1	9,000		10,000	
SAED (5.0%) 1	9,000		10,000	
STD (0.019%) 1	342		380	
Estimated HLD 1	15,854		15,854	
Subtotal, Personal Services - General Fund	**$235,518**	**1.8**	**$259,925**	**2.0**
Operating Expenses				
Supplies ($500)	$900		$0	
Computer ($1,230)	2,214		0	
Office Equipment ($3,473)	6,251		0	
Telephone ($450/FTE)	810		0	
Travel	6,500		6,500	
Other Operating Expenses	5,000		5,000	
Subtotal, Operating Expenses - GF	**$21,675**		**$11,500**	
Grants and School Supports	**$1,995,000**		**$1,995,000**	
Program Evaluation	**$100,000**		**$100,000**	
Total, Request R4 - General Fund	**$2,352,193**	**1.8**	**$2,366,425**	**2.0**

1 These amounts would be addressed through centrally appropriated line items rather than within the School Turnaround Leaders Development/School Transformation Grant Program line item.

INFORMATIONAL ISSUE: CSDB EXTERNAL AUDIT UPDATE

In response to stakeholder concerns and discussions with the Joint Budget Committee during the 2018 Session, the Department of Education and the Colorado School for the Deaf and the Blind (CSDB) agreed to initiate an independent program review of the CSDB in 2018. The Department originally expected to complete the review in calendar year 2018. The Department has assembled a stakeholder committee and review team and is now planning to complete the review in early 2019, with a final copy of the report submitted to the Committee and JBC Staff by June 30, 2019.

DISCUSSION

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. In 1977, the CSDB was transferred from the Department of Institutions to the Department of Education. As a "Type 1" agency within the Department of Education, the CSDB is overseen by a seven-member board appointed by the Governor and confirmed by the Senate.

Over the past two years, external stakeholders (particularly Colorado Hands and Voices and the Colorado Association of the Deaf) voiced a variety of concerns regarding CSDB operations and performance to the Committee and to JBC Staff.[13] The stakeholders requested, and staff recommended, an external review of CSDB operations and academic performance. In response to those concerns and discussions with the Committee, the Department and the CSDB agreed to initiate an external review of the school in 2018 (including national experts as well as broad participation from stakeholders, the Department, and CSDB). The Department originally expected to complete the review in calendar year 2018. However, to ensure a thorough review, the Department is proposing an extended timeline that would complete the review in early 2019 (see below). The Department now expects to complete a preliminary draft of the report by June 1, 2019, and to submit a final report to the Committee and the JBC Staff by June 30, 2019.

- December 1, 2018: Complete draft of review plan
- December 2018: Share plan with JBC Staff
- December 2018 – April 2019: Data collection
- January 2019: Share review plan with Stakeholder Committee and CSDB Board
- April – May 2019: Develop recommendations and draft report
- June 1, 2019: Complete preliminary report with recommendations
- June 2019: Share draft report with Stakeholder Committee, JBC Staff, and CSDB Board
- June 30, 2019: Submit final draft of report to JBC Staff and JBC

[13] For a detailed discussion of the external concerns and the JBC Staff analysis of potential concerns, see the briefing issue starting on page 55 of the FY 2018-19 JBC Staff Briefing Document for the Department of Education. The briefing is available at: https://leg.colorado.gov/sites/default/files/fy2018-19_edubrf_0.pdf

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
DEPARTMENT OF EDUCATION **Dr. Katy Anthes, Commissioner**					
(1) MANAGEMENT AND ADMINISTRATION This section provides funding and staff for: the State Board of Education; the administration of a variety of education-related programs and for the general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund. The major sources of reappropriated funds are indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds are from a variety of sources.					
(A) Administration and Centrally-Appropriated Line Items					
State Board of Education	304,977	286,647	459,188	347,873	
FTE	2.0	2.0	2.0	2.0	
General Fund	304,977	286,647	459,188	347,873	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
General Department and Program Administration	4,193,254	3,924,734	4,378,699	4,524,366	
FTE	35.7	34.7	34.6	34.6	
General Fund	1,801,744	1,792,012	1,865,734	1,921,902	
Cash Funds	133,392	130,437	179,110	182,422	
Reappropriated Funds	2,258,118	2,002,285	2,333,855	2,420,042	
Federal Funds	0	0	0	0	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Office of Professional Services	2,283,938	2,152,563	2,698,620	2,752,219	
FTE	24.5	24.1	25.0	25.0	
General Fund	0	0	0	0	
Cash Funds	2,283,938	2,152,563	2,698,620	2,752,219	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Division of On-line Learning	208,327	340,434	365,701	372,396	
FTE	1.6	2.3	3.3	3.3	
Cash Funds	208,327	340,434	365,701	372,396	
Schools of Choice	0	0	0	309,091	*
FTE	0.0	0.0	0.0	2.6	
General Fund	0	0	0	309,091	
Health, Life, and Dental	4,418,375	4,779,132	5,446,454	5,945,814	*
General Fund	1,644,414	1,806,635	2,124,013	2,165,935	
Cash Funds	395,127	501,581	743,392	906,011	
Reappropriated Funds	429,949	438,444	484,619	545,670	
Federal Funds	1,948,885	2,032,472	2,094,430	2,328,198	
Short-term Disability	70,761	74,418	73,221	79,712	*
General Fund	23,121	25,138	25,605	25,728	
Cash Funds	6,898	8,591	10,632	12,412	
Reappropriated Funds	8,124	8,439	8,272	9,299	
Federal Funds	32,618	32,250	28,712	32,273	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	1,876,156	2,112,185	2,273,850	2,358,420	*
General Fund	615,755	716,273	798,660	763,516	
Cash Funds	182,451	243,360	329,380	366,649	
Reappropriated Funds	214,983	239,071	256,302	274,651	
Federal Funds	862,967	913,481	889,508	953,604	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	1,856,621	2,112,185	2,273,850	2,358,420	*
General Fund	609,351	716,273	798,660	763,516	
Cash Funds	180,548	243,360	329,380	366,649	
Reappropriated Funds	212,744	239,071	256,302	274,651	
Federal Funds	853,978	913,481	889,508	953,604	
PERA Direct Distribution	0	0	0	1,288,681	
General Fund	0	0	0	934,551	
Cash Funds	0	0	0	202,452	
Reappropriated Funds	0	0	0	151,678	
Salary Survey	6,029	0	0	11,005	
General Fund	6,029	0	0	11,005	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Salary Survey for Classified Employees	0	152,627	184,711	0	
General Fund	0	134,239	64,589	0	
Cash Funds	0	4,470	26,818	0	
Reappropriated Funds	0	8,153	20,869	0	
Federal Funds	0	5,765	72,435	0	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Salary Survey for Exempt Employees	0	607,966	1,290,002	0	
General Fund	0	96,069	451,079	0	
Cash Funds	0	86,463	187,295	0	
Reappropriated Funds	0	82,961	145,754	0	
Federal Funds	0	342,473	505,874	0	
Merit Pay	0	0	0	1,508,148	
General Fund	0	0	0	474,512	
Cash Funds	0	0	0	236,729	
Reappropriated Funds	0	0	0	176,365	
Federal Funds	0	0	0	620,542	
Workers' Compensation	506,964	506,676	519,395	446,087	
General Fund	193,794	226,318	231,999	199,254	
Cash Funds	65,432	66,120	67,779	58,212	
Reappropriated Funds	43,115	34,239	35,099	30,146	
Federal Funds	204,623	179,999	184,518	158,475	
Legal Services	664,830	840,439	750,801	887,248	
General Fund	351,527	485,811	433,996	512,869	
Cash Funds	294,293	333,064	297,541	351,614	
Reappropriated Funds	19,010	21,564	19,264	22,765	
Administrative Law Judge Services	224,252	252,579	208,286	233,596	
Cash Funds	185,545	208,981	172,333	193,277	
Reappropriated Funds	38,707	43,598	35,953	40,319	
Federal Funds	0	0	0	0	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	108,806	152,910	212,856	450,563	
General Fund	108,806	152,910	212,856	450,563	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Leased Space	918,507	0	1,150,572	1,199,629	
General Fund	63,222	0	61,525	64,148	
Cash Funds	168,459	0	224,010	233,561	
Reappropriated Funds	20,213	0	13,104	13,663	
Federal Funds	666,613	0	851,933	888,257	
Capitol Complex Leased Space	723,654	842,164	773,684	677,500	
General Fund	159,143	236,777	232,175	203,250	
Cash Funds	83,204	113,045	103,558	81,180	
Reappropriated Funds	115,415	152,358	139,572	131,758	
Federal Funds	365,892	339,984	298,379	261,312	
Reprinting and Distributing Laws Concerning Education	32,089	32,116	35,480	35,480	
Cash Funds	32,089	32,116	35,480	35,480	
Merit Pay for Classified Employees	0	63,641	0	0	
General Fund	0	55,758	0	0	
Cash Funds	0	1,917	0	0	
Reappropriated Funds	0	3,495	0	0	
Federal Funds	0	2,471	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Merit Pay for Exempt Employees	0	233,048	0	0	
General Fund	0	26,178	0	0	
Cash Funds	0	35,424	0	0	
Reappropriated Funds	0	33,862	0	0	
Federal Funds	0	137,584	0	0	
SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items	18,397,540	19,466,464	23,095,370	25,786,248	11.7%
FTE	63.8	63.1	64.9	67.5	4.0%
General Fund	5,881,883	6,757,038	7,760,079	9,147,713	17.9%
Cash Funds	4,219,703	4,501,926	5,771,029	6,351,263	10.1%
Reappropriated Funds	3,360,378	3,307,540	3,748,965	4,091,007	9.1%
Federal Funds	4,935,576	4,899,960	5,815,297	6,196,265	6.6%
(B) Information Technology					
Information Technology Services	3,476,490	3,423,879	4,504,363	4,624,767	
FTE	24.1	25.2	30.9	30.9	
General Fund	1,411,712	3,423,879	3,877,520	3,994,151	
Cash Funds	2,000,000	0	0	0	
Reappropriated Funds	64,778	0	626,843	630,616	
Federal Funds	0	0	0	0	
CORE Operations	282,536	236,105	278,197	261,199	
General Fund	107,278	89,650	105,658	112,117	
Cash Funds	35,374	29,560	34,831	38,885	
Reappropriated Funds	139,884	116,895	137,708	110,197	
Federal Funds	0	0	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Information Technology Asset Maintenance	860,001	862,051	3,193,146	969,147	
General Fund	860,001	862,051	3,193,146	969,147	
Disaster Recovery	19,722	19,722	19,722	19,722	
General Fund	19,722	19,722	19,722	19,722	
Payments to OIT	340,453	805,047	637,079	969,923 *	
General Fund	176,332	403,242	319,108	416,330	
Cash Funds	0	12,249	9,693	144,393	
Reappropriated Funds	164,121	389,556	308,278	409,200	
Federal Funds	0	0	0	0	
SUBTOTAL - (B) Information Technology	4,979,202	5,346,804	8,632,507	6,844,758	(20.7%)
FTE	24.1	25.2	30.9	30.9	0.0%
General Fund	2,575,045	4,798,544	7,515,154	5,511,467	(26.7%)
Cash Funds	2,035,374	41,809	44,524	183,278	311.6%
Reappropriated Funds	368,783	506,451	1,072,829	1,150,013	7.2%
Federal Funds	0	0	0	0	0.0%
(C) Assessments and Data Analyses					
Statewide Assessment Program	32,338,513	32,486,509	33,164,549	33,227,838	
FTE	20.0	20.0	17.5	17.5	
Cash Funds	26,246,321	25,585,766	26,081,831	26,099,171	
Reappropriated Funds	0	0	0	0	
Federal Funds	6,092,192	6,900,743	7,082,718	7,128,667	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Longitudinal Analyses of Student Assessment Results	677,686	680,227	747,227	811,072	
FTE	3.5	4.5	4.1	4.1	
General Fund	397,769	423,499	449,227	513,072	
Cash Funds	279,917	256,728	298,000	298,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Basic Skills Placement or Assessment Tests	13,736	0	50,000	50,000	
Cash Funds	13,736	0	50,000	50,000	
Preschool to Postsecondary Education Alignment	634,838	627,685	638,994	655,054	
FTE	3.9	4.6	4.0	4.0	
General Fund	35,351	32,932	35,400	36,516	
Cash Funds	599,487	594,753	603,594	618,538	
Educator Effectiveness Unit Administration	1,668,358	1,644,843	1,915,954	1,961,272	
FTE	10.8	10.4	12.5	12.5	
General Fund	1,571,005	1,540,215	1,786,431	1,829,031	
Cash Funds	97,353	104,628	129,523	132,241	
Accountability and Improvement Planning	1,725,741	1,611,071	1,753,560	1,768,045	
FTE	3.8	3.8	11.4	11.4	
General Fund	1,175,409	1,060,739	1,203,228	1,217,713	
Federal Funds	550,332	550,332	550,332	550,332	
Educator Effectiveness Implementation	803,134	0	0	0	
FTE	0.0	0.0	0.0	0.0	
Federal Funds	803,134	0	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
SUBTOTAL - (C) Assessments and Data Analyses	37,862,006	37,050,335	38,270,284	38,473,281	0.5%
FTE	42.0	43.3	49.5	49.5	(0.0%)
General Fund	3,179,534	3,057,385	3,474,286	3,596,332	3.5%
Cash Funds	27,236,814	26,541,875	27,162,948	27,197,950	0.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	7,445,658	7,451,075	7,633,050	7,678,999	0.6%
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management	3,395,208	3,755,502	3,500,000	3,500,000	
FTE	14.0	14.5	11.7	11.7	
Cash Funds	563,448	255,502	0	0	
Reappropriated Funds	2,831,760	3,500,000	3,500,000	3,500,000	
Institute Charter School Assistance Fund	1,224,425	1,284,600	460,000	460,000	
Cash Funds	1,224,425	1,284,600	460,000	460,000	
Other Transfers to Institute Charter Schools	10,037,439	12,249,542 1.2	9,000,000	9,000,000	
Reappropriated Funds	10,037,439	12,249,542	9,000,000	9,000,000	
Transfer of Federal Moneys to Institute Charter Schools	6,212,198	5,813,985	7,600,000	7,600,000	
FTE	1.7	1.5	4.5	4.5	
Reappropriated Funds	0	0	7,600,000	7,600,000	
Federal Funds	6,212,198	5,813,985	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	156,014	216,224	231,648	231,648	
FTE	1.0	1.0	1.6	1.6	
Reappropriated Funds	156,014	216,224	231,648	231,648	
CSI Mill Levy Equalization	0	0	11,047,724	21,047,724 *	
General Fund	0	0	5,523,862	10,523,862	
Reappropriated Funds	0	0	5,523,862	10,523,862	
SUBTOTAL - (D) State Charter School Institute	21,025,284	23,319,853	31,839,372	41,839,372	31.4%
FTE	16.7	18.2	17.8	17.8	0.0%
General Fund	0	0	5,523,862	10,523,862	90.5%
Cash Funds	1,787,873	1,540,102	460,000	460,000	0.0%
Reappropriated Funds	13,025,213	15,965,766	25,855,510	30,855,510	19.3%
Federal Funds	6,212,198	5,813,985	0	0	0.0%
(E) Indirect Cost Assessment					
Indirect Cost Assessment	549,469	647,730	647,025	655,466	
Cash Funds	321,464	372,907	327,741	377,361	
Federal Funds	228,005	274,823	319,284	278,105	
SUBTOTAL - (E) Indirect Cost Assessment	549,469	647,730	647,025	655,466	1.3%
FTE	0.0	0.0	0.0	0.0	0.0%
Cash Funds	321,464	372,907	327,741	377,361	15.1%
Federal Funds	228,005	274,823	319,284	278,105	(12.9%)

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
TOTAL - (1) Management and Administration	82,813,501	85,831,186	102,484,558	113,599,125	10.8%
FTE	146.6	149.8	163.1	165.7	1.6%
General Fund	11,636,462	14,612,967	24,273,381	28,779,374	18.6%
Cash Funds	35,601,228	32,998,619	33,766,242	34,569,852	2.4%
Reappropriated Funds	16,754,374	19,779,757	30,677,304	36,096,530	17.7%
Federal Funds	18,821,437	18,439,843	13,767,631	14,153,369	2.8%

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
(2) ASSISTANCE TO PUBLIC SCHOOLS					
This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.					
(A) Public School Finance					
Administration	1,702,643	1,753,638	1,754,244	2,235,286	*
FTE	17.6	17.9	17.9	17.9	
General Fund	0	0	0	0	
Cash Funds	83,169	135,843	84,387	496,621	
Reappropriated Funds	1,619,474	1,617,795	1,669,857	1,738,665	
Federal Funds	0	0	0	0	
Financial Transparency System Maintenance	0	0	600,000	600,000	
Cash Funds	0	0	600,000	600,000	
State Share of Districts' Total Program Funding	4,115,127,505	4,120,568,879	4,546,175,603	4,793,654,406	*
General Fund	2,761,013,233	3,071,731,873	3,193,513,739	3,454,569,835	
General Fund Exempt	830,201,667	820,701,666	793,100,000	793,100,000	
Cash Funds	523,912,605	228,135,340	559,561,864	545,984,571	
Hold-harmless Full-day Kindergarten Funding	7,894,791	8,144,182	8,689,619	9,077,350	*
Cash Funds	7,894,791	8,144,182	8,689,619	9,077,350	
District Per Pupil Reimbursements for Juveniles Held in Jail	0	0	10,000	10,000	
Cash Funds	0	0	10,000	10,000	
At-risk Supplemental Aid	4,700,867	5,089,585	5,094,358	5,094,358	
Cash Funds	4,700,867	5,089,585	5,094,358	5,094,358	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
At-risk Per Pupil Additional Funding	5,000,000	5,000,000	5,000,000	5,000,000	
Cash Funds	5,000,000	5,000,000	5,000,000	5,000,000	
Additional Funding for Rural Districts and Institute Charter Schools	0	0	30,000,000	0	
Cash Funds	0	0	30,000,000	0	
SUBTOTAL - (A) Public School Finance	4,134,425,806	4,140,556,284	4,597,323,824	4,815,671,400	4.7%
FTE	17.6	17.9	17.9	17.9	0.0%
General Fund	2,761,013,233	3,071,731,873	3,193,513,739	3,454,569,835	8.2%
General Fund Exempt	830,201,667	820,701,666	793,100,000	793,100,000	0.0%
Cash Funds	541,591,432	246,504,950	609,040,228	566,262,900	(7.0%)
Reappropriated Funds	1,619,474	1,617,795	1,669,857	1,738,665	4.1%
Federal Funds	0	0	0	0	0.0%
(B) Categorical Programs					
(I) District Programs Required by Statute					
Special Education - Children with Disabilities	332,269,769	338,082,096	331,952,704	337,296,041	*
FTE	90.4	102.3	63.0	63.0	
General Fund	71,572,347	71,572,347	71,572,347	73,969,671	
Cash Funds	95,565,575	100,019,617	104,556,868	107,214,316	
Reappropriated Funds	0	0	191,090	191,090	
Federal Funds	165,131,847	166,490,132	155,632,399	155,920,964	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request		Request vs. Appropriation
English Language Proficiency Program	27,611,429	28,700,831	32,853,407	34,465,114	*	
FTE	4.1	4.3	4.6	4.6		
General Fund	3,101,598	3,101,598	3,101,598	3,331,646		
Cash Funds	15,684,186	16,802,354	18,506,613	19,879,267		
Reappropriated Funds	0	0	0	0		
Federal Funds	8,825,645	8,796,879	11,245,196	11,254,201		
SUBTOTAL -	359,881,198	366,782,927	364,806,111	371,761,155		1.9%
FTE	94.5	106.6	67.6	67.6		(0.0%)
General Fund	74,673,945	74,673,945	74,673,945	77,301,317		3.5%
Cash Funds	111,249,761	116,821,971	123,063,481	127,093,583		3.3%
Reappropriated Funds	0	0	191,090	191,090		0.0%
Federal Funds	173,957,492	175,287,011	166,877,595	167,175,165		0.2%
(II) Other Categorical Programs						
Public School Transportation	57,179,306	58,223,363	59,549,150	61,081,710	*	
FTE	2.0	2.0	2.0	2.0		
General Fund	36,922,227	36,922,227	36,922,227	37,876,579		
Cash Funds	20,257,079	21,301,136	22,626,923	23,205,131		
Reappropriated Funds	0	0	0	0		
Federal Funds	0	0	0	0		

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	25,639,363	26,164,481	26,675,279	27,297,859	*
General Fund	17,792,850	17,792,850	17,792,850	18,208,121	
Cash Funds	7,846,513	8,371,631	8,882,429	9,089,738	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Special Education Programs for Gifted and Talented Children	12,049,347	12,181,783	12,528,041	12,723,418	*
FTE	1.8	2.7	1.5	1.5	
General Fund	5,500,000	5,500,000	5,500,000	5,582,059	
Cash Funds	6,549,347	6,681,783	7,028,041	7,141,359	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Expelled and At-risk Student Services Grant Program	7,487,442	7,447,995	9,493,560	9,497,572	
FTE	1.1	1.4	1.0	1.0	
General Fund	5,788,807	5,744,757	5,788,807	5,788,807	
Cash Funds	1,698,635	1,703,238	3,704,753	3,708,765	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Small Attendance Center Aid	1,076,550	1,076,550	1,076,550	1,314,250	*
General Fund	787,645	787,645	787,645	961,555	
Cash Funds	288,905	288,905	288,905	352,695	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Comprehensive Health Education	942,030	988,213	1,131,396	1,132,738	
FTE	0.8	1.3	1.0	1.0	
General Fund	294,529	294,529	300,000	300,000	
Cash Funds	647,501	693,684	831,396	832,738	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL -	104,374,038	106,082,385	110,453,976	113,047,547	2.3%
FTE	5.7	7.4	5.5	5.5	0.0%
General Fund	67,086,058	67,042,008	67,091,529	68,717,121	2.4%
Cash Funds	37,287,980	39,040,377	43,362,447	44,330,426	2.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
SUBTOTAL - (B) Categorical Programs	464,255,236	472,865,312	475,260,087	484,808,702	2.0%
FTE	100.2	114.0	73.1	73.1	(0.0%)
General Fund	141,760,003	141,715,953	141,765,474	146,018,438	3.0%
Cash Funds	148,537,741	155,862,348	166,425,928	171,424,009	3.0%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	173,957,492	175,287,011	166,877,595	167,175,165	0.2%
(C) Grant Programs, Distributions, and Other Assistance					
(I) Health and Nutrition					
Federal Nutrition Programs	193,322,921	192,666,822	156,585,942	156,625,340	
FTE	14.8	18.0	9.0	9.0	
General Fund	85,618	82,787	92,786	95,119	
Federal Funds	193,237,303	192,584,035	156,493,156	156,530,221	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
State Match for School Lunch Program	2,472,644	2,472,644	2,472,644	2,472,644	
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	
Child Nutrition School Lunch Protection Program	1,506,476 0.4	1,541,491 0.4	2,226,268	2,208,324	
General Fund	674,482	730,751	1,375,537	1,357,593	
Cash Funds	831,994	810,740	850,731	850,731	
Start Smart Nutrition Program Fund	700,000	900,000	900,000	900,000	
General Fund	700,000	900,000	900,000	900,000	
Start Smart Nutrition Program	952,399	968,792 0.1	1,300,000	1,300,000	
Cash Funds	400,000	968,792	400,000	400,000	
Reappropriated Funds	552,399	0	900,000	900,000	
Breakfast After the Bell	22,758	21,147	24,338	24,656	
FTE	0.3	0.2	0.3	0.3	
General Fund	22,758	21,147	24,338	24,656	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 97-101 Public School Health Services	170,979	179,365	148,550	152,671	
FTE	1.5	1.5	1.4	1.4	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	170,979	179,365	148,550	152,671	
Federal Funds	0	0	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
School Health Professionals Grant Program	2,229,808	11,861,674	11,930,434	11,937,032	
FTE	0.1	2.3	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	2,229,808	11,861,674	11,930,434	11,937,032	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL -	201,377,985	210,611,935	175,588,176	175,620,667	0.0%
FTE	17.1	22.5	14.7	14.7	0.0%
General Fund	1,482,858	1,734,685	2,392,661	2,377,368	(0.6%)
Cash Funds	5,934,446	16,113,850	15,653,809	15,660,407	0.0%
Reappropriated Funds	723,378	179,365	1,048,550	1,052,671	0.4%
Federal Funds	193,237,303	192,584,035	156,493,156	156,530,221	0.0%
(II) Capital Construction					
Division of Public School Capital Construction Assistance	1,080,105	1,254,024	1,407,245	1,438,574	
FTE	11.8	14.0	15.0	15.0	
Cash Funds	1,080,105	1,254,024	1,407,245	1,438,574	
Public School Capital Construction Assistance Board - Lease Payments	45,873,514	65,315,037	100,000,000	101,400,000	
Cash Funds	45,873,514	65,315,037	100,000,000	101,400,000	
Public School Capital Construction Assistance Board - Cash Grants	34,631,027	52,482,411	85,000,000	85,000,000	
Cash Funds	34,631,027	52,482,411	85,000,000	85,000,000	
Financial Assistance Priority Assessment	198,767	147,128	150,000	150,000	
Cash Funds	198,767	147,128	150,000	150,000	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
State Aid for Charter School Facilities	25,000,000	24,999,996	25,000,000	25,000,000	
Cash Funds	25,000,000	24,999,996	25,000,000	25,000,000	
SUBTOTAL -	106,783,413	144,198,596	211,557,245	212,988,574	0.7%
FTE	11.8	14.0	15.0	15.0	0.0%
Cash Funds	106,783,413	144,198,596	211,557,245	212,988,574	0.7%
(III) Reading and Literacy					
Early Literacy Competitive Grant Program	4,980,279	5,124,700	6,219,998	6,243,932	
FTE	9.6	9.4	8.0	8.0	
General Fund	0	0	0	0	
Cash Funds	4,980,279	5,124,700	6,219,998	6,243,932	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Early Literacy Program Per Pupil Intervention Funding	33,241,695	33,047,438	33,242,424	33,242,424	
FTE	0.0	0.0	1.0	1.0	
Cash Funds	33,241,695	33,047,438	33,242,424	33,242,424	
Early Literacy Assessment Tool Program	2,978,866	2,985,397	2,997,072	2,997,072	
Cash Funds	2,978,866	2,985,397	2,997,072	2,997,072	
Adult Education and Literacy Grant Program	961,375	960,638	968,863	968,967	
FTE	0.7	0.5	1.0	1.0	
General Fund	961,375	960,638	968,863	968,967	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
SUBTOTAL -	42,162,215	42,118,173	43,428,357	43,452,395	0.1%
FTE	10.3	9.9	10.0	10.0	0.0%
General Fund	961,375	960,638	968,863	968,967	0.0%
Cash Funds	41,200,840	41,157,535	42,459,494	42,483,428	0.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
(IV) Professional Development and Instructional Support					
Content Specialists	477,003	674,168	479,495	493,506	
FTE	3.4	4.5	5.0	5.0	
Cash Funds	477,003	674,168	479,495	493,506	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
School Bullying Prevention and Education Cash Fund	900,000	2,000,000	2,000,000	2,000,000	
Cash Funds	900,000	2,000,000	2,000,000	2,000,000	
Office of Dropout Prevention and Student Reengagement	1,017,278	2,014,208	2,022,341	3,022,489	
FTE	0.2	0.6	1.2	2.2	
General Fund	0	15,320	21,922	1,018,210	
Cash Funds	899,700	1,998,888	2,000,419	2,004,279	
Reappropriated Funds	0	0	0	0	
Federal Funds	117,578	0	0	0	
Stipends for Nationally Board Certified Teachers	1,139,934	1,078,784	1,384,000	1,384,000	
Cash Funds	1,139,934	1,078,784	1,384,000	1,384,000	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Grow Your Own Educator Program	0	0	1,019,110	522,933	
FTE	0.0	0.0	0.3	0.3	
General Fund	0	0	1,019,110	522,933	
Quality Teacher Recruitment Program	2,502,500	2,985,500	3,000,000	3,000,000	
Cash Funds	2,502,500	2,985,500	3,000,000	3,000,000	
Teacher Residency Expansion Program Fund	0	0	600,000	0	
General Fund	0	0	600,000	0	
Retaining Teachers Fund	0	0	3,000,000	4,000,000 1.0	*
General Fund	0	0	3,000,000	0	
Cash Funds	0	0	0	4,000,000	
Transfer to the Department of Higher Education for Rural Teacher Recruitment, Retention, and Professional Development	0	0	240,000	240,000	
Cash Funds	0	0	240,000	240,000	
English Language Learners Technical Assistance	349,346	372,666	384,447	396,185	
FTE	3.7	4.1	5.0	5.0	
General Fund	298,703	321,086	331,545	341,055	
Cash Funds	50,643	51,580	52,902	55,130	
English Language Proficiency Act Excellence Awards Program	500,000	500,000	500,000	500,000	
Cash Funds	500,000	500,000	500,000	500,000	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
English Language Learners Professional Development and Student Support Program	27,000,000	27,000,000	27,000,000	27,000,000	
General Fund	0	0	0	0	
Cash Funds	27,000,000	27,000,000	27,000,000	27,000,000	
Advanced Placement Incentives Pilot Program	260,608	259,517	260,937	261,666	
FTE	0.3	0.3	0.3	0.3	
General Fund	0	0	0	0	
Cash Funds	260,608	259,517	260,937	261,666	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
School Turnaround Leaders Development Program	2,000,432	1,999,074	2,001,900	4,321,115	*
FTE	0.4	0.4	1.2	3.0	
General Fund	0	0	0	2,317,997	
Cash Funds	2,000,432	1,999,074	2,001,900	2,003,118	
Computer Science Education Grants for Teachers	0	479,026	1,048,375	1,048,600	
FTE	0.0	0.2	0.4	0.4	
Cash Funds	0	479,026	1,048,375	1,048,600	
Advanced Placement Exam Fee Grant Program	0	0	554,869	560,583	
FTE	0.0	0.0	0.3	0.4	
General Fund	0	0	554,869	560,583	
Principal Academy	0	0	0	1,000,000	*
Cash Funds	0	0	0	1,000,000	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Educator Perception	26,500	0	0	75,000	
General Fund	26,500	0	0	75,000	
SUBTOTAL -	36,173,601	39,362,943	45,495,474	49,826,077	9.5%
FTE	8.0	10.1	13.7	17.6	28.5%
General Fund	325,203	336,406	5,527,446	4,835,778	(12.5%)
Cash Funds	35,730,820	39,026,537	39,968,028	44,990,299	12.6%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	117,578	0	0	0	0.0%
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	282,019	191,030	306,641	314,884	
FTE	2.3	1.8	3.0	3.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	282,019	191,030	306,641	314,884	
Federal Funds	0	0	0	0	
Facility School Funding	13,705,499	13,555,451	15,987,271	15,987,271	
General Fund	0	0	0	0	
Cash Funds	13,705,499	13,555,451	15,987,271	15,987,271	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
SUBTOTAL -	13,987,518	13,746,481	16,293,912	16,302,155	0.1%
FTE	2.3	1.8	3.0	3.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	13,705,499	13,555,451	15,987,271	15,987,271	0.0%
Reappropriated Funds	282,019	191,030	306,641	314,884	2.7%
Federal Funds	0	0	0	0	0.0%
(VI) Other Assistance					
Appropriated Sponsored Programs	218,760,785	212,118,591	278,363,516	278,567,221	
FTE	70.9	68.1	68.7	68.7	
Cash Funds	597,612	792,512	2,707,816	2,717,462	
Reappropriated Funds	0	0	1,209,689	1,209,689	
Federal Funds	218,163,173	211,326,079	274,446,011	274,640,070	
School Counselor Corps Grant Program	9,991,766	9,990,650	10,002,802	11,509,918	*
FTE	3.1	2.9	2.0	2.0	
Cash Funds	9,991,766	9,990,650	10,002,802	11,509,918	
BOCES Funding per Section 22-5-122, C.R.S.	3,282,779	3,273,283	3,310,782	3,314,277	
FTE	0.8	0.7	1.0	1.0	
Cash Funds	3,282,779	3,273,283	3,310,782	3,314,277	
Contingency Reserve Fund	1,233,048	1,000,000	1,000,000	1,000,000	
General Fund	63,863	1,000,000	0	0	
Cash Funds	1,105,322	0	1,000,000	1,000,000	
Reappropriated Funds	63,863	0	0	0	
Federal Funds	0	0	0	0	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Supplemental On-line Education Services	960,000	1,020,000	1,220,000	1,220,000	
Cash Funds	960,000	1,020,000	1,220,000	1,220,000	
Interstate Compact on Educational Opportunity for Military Children	20,619	19,735	19,182	19,182	
General Fund	0	0	0	0	
Cash Funds	20,619	19,735	19,182	19,182	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
College and Career Readiness	164,865	173,201	187,029	189,956	
FTE	1.4	1.5	2.0	2.0	
General Fund	164,865	173,201	187,029	189,956	
Colorado Student Leaders Institute Pilot Program	218,825	218,825	218,825	218,825	
Cash Funds	218,825	218,825	218,825	218,825	
Career Development Success Pilot Program	0	1,000,000	2,000,000	6,500,000	*
General Fund	0	1,000,000	2,000,000	2,000,000	
Cash Funds	0	0	0	4,500,000	
SUBTOTAL -	234,632,687	228,814,285	296,322,136	302,539,379	2.1%
FTE	76.2	73.2	73.7	73.7	0.0%
General Fund	228,728	2,173,201	2,187,029	2,189,956	0.1%
Cash Funds	16,176,923	15,315,005	18,479,407	24,499,664	32.6%
Reappropriated Funds	63,863	0	1,209,689	1,209,689	0.0%
Federal Funds	218,163,173	211,326,079	274,446,011	274,640,070	0.1%

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	635,117,419	678,852,413	788,685,300	800,729,247	1.5%
FTE	125.7	131.5	130.1	134.0	3.0%
General Fund	2,998,164	5,204,930	11,075,999	10,372,069	(6.4%)
Cash Funds	219,531,941	269,366,974	344,105,254	356,609,643	3.6%
Reappropriated Funds	1,069,260	370,395	2,564,880	2,577,244	0.5%
Federal Funds	411,518,054	403,910,114	430,939,167	431,170,291	0.1%
(D) Indirect Cost Assessment					
Indirect Cost Assessment	2,650,303	2,650,303	2,509,321	2,680,997	
Cash Funds	25,000	25,000	25,000	25,000	
Reappropriated Funds	55,571	55,571	55,571	55,571	
Federal Funds	2,569,732	2,569,732	2,428,750	2,600,426	
SUBTOTAL - (D) Indirect Cost Assessment	2,650,303	2,650,303	2,509,321	2,680,997	6.8%
FTE	0.0	0.0	0.0	0.0	0.0%
Cash Funds	25,000	25,000	25,000	25,000	0.0%
Reappropriated Funds	55,571	55,571	55,571	55,571	0.0%
Federal Funds	2,569,732	2,569,732	2,428,750	2,600,426	7.1%
TOTAL - (2) Assistance to Public Schools	5,236,448,764	5,294,924,312	5,863,778,532	6,103,890,346	4.1%
FTE	243.5	263.4	221.1	225.0	1.8%
General Fund	2,905,771,400	3,218,652,756	3,346,355,212	3,610,960,342	7.9%
General Fund Exempt	830,201,667	820,701,666	793,100,000	793,100,000	0.0%
Cash Funds	909,686,114	671,759,272	1,119,596,410	1,094,321,552	(2.3%)
Reappropriated Funds	2,744,305	2,043,761	4,481,398	4,562,570	1.8%
Federal Funds	588,045,278	581,766,857	600,245,512	600,945,882	0.1%

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
(3) LIBRARY PROGRAMS					
This section provides funding for various library-related programs. Library programs are primarily funded with General Fund and federal funds. Cash funds include grants and donations. Transfers from the Disabled Telephone Users Fund support privately operated reading services for the blind and are reflected as reappropriated funds.					
Administration	1,042,164	1,076,493	1,117,534	1,150,575	
FTE	10.7	12.3	14.3	14.3	
General Fund	810,208	823,116	862,238	888,889	
Cash Funds	231,956	253,377	255,296	261,686	
Federal Library Funding	2,880,840	2,742,951	3,126,491	3,179,003	
FTE	23.7	23.9	23.8	23.8	
Federal Funds	2,880,840	2,742,951	3,126,491	3,179,003	
Colorado Library Consortium	1,000,000	1,000,000	1,000,000	1,000,000	
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	
Colorado Virtual Library	359,796	359,796	379,796	379,796	
General Fund	359,796	359,796	359,796	359,796	
Cash Funds	0	0	20,000	20,000	
Colorado Talking Book Library, Building Maintenance and Utilities Expenses	89,677	90,660	90,660	90,660	
General Fund	89,677	90,660	90,660	90,660	
Reading Services for the Blind	410,000	760,000	560,000	560,000	
General Fund	50,000	50,000	50,000	50,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	360,000	710,000	510,000	510,000	
Federal Funds	0	0	0	0	

Appendix A: Number Pages

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
State Grants to Publicly-Supported Libraries Program	2,498,245 0.5	2,499,728 0.5	2,501,519	2,501,519	
General Fund	2,498,245	2,499,728	2,501,519	2,501,519	
Indirect Cost Assessment	55,327	55,327	55,327	55,327	
Federal Funds	55,327	55,327	55,327	55,327	
TOTAL - (3) Library Programs	8,336,049	8,584,955	8,831,327	8,916,880	1.0%
FTE	34.9	36.7	38.1	38.1	0.0%
General Fund	4,807,926	4,823,300	4,864,213	4,890,864	0.5%
Cash Funds	231,956	253,377	275,296	281,686	2.3%
Reappropriated Funds	360,000	710,000	510,000	510,000	0.0%
Federal Funds	2,936,167	2,798,278	3,181,818	3,234,330	1.7%

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation

(4) SCHOOL FOR THE DEAF AND THE BLIND

This section provides operational funding for the Colorado School for the Deaf and the Blind (CSDB), which provides educational services for hearing impaired/deaf and visually impaired/blind children. The primary source of funding is the General Fund. For each student eligible for funding under the School Finance Act, the CSDB receives funding from each student's "home" school district. Reappropriated funds reflect program funding that would otherwise be paid to the home school district (from the Facility School Funding section above), as well as federal funds transferred from local school districts. Cash funds consist of fees paid by individuals for workshops and conferences and housing reimbursements.

(A) School Operations

Personal Services	10,491,538	10,486,877	10,703,518	11,287,098	*
FTE	135.7	140.3	153.1	153.1	
General Fund	8,880,680	8,844,891	9,037,993	9,619,191	
Cash Funds	0	0	0	0	
Reappropriated Funds	1,610,858	1,641,986	1,665,525	1,667,907	
Federal Funds	0	0	0	0	
Early Intervention Services	1,223,251	1,226,190	1,237,922	1,260,642	
FTE	10.0	10.6	10.0	10.0	
General Fund	1,223,251	1,226,190	1,237,922	1,260,642	
Shift Differential	104,188	105,582	120,452	120,969	
General Fund	104,188	105,582	120,452	120,969	
Operating Expenses	663,972	666,689	668,291	668,291	
General Fund	663,972	666,689	668,291	668,291	
Vehicle Lease Payments	14,350	21,569	28,195	23,667	
General Fund	14,350	21,569	28,195	23,667	

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Utilities	579,224	594,918	602,580	602,580	
General Fund	579,224	594,918	602,580	602,580	
Allocation of State and Federal Categorical Program Funding	127,038	138,200	170,000	170,015	
FTE	0.4	0.6	0.4	0.4	
Reappropriated Funds	127,038	138,200	170,000	170,015	
Medicaid Reimbursements for Public School Health Services	287,902	216,877	404,371	410,304	
FTE	1.3	1.3	1.5	1.5	
Reappropriated Funds	287,902	216,877	404,371	410,304	
SUBTOTAL - (A) School Operations	13,491,463	13,456,902	13,935,329	14,543,566	4.4%
FTE	147.4	152.8	165.0	165.0	0.0%
General Fund	11,465,665	11,459,839	11,695,433	12,295,340	5.1%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	2,025,798	1,997,063	2,239,896	2,248,226	0.4%
Federal Funds	0	0	0	0	0.0%
(B) Special Purpose					
Fees and Conferences	34,306	36,496	120,000	120,000	
Cash Funds	34,306	36,496	120,000	120,000	
Outreach Services	450,159	476,436	1,027,669	1,037,897	
FTE	2.9	2.4	6.2	6.2	
Cash Funds	338,863	353,539	756,463	760,522	
Reappropriated Funds	111,296	122,897	271,206	277,375	

Appendix A: Number Pages

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	Request vs. Appropriation
Tuition from Out-of-state Students	51,060	59,745	200,000	200,000	
Cash Funds	51,060	59,745	200,000	200,000	
Grants	453,585	552,303	1,205,705	1,206,079	
FTE	1.8	3.3	9.0	9.0	
Reappropriated Funds	453,585	552,303	1,205,705	1,206,079	
SUBTOTAL - (B) Special Purpose	989,110	1,124,980	2,553,374	2,563,976	0.4%
FTE	4.7	5.7	15.2	15.2	0.0%
Cash Funds	424,229	449,780	1,076,463	1,080,522	0.4%
Reappropriated Funds	564,881	675,200	1,476,911	1,483,454	0.4%
TOTAL - (4) School for the Deaf and the Blind	14,480,573	14,581,882	16,488,703	17,107,542	3.8%
FTE	152.1	158.5	180.2	180.2	0.0%
General Fund	11,465,665	11,459,839	11,695,433	12,295,340	5.1%
Cash Funds	424,229	449,780	1,076,463	1,080,522	0.4%
Reappropriated Funds	2,590,679	2,672,263	3,716,807	3,731,680	0.4%
Federal Funds	0	0	0	0	0.0%
TOTAL - Department of Education	5,342,078,887	5,403,922,335	5,991,583,120	6,243,513,893	4.2%
FTE	577.1	608.4	602.5	609.0	1.1%
General Fund	2,933,681,453	3,249,548,862	3,387,188,239	3,656,925,920	8.0%
General Fund Exempt	830,201,667	820,701,666	793,100,000	793,100,000	0.0%
Cash Funds	945,943,527	705,461,048	1,154,714,411	1,130,253,612	(2.1%)
Reappropriated Funds	22,449,358	25,205,781	39,385,509	44,900,780	14.0%
Federal Funds	609,802,882	603,004,978	617,194,961	618,333,581	0.2%

APPENDIX B
RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2017 SESSION BILLS

S.B. 17-025 (MARIJUANA EDUCATION MATERIALS RESOURCE BANK): Requires the Department, with assistance from the Department of Public Health and Environment and the Marijuana Educational Oversight Committee, to create and maintain a resource bank of materials and curricula related to marijuana. Requires the Department to solicit input regarding materials and curricula and allows the Department to contract for services related to the development of the resource bank and curricula. For FY 2017-18, appropriates $47,000 cash funds from the Marijuana Tax Cash Fund to the Department of Education.

S.B. 17-160 (SUPPLEMENTAL BILL): Modifies FY 2016-17 appropriations to the Department.

S.B. 17-173 (SCHOOL FINANCE MID-YEAR ADJUSTMENTS): Makes mid-year school finance-related statutory adjustments to reflect actual pupil counts and the local revenues available for school finance in FY 2016-17. Maintains the state share of districts' total program funding at the original appropriated level for FY 2016-17. After adjusting for a $23.1 million decrease in local revenues available for school finance (below the level anticipated in the original FY 2016-17 appropriation) and a lower-than-anticipated student count (reducing total program funding before the application of the budget stabilization factor by $25.5 million), maintaining state funding at a constant level reduces the budget stabilization factor by $2.4 million in FY 2016-17. For FY 2016-17, appropriates $3,950 cash funds from the State Education Fund to the Department of Education for the Hold-harmless Full-day Kindergarten program line item.

S.B. 17-254 (LONG BILL): General appropriations act for FY 2017-18. Includes provisions modifying FY 2015-16 and FY 2016-17 appropriations to the Department.

S.B. 17-267 (SUSTAINABILITY OF RURAL COLORADO): Among other provisions, increases the rate of retail marijuana sales tax (currently 10 percent and scheduled to decrease under current law to 8 percent) to 15 percent effective July 1, 2017 and specifies the following uses of associated revenue:

- Offsets a portion of the state retail marijuana sales tax rate increase by exempting retail sales of marijuana upon which the state retail marijuana sales tax is imposed from the 2.9 percent general state sales tax, but provides that local governments can continue to impose their local general sales taxes on retail sales of marijuana;
- Holds local governments that currently receive an allocation of 15 percent of state retail marijuana sales tax revenue based on the current tax rate of 10 percent harmless by specifying that on and after July 1, 2017, they receive an allocation of 10 percent of state retail marijuana sales tax revenue based on the new rate of 15 percent;
- For FY 2017-18, credits $30 million of the 90 percent of the state retail marijuana sales tax revenue that the state retains to the State Public School Fund for distribution to rural school districts; and

- For FY 2018-19 and subsequent years, credits 12.59 percent of the state retail marijuana tax revenue that the state retains to the State Public School Fund to support the state share of districts' total program funding.

For FY 2017-18 and subsequent years, includes statutory appropriations to the Department of Education for all marijuana sales tax proceeds transferred to the State Public School Fund. For more information, see the corresponding bill description in the "Recent Legislation" section at the end of Part III of the Department of Health Care Policy and Financing.

S.B. 17-296 (SCHOOL FINANCE): Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2017-18, making the following changes:

- Increases the *statewide base per pupil funding* amount from $6,367.90 to $6,546.20 (2.8 percent) to account for the annual change in the Denver-Boulder-Greeley consumer price index in CY 2016;
- Renames the negative factor the budget stabilization factor;
- Maintains the budget stabilization factor at a constant dollar amount ($828.3 million) from FY 2016-17 to FY 2017-18 and specifies that the budget stabilization factor cannot exceed that amount in FY 2018-19;
- Adjusts requirements concerning the distribution of mill levy override revenues to charter schools;
- Creates the Mill Levy Equalization Fund to, subject to available appropriations, support mill levy equalization payments for institute charter schools on a per pupil basis; and
- Authorizes supplemental assistance from the Contingency Reserve Fund for districts that, because of at least a 20 percent enrollment increase over projected levels, may experience an unusual financial burden to implement or expand a school program. Requires recipient districts to reimburse the State for such assistance following the adjustment in the district's distribution of school finance payments to account for the increased enrollment.

The bill also creates a computer science education grant program for teachers who wish to pursue additional postsecondary education and training in order to then provide computer science education to K-12 students. For FY 2017-18, appropriates $500,000 cash funds from the State Education Fund and 0.4 FTE to the Department of Education for computer science education grants to teachers.

H.B. 17-1181 (REQUIRED STATE ASSESSMENT FOR NINTH-GRADE STUDENTS): Repeals the requirement that public schools administer the state English language arts and mathematics assessments to ninth-grade students and instead requires local education providers to administer a ninth grade assessment aligned with the pre-exam and college entrance exams administered to tenth and eleventh grade students. Requires administration of the assessment during the spring semester, on a schedule to be set annually by the Department of Education. For FY 2017-18, decreases appropriations to the Department of Education for the Colorado Student Assessment Program by $642,786 cash funds from the State Education Fund.

H.B. 17-1276 (RESTRICT RESTRAINTS ON PUBLIC SCHOOL STUDENTS): Prohibits the use of a chemical, mechanical, or prone (face-down) restraint on a public school student. Exceptions are allowed for the use of mechanical or prone restraints when the student is openly displaying a deadly weapon or the person applying the restraint is an armed security officer or a certified peace officer, has received specified training, and has made a referral to a law enforcement agency. The prohibition

does not apply to schools operated in state-owned facilities within the Division of Youth Corrections. Creates reporting requirements for any incident involving the use of any type of restraint on a student and requires the State Board of Education to promulgate rules establishing a formal complaint process about the use of restraint or seclusion by any school employee or volunteer. For FY 2017-18, appropriates $18,414 General Fund and 0.3 FTE to the Department of Education.

H.B. 17-1340 (LEGISLATIVE INTERIM COMMITTEE ON SCHOOL FINANCE): Creates a legislative interim committee to study school finance issues and make legislative recommendations concerning how to most accurately meet the educational needs of students through the funding of K-12 education in Colorado. Specifies the membership of the interim committee and requires that members be appointed by July 1, 2017. Specifies a list of issues the committee must consider and authorizes the committee to consider additional issues. The committee will meet up to five times per interim in the 2017 and 2018 interims and may introduce up to five bills during each of the 2018 and 2019 legislative sessions. Subject to available appropriations, requires the committee to contract with a private entity to assist in gathering information for the study and analyzing the chosen issues. For FY 2017-18, appropriates $380,869 cash funds from the State Public School Fund and 0.4 FTE to the Legislative Department.

2018 SESSION BILLS

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

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

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

H.B. 18-1019 (K-12 ACCREDITATION WEIGHTED FACTORS): Requires the Department of Education to calculate participation in advanced placement (AP) courses or concurrent enrollment when determining accreditation categories for public schools and school districts. Beginning in FY

2020-21, the bill requires the Department to calculate a score for the statewide accountability system's postsecondary and workforce readiness indicator based on the percentage of students who successfully complete either: (1) an AP course in a subject other than English language arts or mathematics and earn a score of three or higher on the end of year AP exam; or (2) a concurrent enrollment course in a subject other than English language arts or mathematics and earn a grade of "B" or higher in the course. For FY 2018-19, appropriates $30,000 General Fund to the Department of Education.

H.B. 18-1070 (ADDITIONAL PUBLIC SCHOOL CAPITAL CONSTRUCTION FUNDING): Diverts additional marijuana excise tax revenue to the Public School Capital Construction Assistance Fund which supports the Building Excellent Schools Today (BEST) Program. Current law deposits the first $40.0 million in annual marijuana excise tax funds to the Public School Capital Construction Assistance Fund to support lease purchase payments and cash grants under the BEST Program and deposits any amount above the $40.0 million into the Public School (Permanent) Fund. Beginning in FY 2018-19, this bill increases the diversion of marijuana excise tax revenues to the Public School Capital Construction Assistance Fund to the greater of $40.0 million or 90.0 percent of total excise tax revenues. For FY 2018-19, appropriates $34.0 million cash funds from the Public School Capital Construction Assistance Fund to the Department of Education to support the BEST Program, including $19.0 million for lease purchase payments and $15.0 million for cash grants.

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

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

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

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

- Reduces appropriations for the state share of districts' total program funding by $103,934,329 total funds, including $73,210,538 cash funds from the State Public School Fund and $30,723,791 General Fund.

- Reduces appropriations for hold-harmless full-day kindergarten funding by $4,629 cash funds from the State Education Fund.
- Transfers $30,723,791 from the General Fund to the State Public School Fund.

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

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

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

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

- Increases the *statewide base per pupil funding* amount from $6,546.20 to $6,768.77 (3.4 percent) to account for the annual change in the Denver-Boulder-Greeley consumer price index in CY 2017.
- Reduces the dollar value of the budget stabilization factor by $150.0 million from FY 2017-18 ($822.4 million) to FY 2018-19 ($672.4 million).
- Specifies that the dollar value of the budget stabilization factor in FY 2019-20 cannot exceed its value in FY 2018-19.

- Adds 1,000 half-day slots to the Early Childhood At-risk Enhancement (ECARE) program, equal to 500.0 student FTE.
- Requires the Department of Education to distribute $30.0 million to eligible rural school districts and rural institute charter schools and specifies the method of distribution.
- Modifies the distribution of funding under the English Language Proficiency Act categorical program to allocate funds proportionately, based on the number of students who have no or limited English proficiency and the number of students who have been designated as fluent but require continued monitoring.
- Modifies core course level participation and performance reporting requirements.

Makes the following appropriations to the Department of Education for FY 2018-19: (1) $159,313,868 total funds for the state share of districts' total program funding (including $123,428,205 General Fund, $30,723,791 cash funds from the State Public School Fund, and $5,161,872 cash funds from the State Education Fund); (2) $30.0 million cash funds from the State Education Fund for distribution to rural school districts and rural institute charter schools on a per pupil basis; and (3) $191,043 cash funds from the State Education Fund for hold-harmless full-day kindergarten funding.

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

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

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

APPENDIX C
FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

4 Department of Education, Assistance to Public Schools, Public School finance, State Share of Districts' Total Program Funding -- 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 2018-19 It is the intent of the General Assembly that the Department of Education be authorized to utilize up to $3,727,500 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 500 FTE participants funded at a rate of $7,455 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

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

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

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

Similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

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

5 Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance, Capital Construction, Public School Capital Construction Assistance Board – Cash Grants – This appropriation remains available until the completion of the project or the close of FY 2012-10, whichever comes first. At project completion or the end of the three-year period, any unexpected balance reverts to the Public School Capital Construction Assistance Fund.

COMMENT: This footnote makes funding appropriated to the Building Excellent Schools Today (B.E.S.T.) Program for cash grants available for up to three years to allow for the completion of projects requiring funding for more than a single fiscal year.

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 $440,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and $120,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

COMMENT: This footnote has been included for several years to express the General Assembly's intent concerning this appropriation. The Department annually contracts 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 currently 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. In FY 2012-13, the General Assembly increased the allocation for the contract with AINC from $200,000 per year to $300,000. The General Assembly added $10,000 for FY 2014-15 and an additional $50,000 for FY 2015-16, for a total of $360,000. The amount now stands at $440,000.

The remaining funding (currently $120,000) 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.

7 Department of Education, Library Programs, State Grants to Publicly-Supported Libraries 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 added this footnote to the FY 2013-14 Long Bill and has continued it in each subsequent Long Bill. The Department reports that approximately 80 percent of grantees used grant funds to support early literacy efforts in FY 2017-18. The remaining 20

percent, which tend to be academic libraries and some school districts, purchased educational resources that did not fit a strict definition of early literacy.

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 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 program for FY 2013-14 with an appropriation of $2.0 million General Fund to the State Grants to Publicly-Supported Libraries Fund line item and $2.0 million reappropriated funds for the State Grants to Publicly-Supported Libraries Program line item. The General Assembly continued that level of funding in FY 2014-15. In FY 2015-16, the General Assembly eliminated the dual line item structure of the program and appropriated $2.5 million General Fund directly to the State Grants to Publicly-Supported Libraries Program, an increase of $500,000 above the prior year appropriation. The Department has used the $500,000 increase to increase the base amount for every grant recipient. The program awarded $2,462,000 to 316 grantees statewide (representing 96.7 percent of 327 potential applicants) in FY 2017-18, with a base amount of $3,500 per grantee (regardless of the size of the population served) and additional amounts on a per capita basis.

UPDATE ON REQUESTS FOR INFORMATION

2 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 2017-18 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 2016-17 and actual district expenditures for each program in fiscal year 2016-17. 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 2016-17 and actual district expenditures in fiscal year 2016-17.

COMMENT: The Department provided the requested information, which is summarized below.

Background Information: Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs (in aggregate) 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. The General Assembly

determines on an annual basis how to finance this increase and how to allocate the required increase among the various categorical programs. The annual Long Bill includes at least the minimum required increase in state funding for categorical programs. Thus, the Joint Budget Committee makes a recommendation to the General Assembly each year concerning the allocation of these funds. This footnote is intended to provide the Committee with data to inform this decision.

Please note that pursuant to S.B. 07-199 [Section 22-55-107 (3), C.R.S.], the House and Senate Education Committees may submit to the Joint Budget Committee a joint recommendation regarding the allocation of the required state funding increase for categorical programs for the next budget year. The Joint Budget Committee is required to consider such a recommendation when developing the Long Bill for the following budget year. The Education Committees have not submitted any such recommendations to date.

Statutory Reimbursement Formula: State funding is provided through a statutory formula for five categorical programs. Table A provides a comparison of the state funding available and the maximum statutory reimbursement for each of these programs for FY 2016-17. Based on this comparison, state funding for English language proficiency programs (including both categorical funding and $27.0 million appropriated to the English Language Learners Professional Development and Student Support Program) was the least adequate in FY 2017-18, covering 46.0 percent of the maximum appropriation for that year.

TABLE A: MAXIMUM AMOUNT OF STATE FUNDS DISTRICTS WERE STATUTORILY ELIGIBLE TO RECEIVE FOR FY 2017-18					
LONG BILL LINE ITEM	DESCRIPTION OF WHAT DETERMINES MAXIMUM STATE FUNDING	TOTAL STATE FUNDS	MAXIMUM STATE FUNDING	PERCENT OF MAXIMUM COVERED BY STATE FUNDS	ESTIMATED INCREASE REQUIRED TO FUND STATUTORY MAXIMUM
District Programs Required by Statute					
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	$168,911,420	$246,361,000	68.6%	$77,449,580
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	46,903,950	101,931,152	46.0%	55,027,202
Other Categorical Programs (with specified statutory reimbursement levels)					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	58,325,859	99,506,414	58.6%	41,180,555
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	26,875,279	26,164,481	102.7%	(710,798)
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	1,076,550	1,314,210	81.9%	237,660
TOTAL					$173,184,199

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: $119,212,500 ($1,250 for each student with disabilities); $123,846,000 (assuming districts received $6,000 per student for 100 percent of the 20,846 students with specified disabilities, rather than for 33.9 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/ The State funds provided for the English Language Proficiency Program in FY 2017-18 include $19,903,950 provided through the English Language Proficiency Program categorical program and $27,000,000 distributed through the English Language Learners Professional Development and Student Support program which is outside of the categorical program but offsets districts' costs to provide services to English language learners.

Percent of Actual Expenditures Covered by State and Federal Funds: Table A compares available state funding to the amount of state funding that districts are eligible to receive pursuant to state statute. However, these statutory formulas are generally designed to cover only a portion of districts' costs. One should also consider a comparison of actual district expenditures on categorical programs to the amount of state and federal funding available for categorical programs.

Table B provides a comparison of actual district expenditures for categorical programs to available state and federal funding. Based on the availability and relevance of district expenditure data, the table excludes data for three programs: Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education. The data are derived from the Department's response to this request for information.

This analysis indicates that districts spent $1.1 billion in FY 2016-17 on five categorical programs, over and above state and federal funding made available for these programs – the equivalent of 17.0 percent of districts' total program funding for FY 2016-17. Districts spent the largest portion of their total program funding to provide special education services to children with disabilities ($612.6 million), followed by English language proficiency programs ($185.8 million) and public school transportation services ($185.1 million).

TABLE B: CATEGORICAL PROGRAM REVENUES AND EXPENDITURES: FY 2016-17						
LONG BILL LINE ITEM	(a) STATE FUNDS	(b) FEDERAL FUNDS	(c) = (a) + (b) TOTAL STATE AND FEDERAL FUNDS	(d) TOTAL DISTRICT EXPENDITURES	(e) = (c)/(d) STATE/FEDERAL SHARE OF EXPENDITURES	(f) = (d) - (c) LOCAL SHARE OF EXPENDITURES
District Programs Required by Statute						
Special Education - Children with Disabilities a/	$200,996,791	$151,458,726	$352,455,517	$965,037,808	36.5%	$612,582,291
English Language Proficiency Program b/	43,594,726	8,501,936	52,096,662	237,855,399	21.9%	185,758,737
Other Categorical Programs						
Public School Transportation	56,958,567	0	56,958,567	242,083,532	23.5%	185,124,965
Career and Technical Education	26,898,695	5,922,487	32,821,182	108,270,933	30.3%	75,449,751
Special Education - Gifted and Talented Children	9,727,221	0	9,727,221	32,394,936	30.0%	22,667,715
TOTAL						**$1,081,583,459**

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

b/ State funding includes money provided through the English Language Learners Professional Development and Student Support Program.

7 Department of **Human Services**, Department of **Education**, – The Departments are requested to submit on or before November 1, 2018 a report to the Joint Budget Committee concerning the agreement between the two Departments on the Part C Child Find program including: the process used, the outcomes of the process, the Department's interpretation on how the process progressed, and the anticipated outcomes of the process.

COMMENT: The Departments submitted the requested report, including a copy of the interagency agreement between the Department of Human Services and the Department of Education directing the course of the joint evaluation of the Child Find process. Staff anticipates that the Departments will submit the second required report (see the following request for information) by June 1, 2019. However, staff also notes that external stakeholders (outside of the two state departments) continue to express concern about a lack of consultation or any formal participation in the process to date.

8 Department of **Human Services**, Department of **Education**, – The Departments are requested to submit on or before June 1, 2019 a report to the Joint Budget Committee concerning the breakdown of the costs of Part C Child Find evaluations, including the cost per evaluator, cost per evaluation, cost per geographic area, and cost by expertise for each evaluation.

COMMENT: The report is due by June 1, 2019, and the Departments expect to provide the report by that time.

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, 2018, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2017-18: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that are attributable to the Program.

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

https://www.cde.state.co.us/cpp/2018legreport

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

The number of school districts participating in the CPP has increased from 32 in FY 1988-89 to 174 (of 178) in FY 2017-18; the State Charter School Institute also participates in the CPP. The four school districts that are not currently participating are small, rural districts, including Elbert – Agate, Otero – Manzanola, Otero – Swink, and Washington – Lone Star.

Total Number of Slots: The number of state-funded half-day preschool program "slots" is limited in statute. Since the program began operating in January 1989, its target population has been expanded and the maximum number of children that may be served has increased from 2,000 to 29,360. The General Assembly increased the number of authorized CPP slots from 14,360 in FY 2006-07 to 16,360 in FY 2007-08 and 20,160 in FY 2008-09. In addition, in FY 2008-09, the General Assembly repealed a provision allowing districts to use some of the CPP slots to provide a full-day kindergarten program, thereby freeing up 2,454 slots to serve additional preschool children. In FY 2013-14, the General Assembly added 3,200 slots through a new program within CPP, called ECARE, which allows school districts to use the slots for half-day preschool, full-day preschool, or to provide full-day kindergarten, depending on the needs of the district. In FY 2014-15, the General Assembly added 5,000 slots to the ECARE program, bringing the total number of CPP slots to 28,360, including 8,200 ECARE slots. Beginning in FY 2018-19, the General Assembly added 1,000 ECARE slots, bringing the total number of CPP slots to 29,360, including 9,200 ECARE slots.

For FY 2017-18, participating districts and the State Charter School Institute received funding to serve a total of 28,360 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 63,452. Thus, on a statewide basis, the total number of CPP slots authorized for FY 2017-18 represented 44.7 percent of the public school kindergarten students.

To put this ratio in perspective, please note that the proportion of the funded pupil count considered "at-risk" in FY 2017-18 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 35.9 percent. If every district had received CPP slots in proportion to its at-risk population entering kindergarten programs the following year (using the number of children in kindergarten programs in FY 2017-18 as a proxy), a total of 22,779 CPP slots would have been necessary. This analysis implies that the State has provided for 5,581 more slots than would have been necessary to provide half-day preschool to all at-risk children (under the School Finance Act definition, which is more restrictive than the CPP eligibility criteria), assuming all slots were used for preschool children rather than kindergarten.

The following table uses the School Finance Act definition of "at-risk" for purposes of estimating the shortfall (or surplus) of CPP *preschool* slots for fiscal years FY 2006-07 through FY 2017-18.

HISTORIC COMPARISON OF STATEWIDE CPP/ECARE SLOTS AND ESTIMATED AT-RISK POPULATION					
FISCAL YEAR	(a) NUMBER OF AUTHORIZED CPP HALF-DAY PRESCHOOL SLOTS	(b) NUMBER OF CHILDREN IN KINDERGARTEN FUNDED THROUGH SCHOOL FINANCE ACT	(c) = a/b RATIO	(d) PERCENT OF CHILDREN CONSIDERED AT-RISK UNDER SCHOOL FINANCE FORMULA	(e) = (b*d)-a NUMBER OF ADDITIONAL SLOTS REQUIRED TO SERVE CHILDREN "AT-RISK" PER FORMULA
2006-07	12,206	60,774	20.10%	31.50%	6,938
2007-08	13,906	61,426	22.60%	31.60%	5,505
2008-09	20,160	63,304	31.80%	32.10%	148
2009-10	20,160	63,457	31.80%	34.80%	1,917
2010-11	20,160	64,483	31.30%	36.60%	3,441
2011-12	20,160	66,263	30.40%	37.10%	4,404
2012-13	20,160	66,844	30.20%	37.50%	4,920
2013-14 a/	23,360	67,137	34.80%	37.60%	1,904
2014-15 b/	28,360	65,296	43.40%	37.10%	-4,135
2015-16 b/	28,360	64,635	43.90%	37.10%	-4,400
2016-17 b/	28,360	64,022	44.30%	36.70%	-4,864
2017-18 b/	28,360	63,452	44.70%	35.90%	-5,581

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

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

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

The following table compares the number of CPP slots allocated to those districts with more than 1,000 pupils in public kindergarten programs with the percent of each district's pupils that are considered "at-risk" for purposes of the School Finance Act. Column (e) provides an estimate of the gap between the number of CPP slots and the number of at-risk pupils. For example, Denver's 4,603 CPP *preschool* slots represent about 67.9 percent of children in kindergarten. However, approximately 58.0 percent of Denver's students are considered "at-risk." Thus, based on this analysis, Denver has 770 more slots than would be expected using the at-risk definition *in the school finance formula*. Please note, however, the statutory criteria used to identify students as eligible for CPP are different than the criteria used in the school finance

formula, so the ratios are inherently somewhat different. For informational purposes, column (f) shows the number of CPP/ECARE slots that each of these districts is using for full-day kindergarten and column (g) shows the total number of CPP/ECARE slots allocated to each district.

LARGE DISTRICT USAGE OF CPP AND ECARE SLOTS IN FY 2017-18

LARGER DISTRICTS (WITH 1,000+ KINDERGARTEN PUPILS)	(a) TOTAL CPP/ECARE PRESCHOOL FUNDED SLOTS (FY 17-18)	(b) KINDERGARTEN FUNDED STUDENTS (FY 17-18)	(c) = a/b RATIO	(d) PERCENT OF PUPILS "AT-RISK" PER SCHOOL FINANCE FORMULA (FY 17-18)	(e) = (b*d)-a GAP BETWEEN NUMBER OF AT-RISK 4-YEAR-OLDS AND CPP PRESCHOOL SLOTS	(f) CPP/ECARE FUNDED KINDERGARTEN SLOTS (FY 17-18)	(g) = (a)+(f) TOTAL CPP/ECARE SLOTS (FY 17-18)
Denver	4,703	6,784	69.32%	57.98%	(770)	1,600	6,303
Arapahoe - Aurora	1,731	2,987	57.95%	62.05%	122	0	1,731
Jefferson	1,614	5,961	27.08%	25.95%	(67)	0	1,614
Pueblo - Pueblo City	1,197	1,317	90.89%	78.42%	(164)	332	1,529
El Paso - Colorado Springs	854	2,182	39.14%	50.01%	237	0	854
Mesa - Mesa Valley	485	1,491	32.53%	39.05%	97	349	834
Adams - Brighton	452	1,368	33.04%	30.80%	(31)	335	787
Adams - Northglenn	693	2,602	26.63%	34.49%	204	0	693
Weld - Greeley	613	1,796	34.13%	57.09%	412	0	613
El Paso - Harrison	396	1,064	37.22%	64.37%	289	92	488
Boulder - Boulder	399	1,926	20.72%	16.88%	(74)	56	455
Arapahoe - Cherry Creek	461	3,659	12.60%	24.06%	419	0	461
Boulder - St. Vrain	450	2,208	20.38%	25.35%	110	0	450
Larimer - Poudre	370	2,195	16.86%	24.50%	168	0	370
Larimer - Thompson	208	1,131	18.39%	31.34%	146	96	304
Douglas	279	4,521	6.17%	9.81%	165	51	330
Arapahoe - Littleton	206	1,021	20.18%	15.35%	(49)	0	206
El Paso - Falcon	125	1,303	9.59%	27.27%	230	0	125
El Paso - Academy	78	1,667	4.68%	10.31%	94	0	78

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

Participation of Children Under Age Four: Since FYU 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning

readiness that is attributable to at least three significant family risk factors. In FY 2017-18, 136 of 174 (78.2 percent) of participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This compares to 133 districts in FY 2016-17.

These districts used 6,531 CPP slots (28.9 percent of CPP preschool slots, not including ECARE slots used for kindergarten) to serve a total of 6,122 children under the age of four.[14] This compares to 6,008 slots in FY 2016-17.

Number of Children Allowed to Use Two Slots: Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. The Department is required to limit the total number of CPP (non-ECARE) slots that can be used for this purpose to five percent of the total. A total of 50 school districts and the State Charter School Institute used 1,711 CPP slots to serve children through a full-day program.

State and Local Funding: The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both state and local funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2017-18.

Statewide, $111.2 million of districts' total program funding was earmarked for CPP/ECARE (1.7 percent of total program funding), including $66.2 million in state funding (59.5 percent of total CPP funding).

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, 2018, 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 2016-17 and 2017-18.

COMMENT: The Department complied with the request and submitted the requested information, which is shown in the tables below.

SUMMARY OF FY 2017-18 BOCES GRANT WRITING ALLOCATIONS PURSUANT TO SEC. 22-2-122 (3), C.R.S.

BOCES	TOTAL ALLOCATIONS	EXPELLED AND AT-RISK STUDENTS	EARLY LITERACY	STATE SCHOOL COUNSELOR CORPS GRANT
East Central	$32,416	$6,863	$14,698	$10,856
Northeast	22,691	22,691	0	0
San Luis Valley	24,312	0	24,312	0
Centennial	21,070	21,070	0	0

[14] This figure includes 418 slots that were used to provide full-day preschool services for three-year-olds, and 417 slots that were used to serve children younger than age three under a pilot waiver.

SUMMARY OF FY 2017-18 BOCES GRANT WRITING ALLOCATIONS PURSUANT TO SEC. 22-2-122 (3), C.R.S.				
BOCES	TOTAL ALLOCATIONS	EXPELLED AND AT-RISK STUDENTS	EARLY LITERACY	STATE SCHOOL COUNSELOR CORPS GRANT
South Central	21,070	0	0	21,070
Southeastern	19,450	0	0	19,450
Pikes Peak	17,829	17,829	0	0
San Juan	12,966	0	12,966	0
Mountain	6,483	6,483	0	0
Northwest	11,346	0	0	11,346
Santa Fe Trail	9,725	0	0	9,725
Uncompaghre	8,104	0	0	8,104
Colorado River	4,862	0	0	4,862
Ute Pass	4,862	0	0	4,862
Mount Evans	4,862	0	0	4,862
Rio Blanco	3,242	0	0	3,242
Front Range	1,621	0	0	1,621
TOTAL	**$226,912**	**$74,936**	**$51,976**	**$100,000**

SUMMARY OF FY 2016-17 BOCES GRANT WRITING ALLOCATIONS PURSUANT TO SEC. 22-2-122 (3), C.R.S.				
BOCES	TOTAL ALLOCATIONS	EXPELLED AND AT-RISK STUDENTS	EARLY LITERACY	STATE SCHOOL COUNSELOR CORPS GRANT
East Central	$32,416	$2,000	$14,698	$15,718
Northeast	25,933	25,933	0	0
San Luis Valley	24,312	0	24,312	0
Centennial	21,070	21,070	0	0
South Central	21,070	0	0	21,070
Southeastern	19,450	0	0	19,450
Pikes Peak	17,829	17,829	0	0
San Juan	12,966	0	12,966	0
Mountain	8,104	8,104	0	0
Northwest	11,346	0	0	11,346
Santa Fe Trail	9,725	0	0	9,725
Uncompaghre	8,104	0	0	8,104
Ute Pass	4,862	0	0	4,862
Mount Evans	4,862	0	0	4,862
Rio Blanco	3,242	0	0	3,242
Front Range	1,621	0	0	1,621
TOTAL	**$226,912**	**$74,936**	**$51,976**	**$100,000**

For FY 2016-17 and FY 2017-18, the General Assembly also appropriated $3,132,785 each year for distributions to BOCES to assist member districts in meeting the State's educational priorities. The Department's response to this request for information also detailed the distribution of those funds. The distributions for each year are shown in the following tables.

DISTRIBUTIONS TO BOCES TO IMPLEMENT STATE EDUCATIONAL PRIORITIES IN FY 2017-18 (SEC. 22-5-122, C.R.S.)	
BOCES	TOTAL ALLOCATIONS
Centennial	$281,493
Pikes Peak	244,566
East Central	231,042
Expeditionary	201,694
South Central	200,456

DISTRIBUTIONS TO BOCES TO IMPLEMENT STATE EDUCATIONAL PRIORITIES IN FY 2017-18 (SEC. 22-5-122, C.R.S.)	
BOCES	TOTAL ALLOCATIONS
San Luis Valley	190,708
Northeast	165,274
Southeastern	164,802
Adams County	136,198
San Juan	134,378
Front Range	133,122
Northwest	126,027
Mountain	120,388
Santa Fe Trail	116,870
Colorado River	111,725
Grand Valley	111,715
Uncompaghre	108,020
Ute Pass	92,750
Mount Evans	92,025
Rio Blanco	83,602
Colorado Digital BOCES	83,145
TOTAL	**$3,130,000**

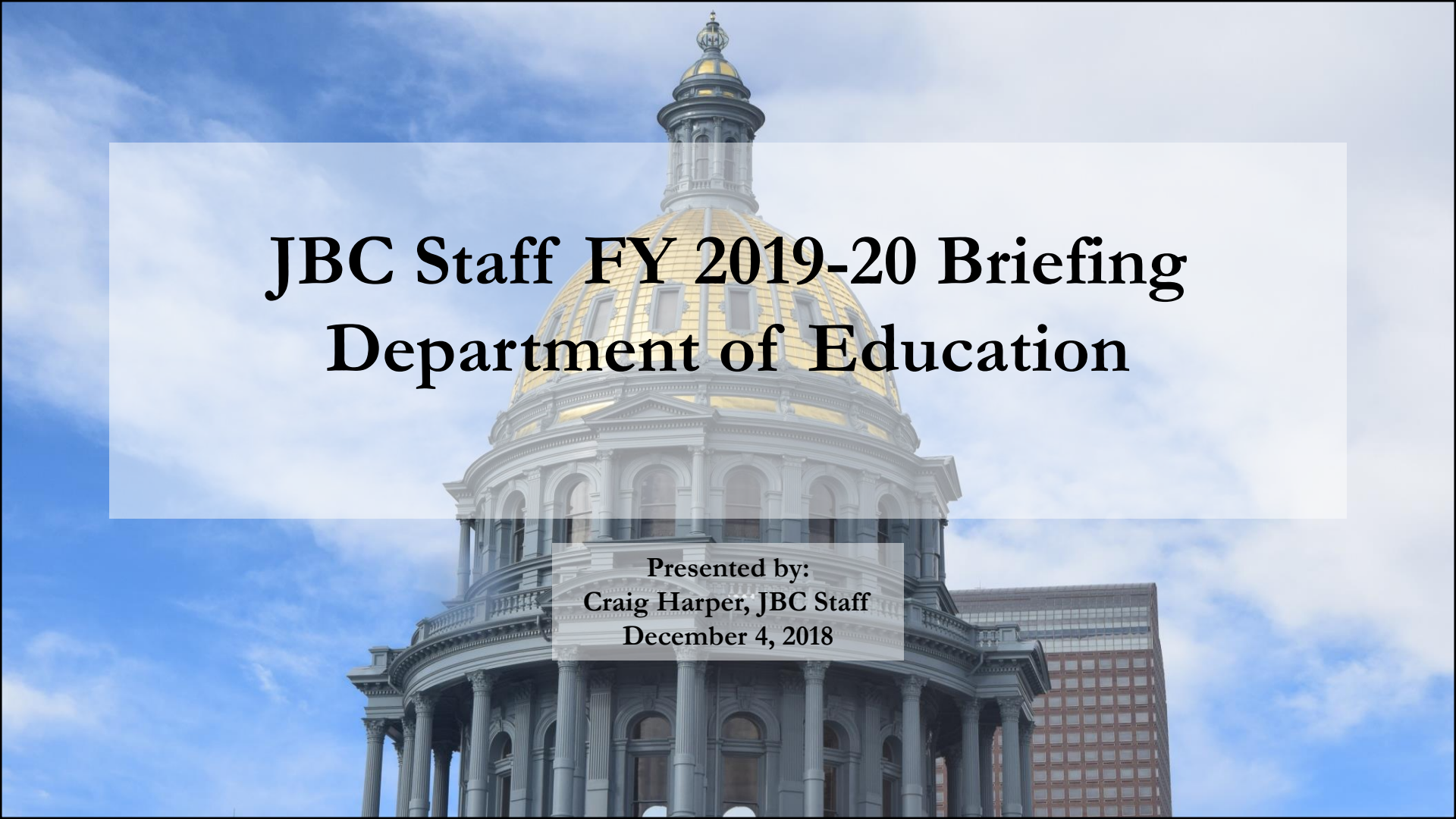
DISTRIBUTIONS TO BOCES TO IMPLEMENT STATE EDUCATIONAL PRIORITIES IN FY 2016-17 (SEC. 22-5-122, C.R.S.)	
BOCES	TOTAL ALLOCATIONS
Centennial	$280,014
Pikes Peak	251,680
East Central	234,715
Expeditionary	214,617
South Central	205,211
San Luis Valley	194,364
Northeast	177,747
Southeastern	168,278
Mountain	152,934
San Juan	147,802
Adams County	142,787
Grand Valley	132,672
Northwest	129,683
Santa Fe Trail	120,115
Uncompaghre	111,455
Front Range	99,765
Ute Pass	96,293
Mount Evans	95,486
Colorado Digital BOCES	87,394
Rio Blanco	86,988
TOTAL	**$3,130,000**

APPENDIX D
DEPARTMENT ANNUAL PERFORMANCE REPORT

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

The Department of Education's FY 2017-18 Annual Performance Report and its FY 2018-19 Performance Plan can both be found at the following link:

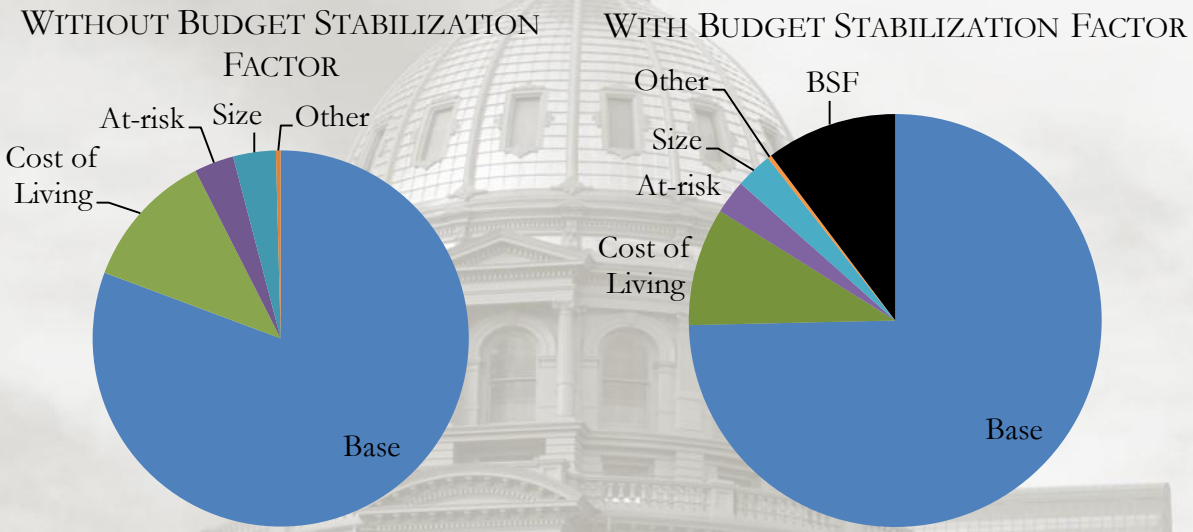
https://www.colorado.gov/performancemanagement/department-performance-plans



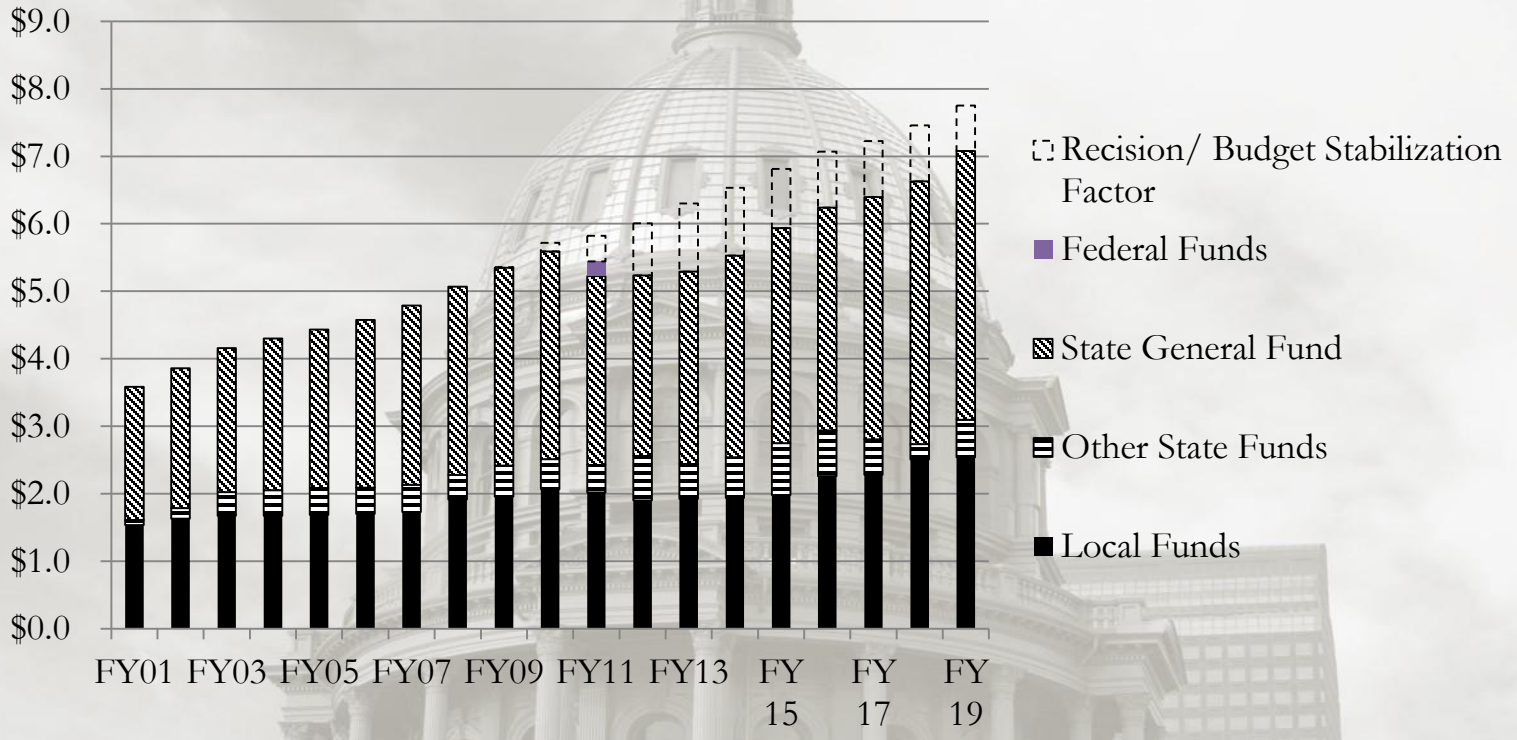
JBC Staff FY 2019-20 Briefing
Department of Education

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

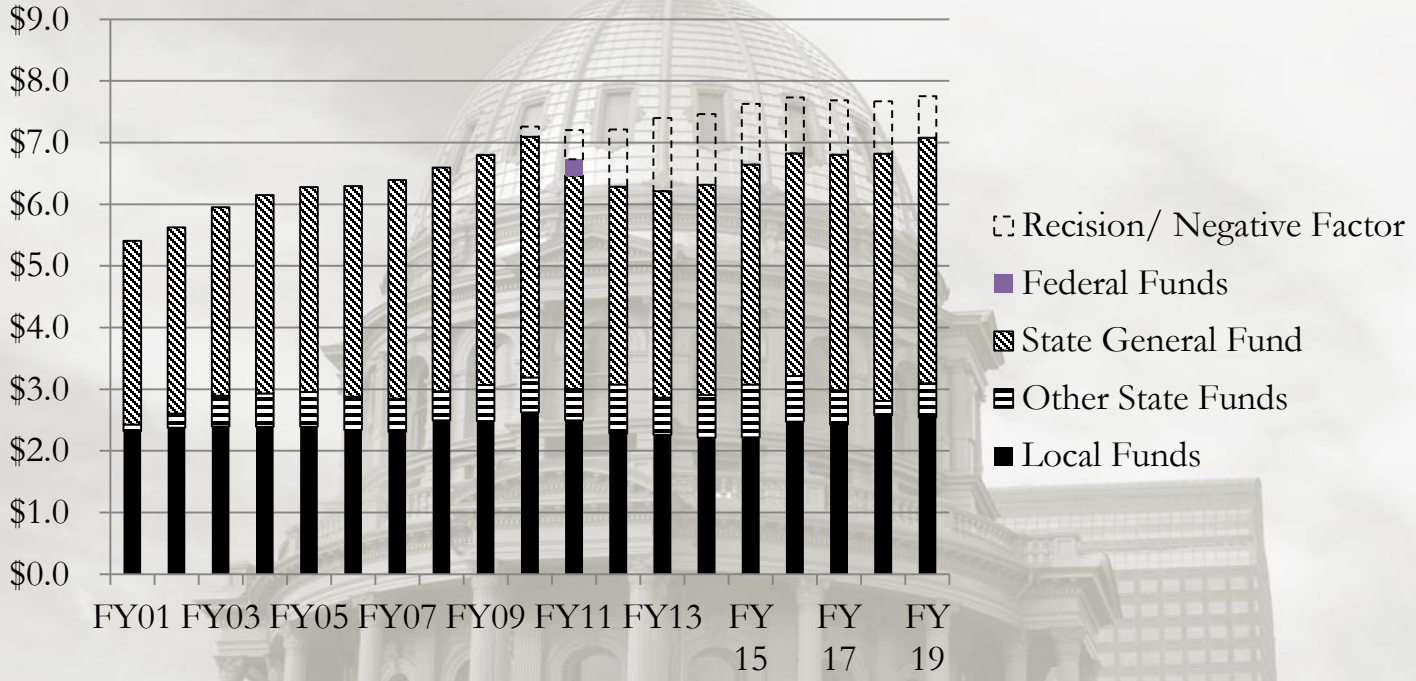
Total Program Funding in FY 2018-19

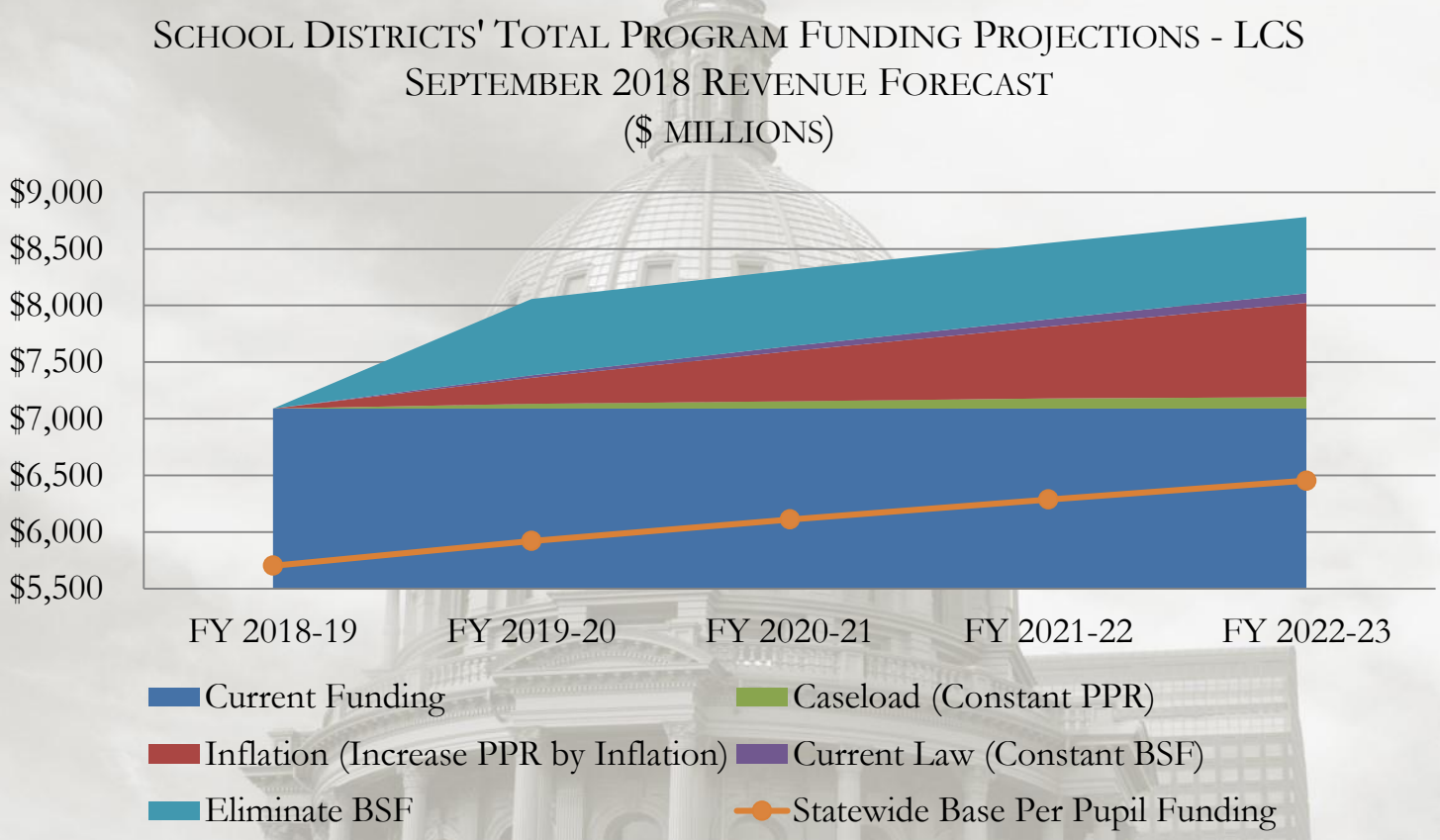


School Districts' Total Program Funding
($ in billions)

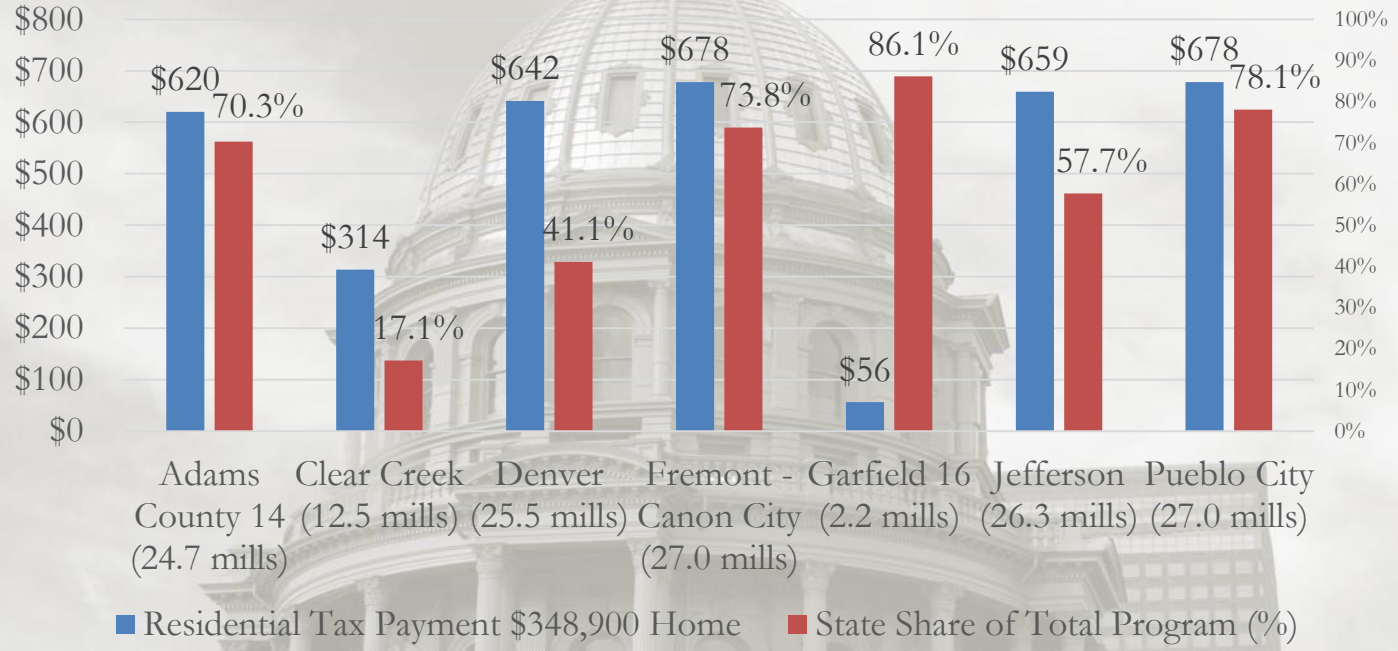


Inflation-adjusted School Districts' Total Program Funding
(2019 $ in billions)




SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING PROJECTIONS - LCS
SEPTEMBER 2018 REVENUE FORECAST
($ MILLIONS)
$9,000
$8,500
$8,000
$7,500
$7,000
$6,500
$6,000
$5,500
FY 2018-19
FY 2019-20
FY 2020-21
FY 2021-22
FY 2022-23
Current Funding
Caseload (Constant PPR)
Inflation (Increase PPR by Inflation)
Current Law (Constant BSF)
Eliminate BSF
Statewide Base Per Pupil Funding

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



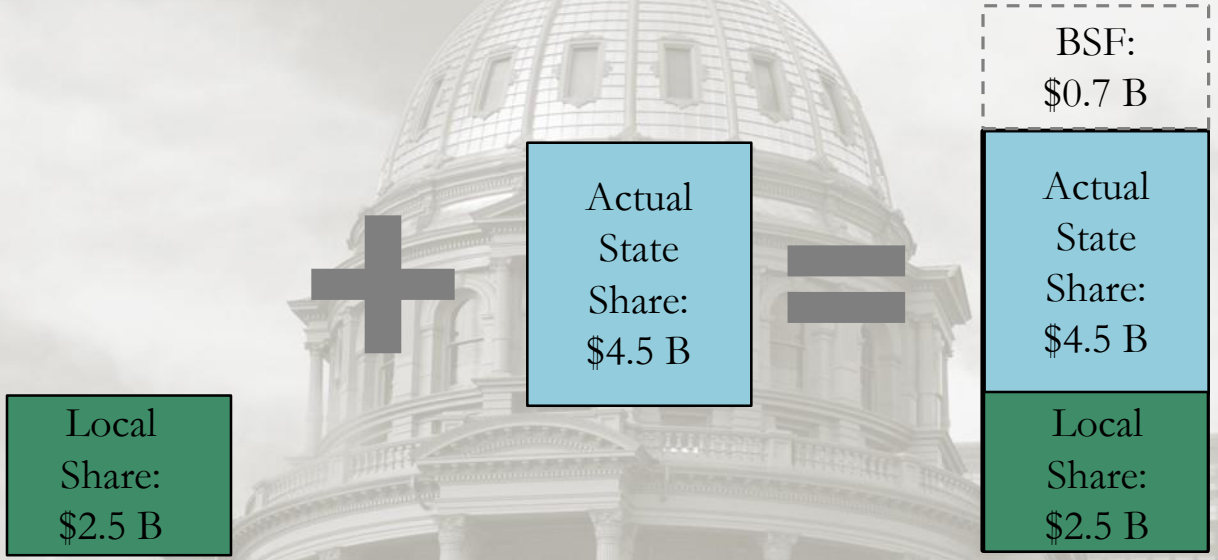
Statutory End Goal: School Finance Formula

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

How We Get There:
Local Share – The Foundation

How We Get There:
State Share – Fills the Gap

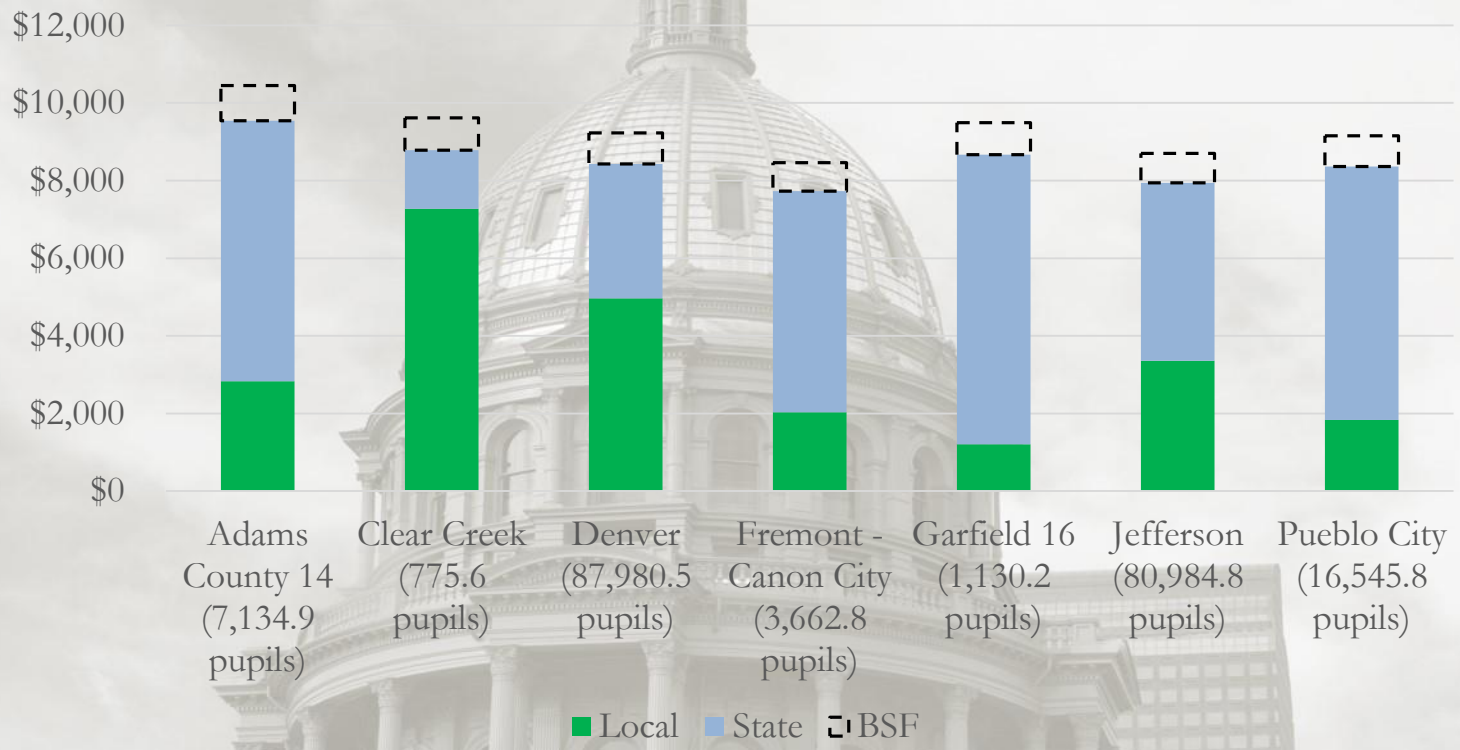
How We Get There: Total Program Funding



Statutory Total Program Goal: $7.8 B

Actual Funding: $7.1 B

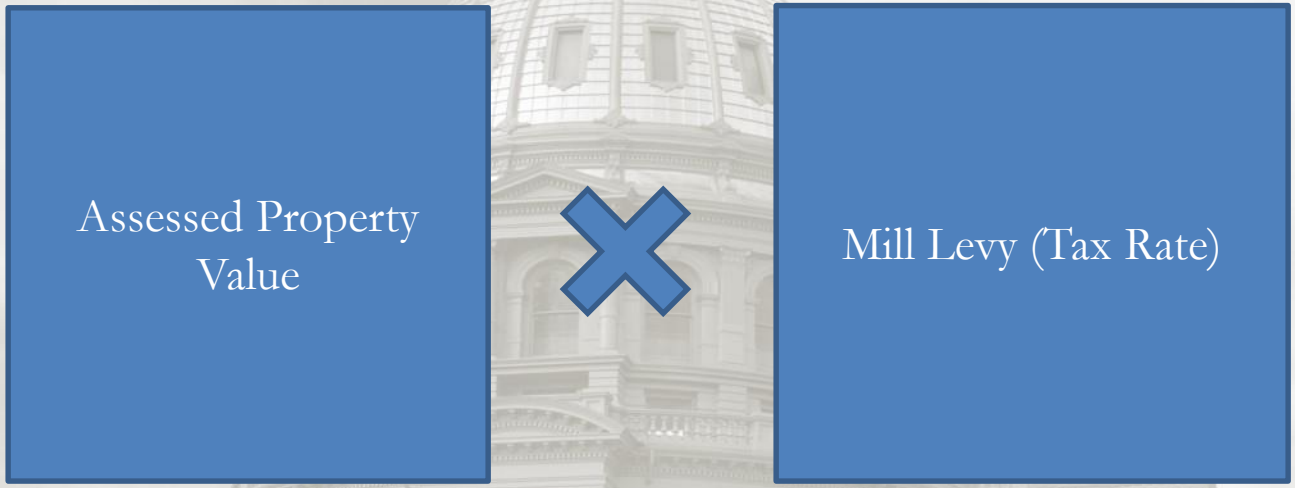
Current FY 2018-19 Total Program Per Pupil Funding



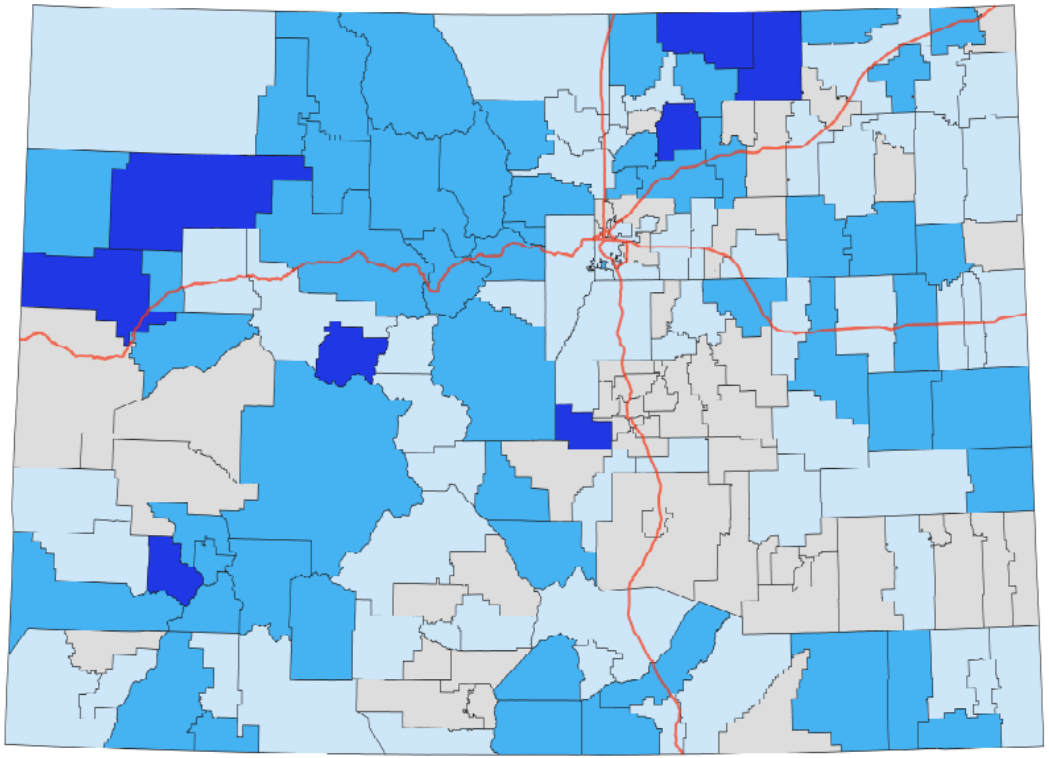
Statewide Local Share:
How We Build the Foundation

Local Share: Property Tax

(Whether You are a Taxpayer or a District)



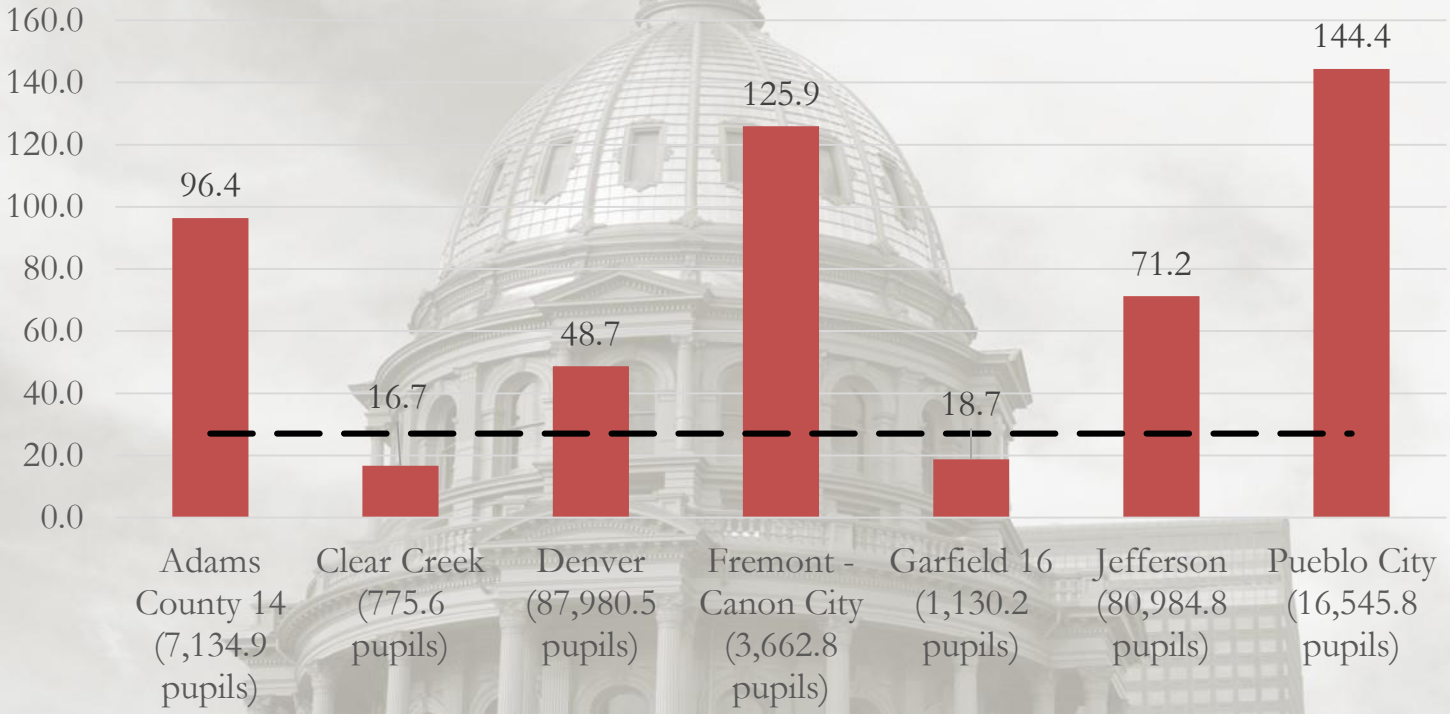
FY 2018-19 Assessed Value Per Pupil



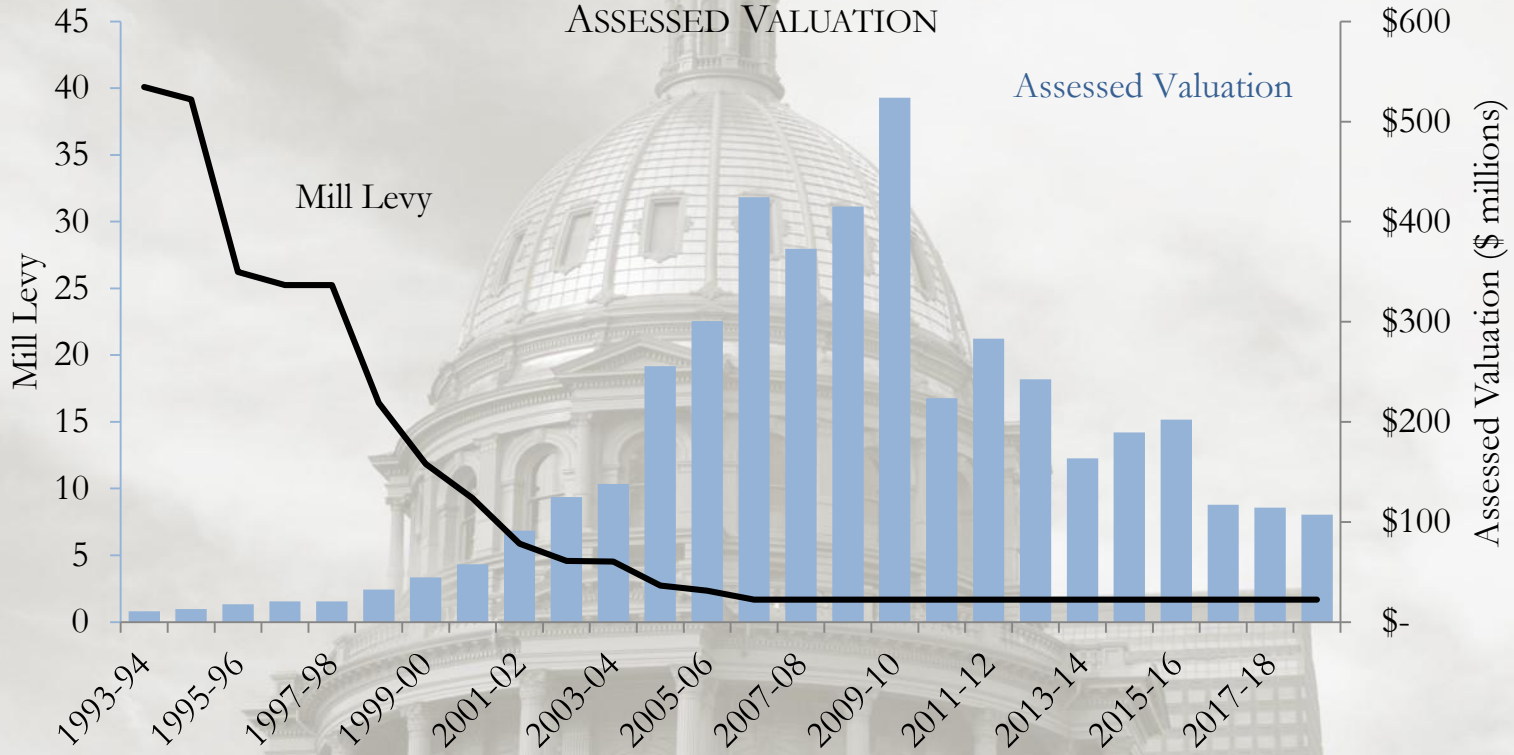
Map prepared by Legislative Council Staff.
Map Date: November 29, 2018

Local Share: Disparities in Capacity

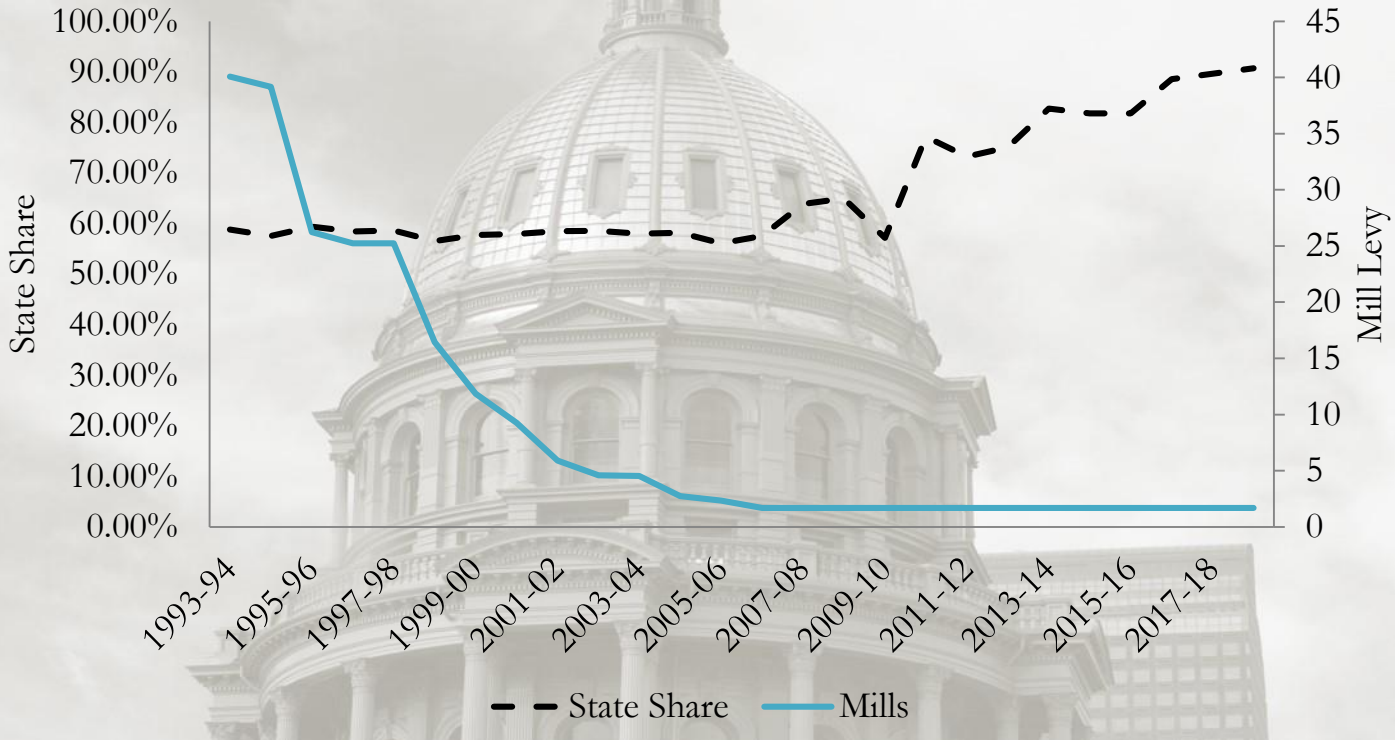
FY 2018-19 Mill Levies Required to Fully Fund Total Program



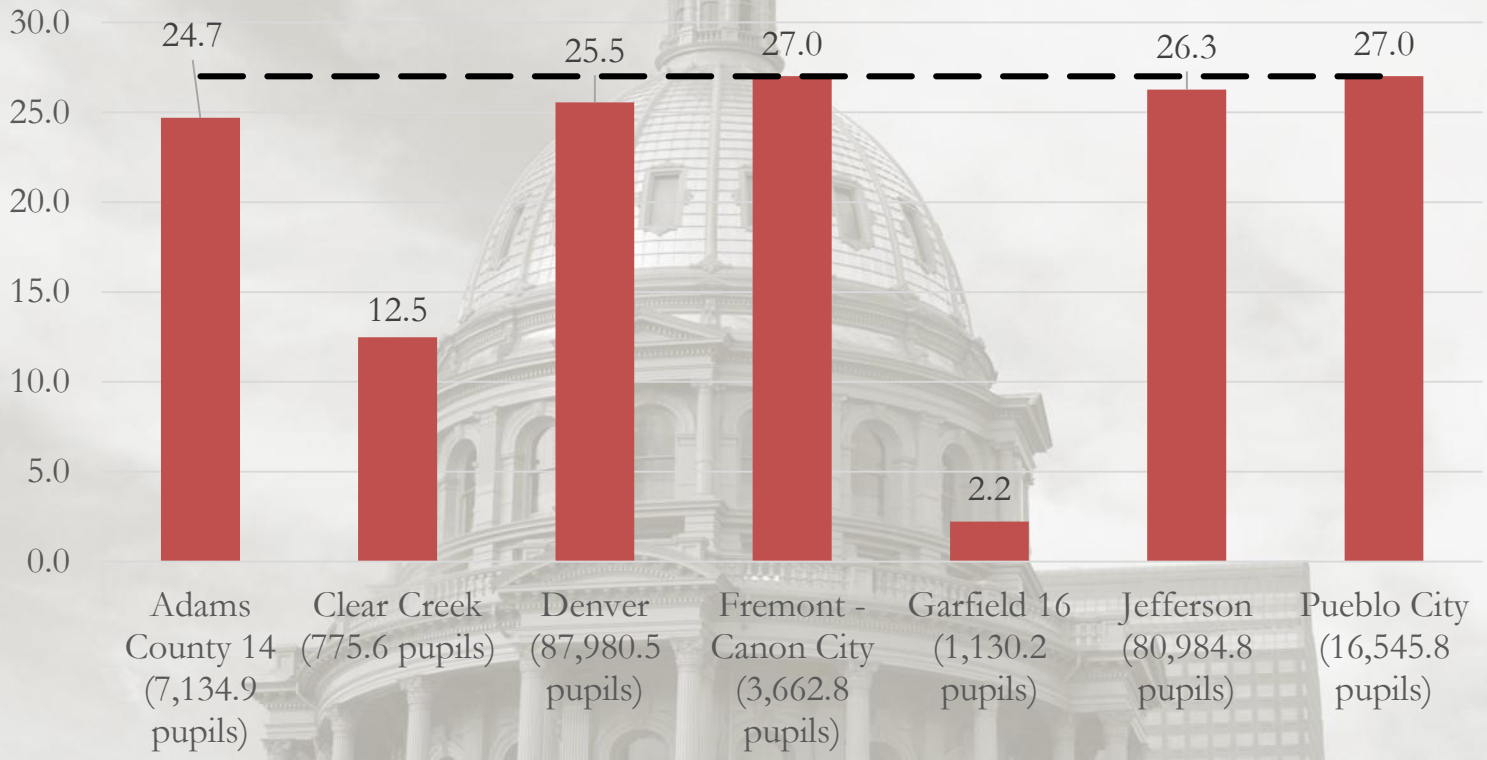
Primero School District Total Program Mill Levy and Assessed Valuation



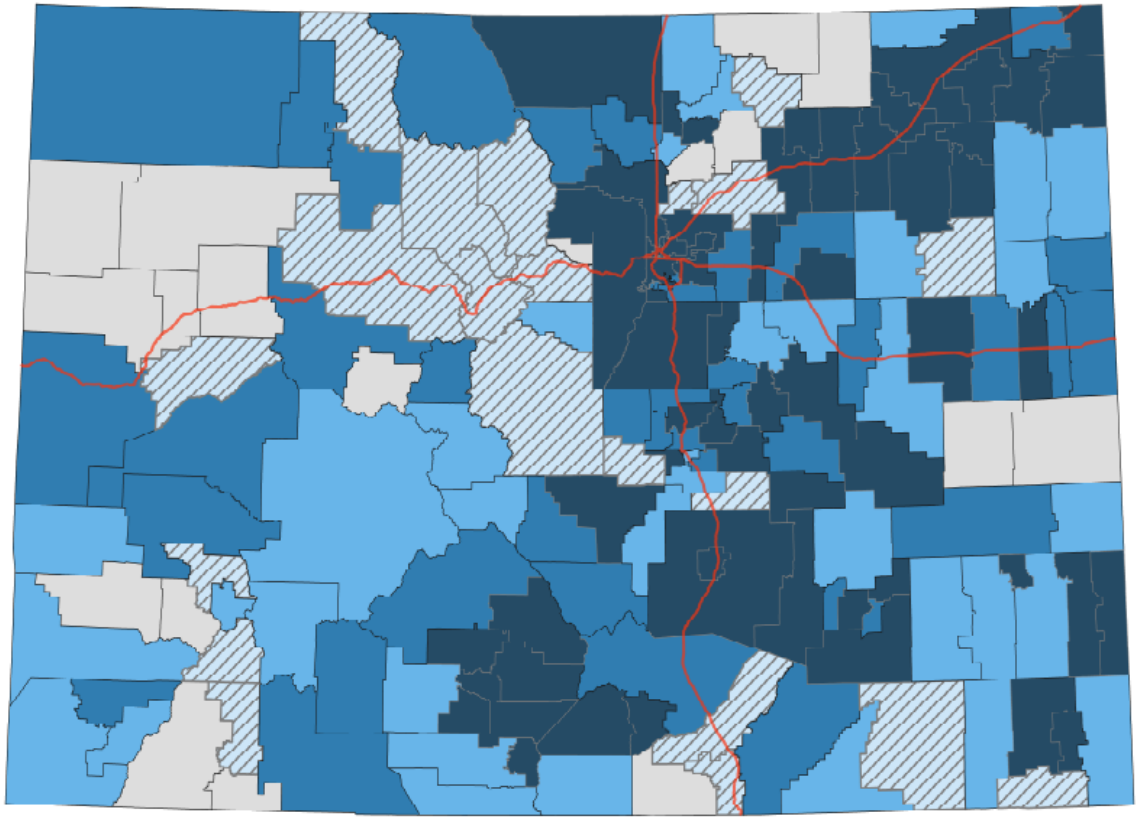
Primero State Share of Total Program and Mill Levy



FY 2018-19 Total Program Mill Levies

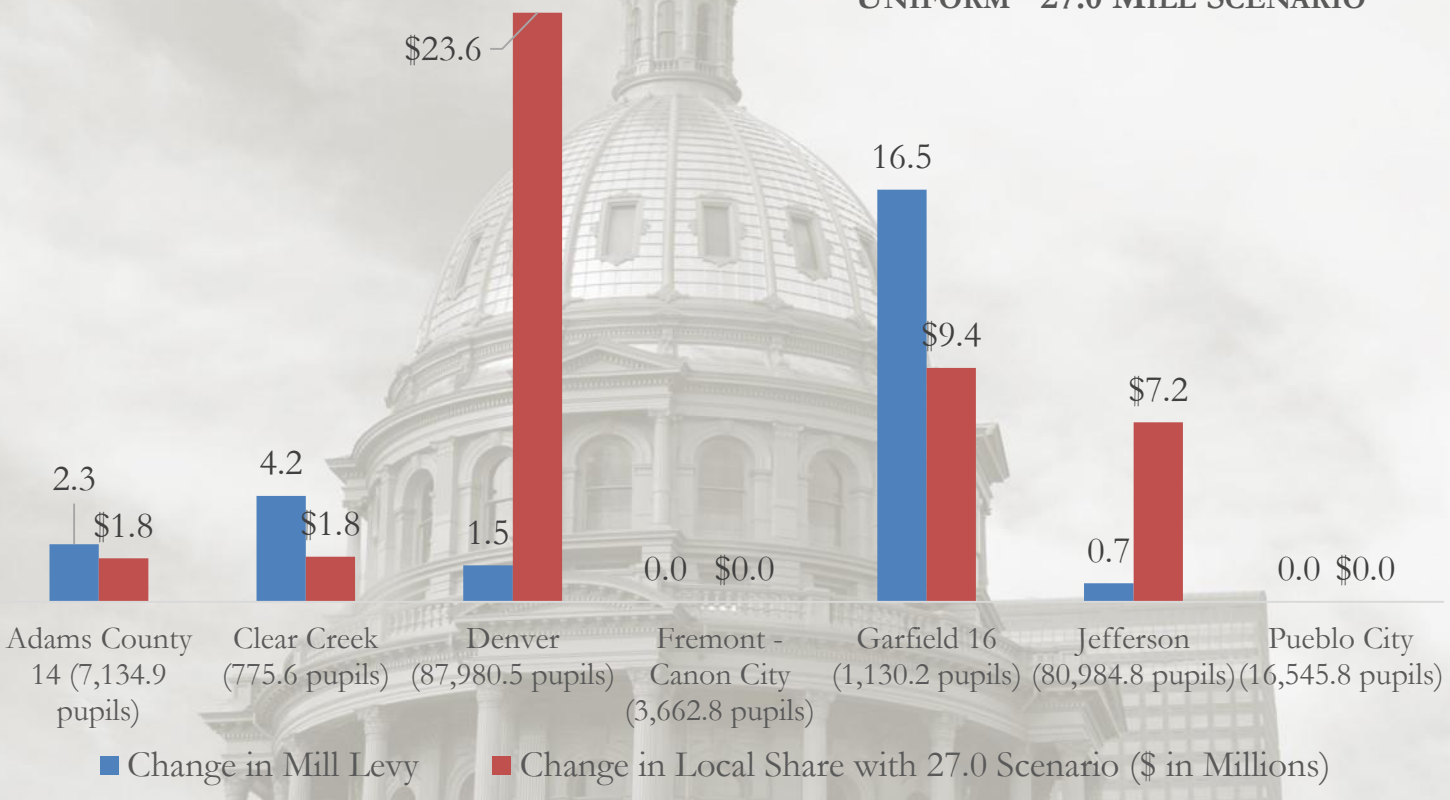


FY 2018-19 Total Program Mill Levies

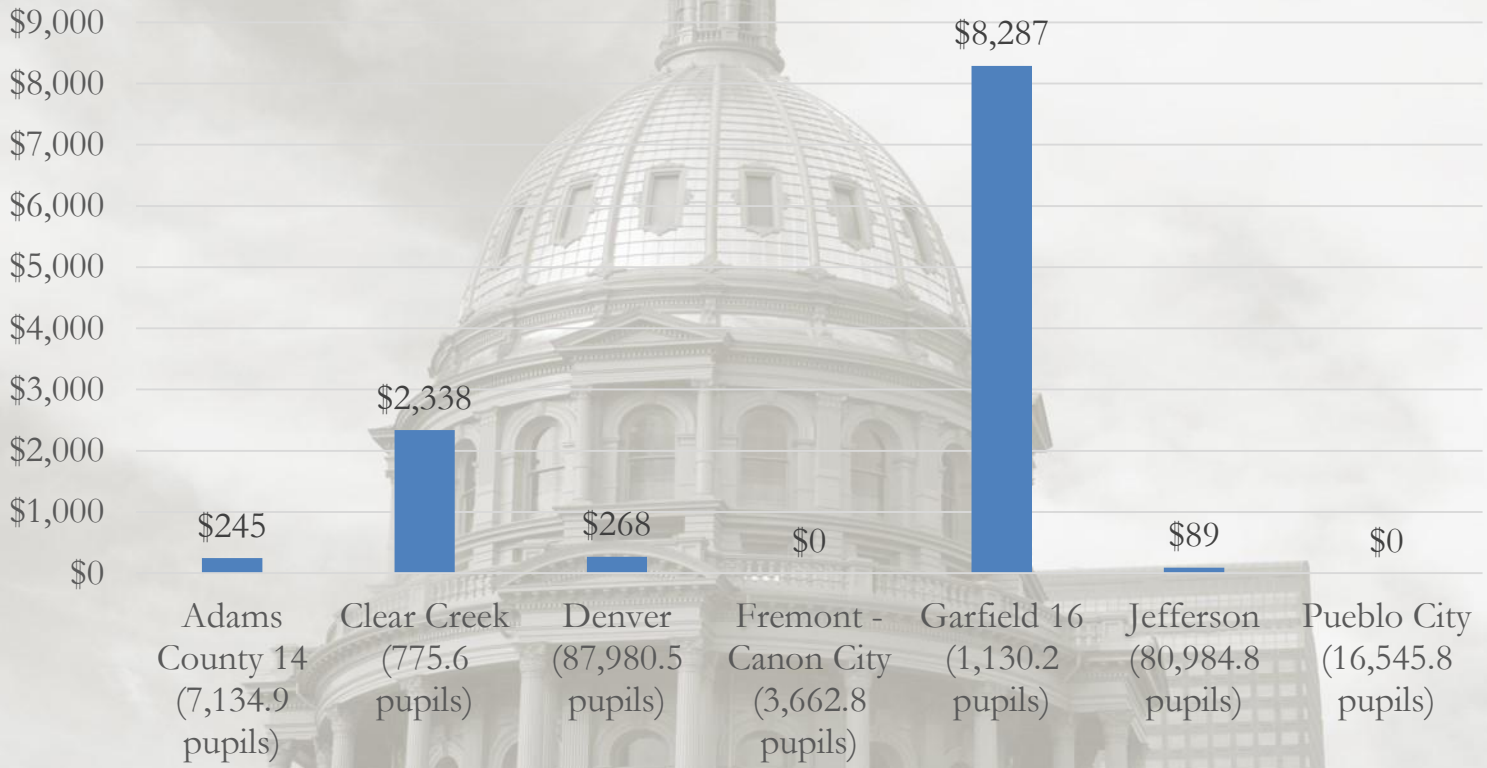


Map prepared by Legislative Council Staff.

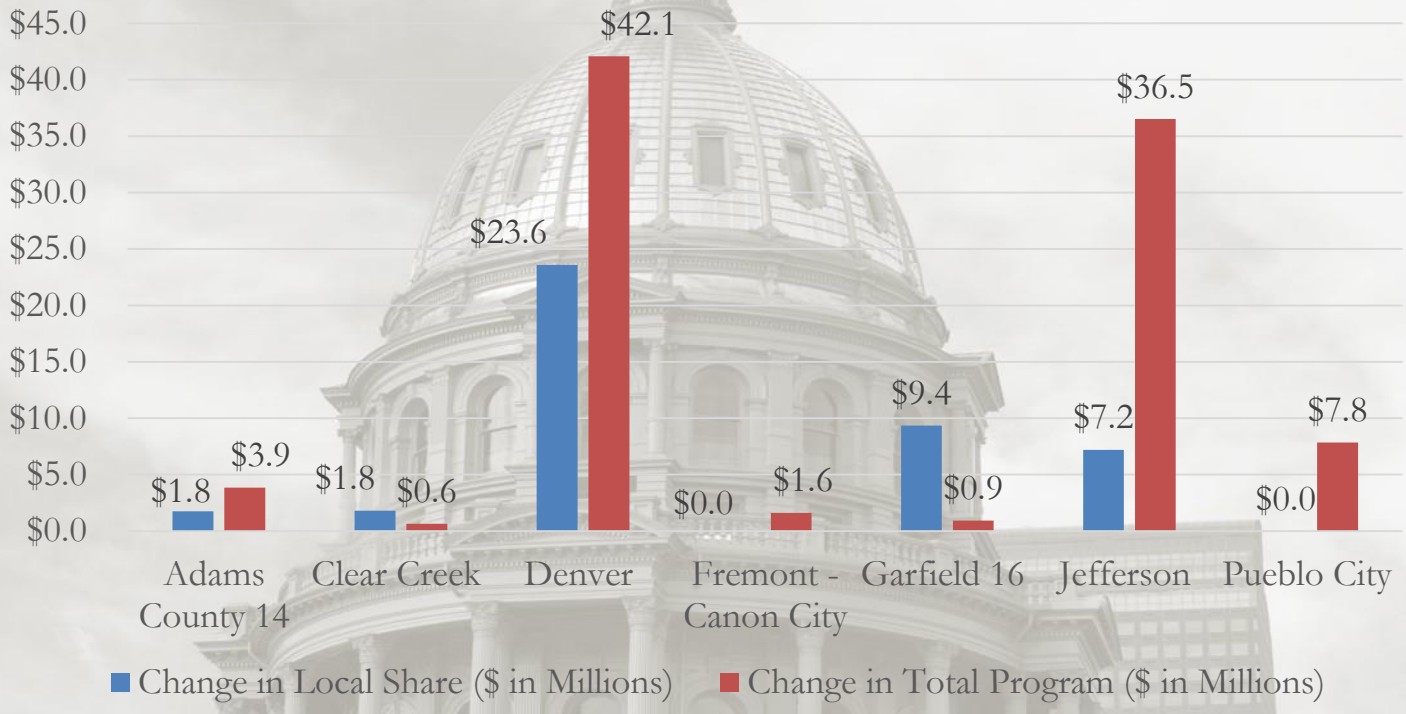
Change in Mill Levy and Change in Local Share ($ in millions)
"Uniform" 27.0 Mill Scenario



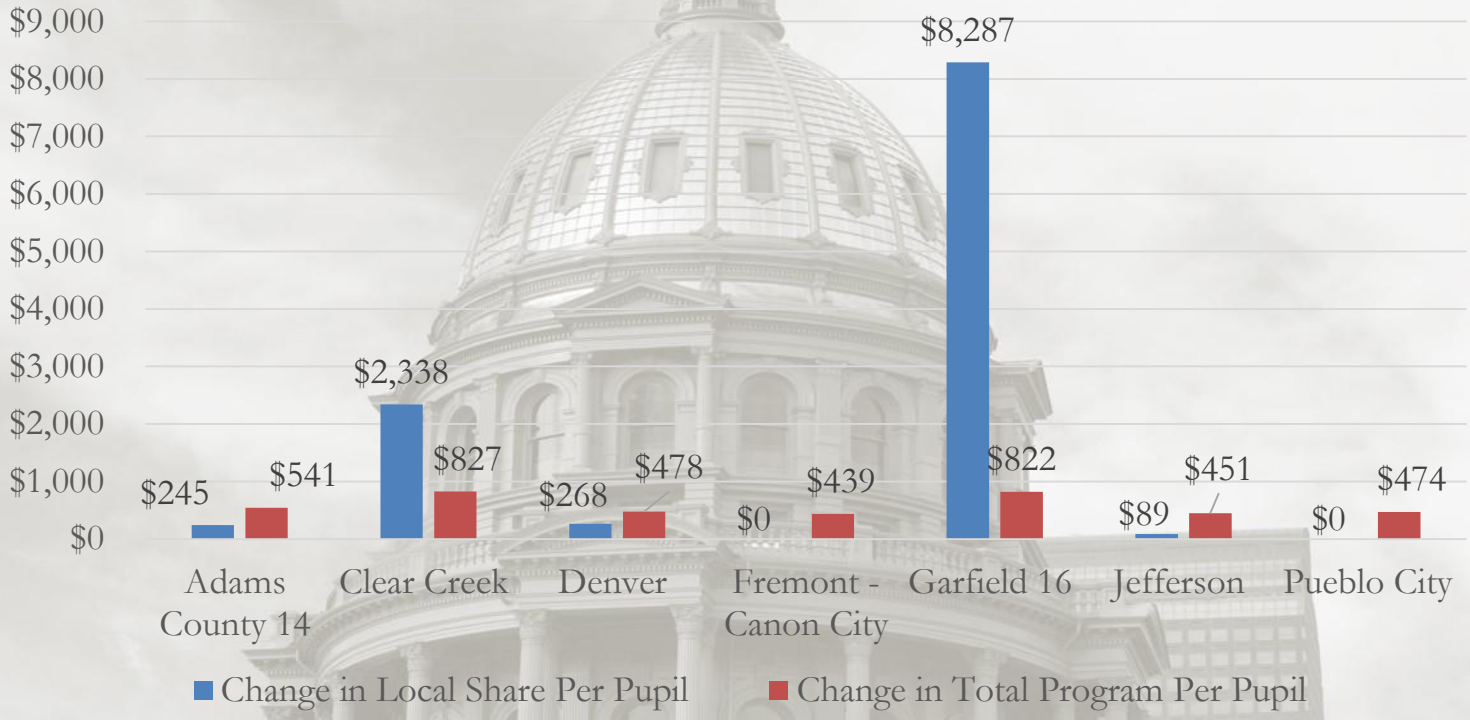
Change in Local Share Per Pupil - 27.0 Mill Scenario



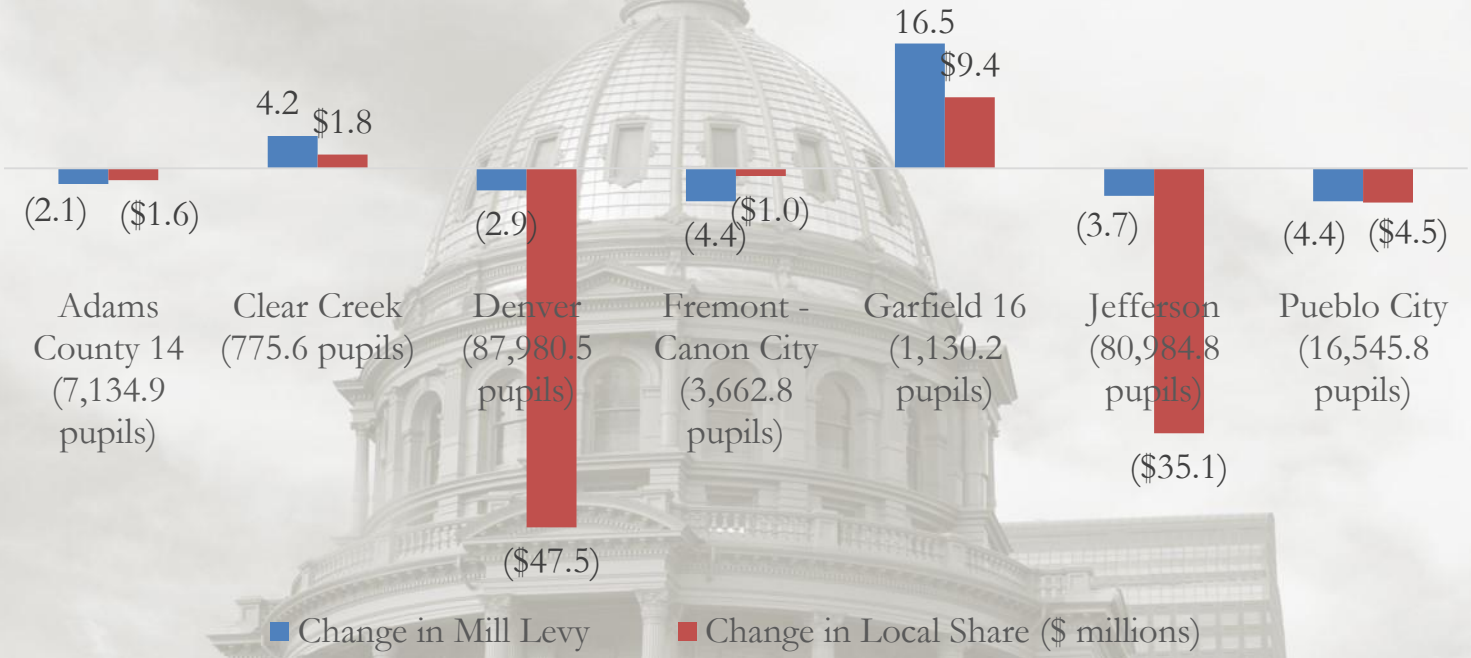
Changes in Local Share and Total Program ($ in Millions)
27.0 Mills Scenario



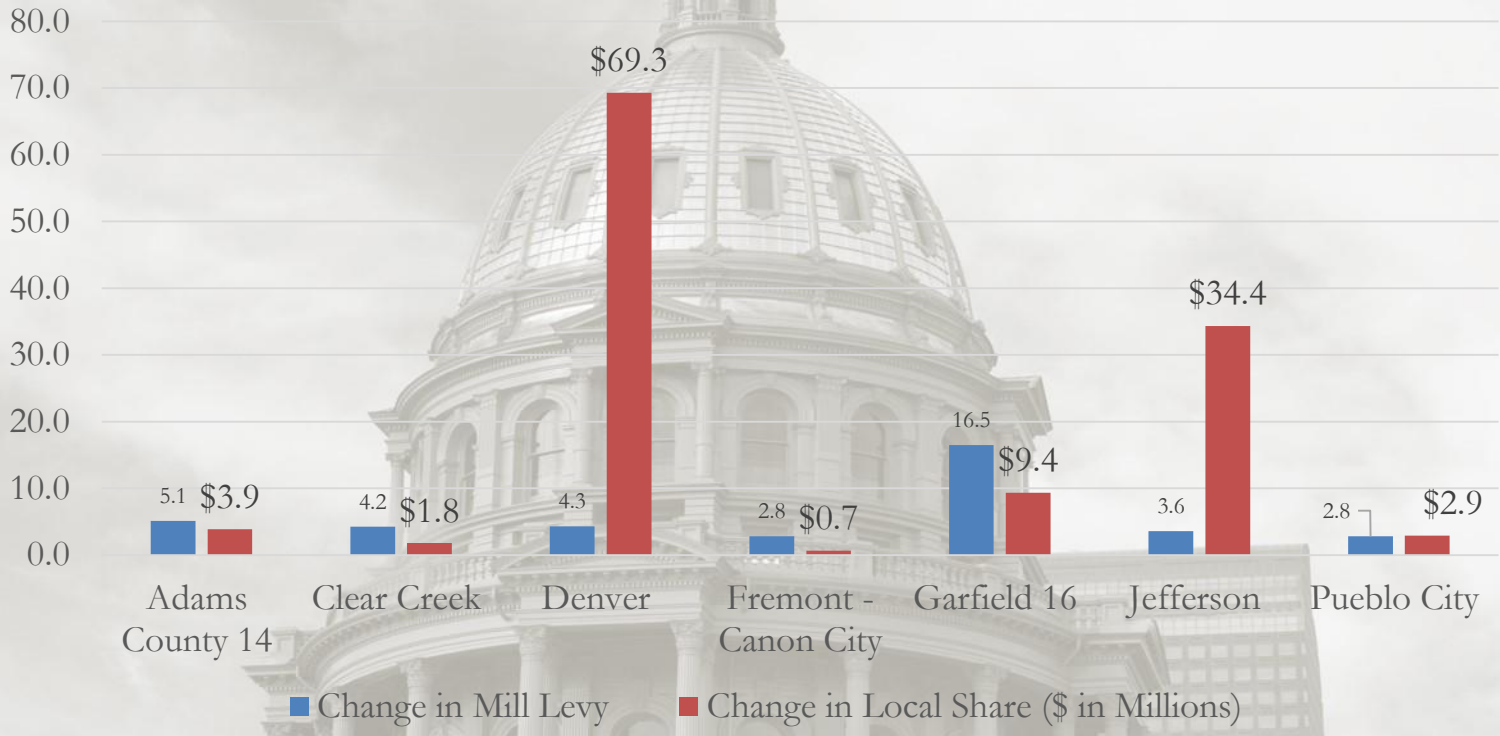
Change in Local Share and Total Program *Per Pupil*
27.0 Mills Scenario



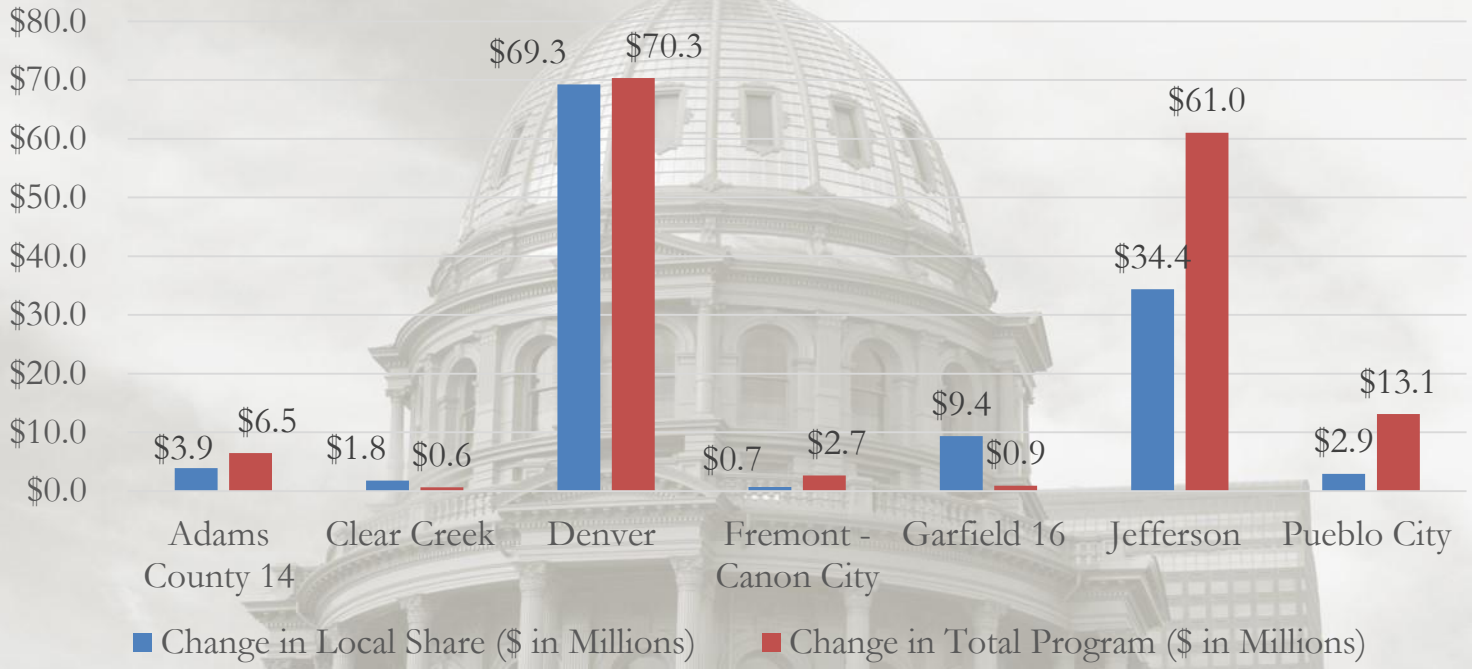
Change in Mill Levy and Local Share - "Revenue Neutral" 22.6 Mill Scenario ($ in millions)



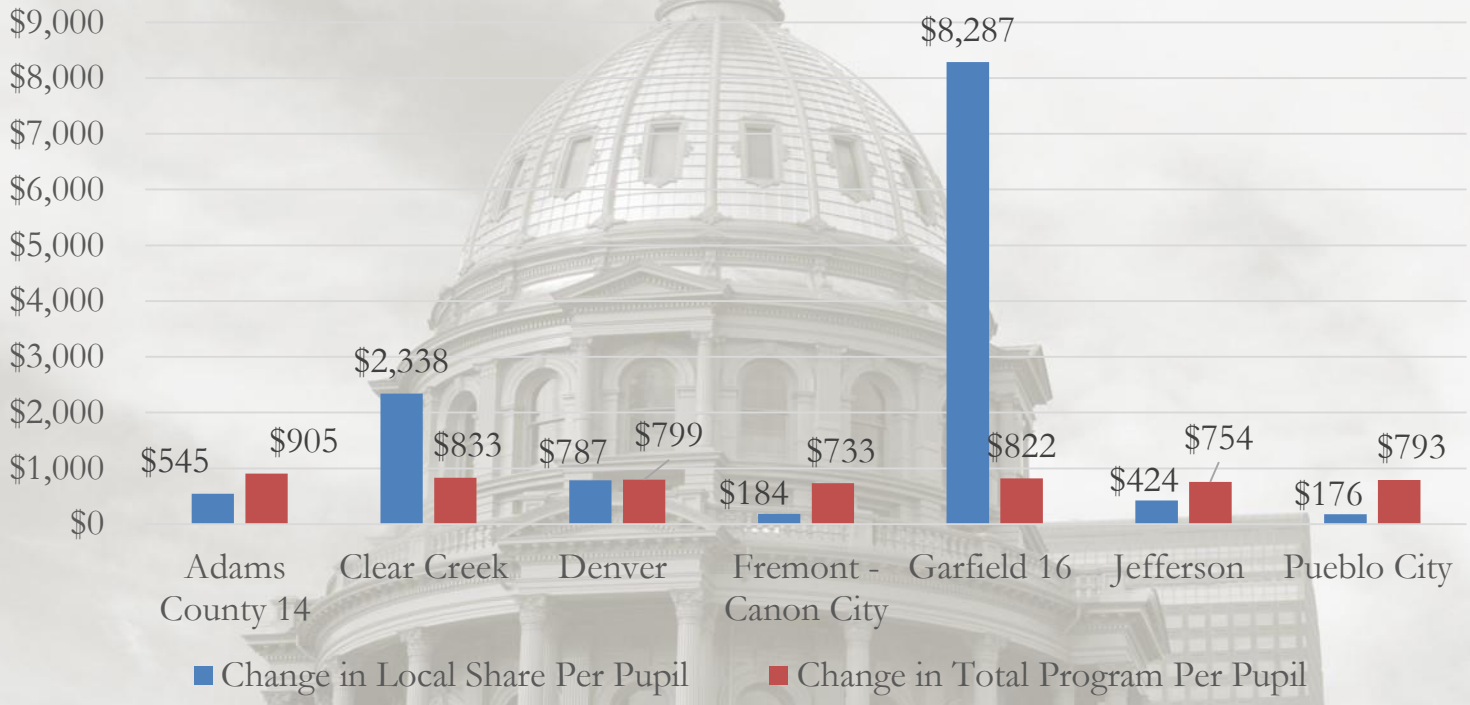
Change in Total Program Mill Levy and Change in Local Share 29.8 mills - Eliminate Budget Stabilization Factor



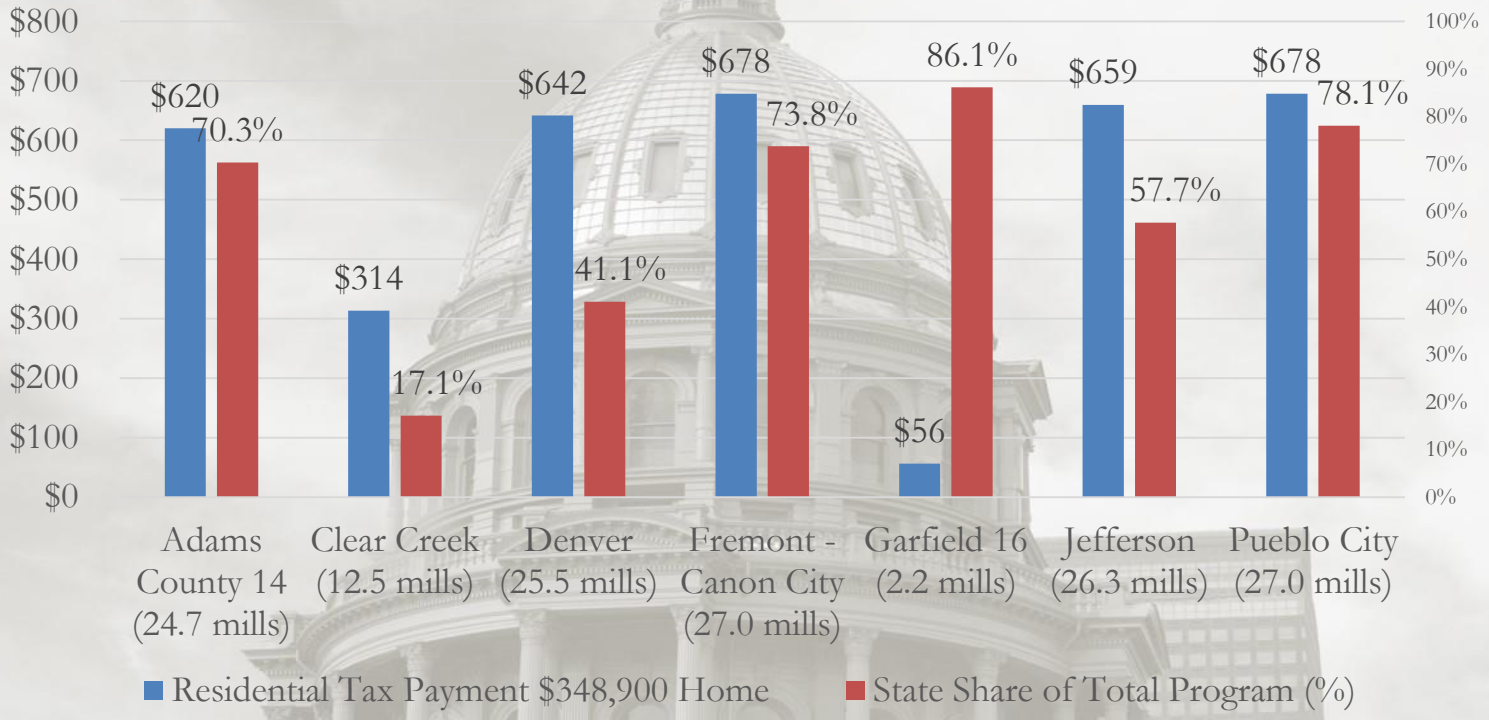
Change in Local Share and Total program
($ in Millions)
29.8 mills - Eliminate Budget Stabilization Factor



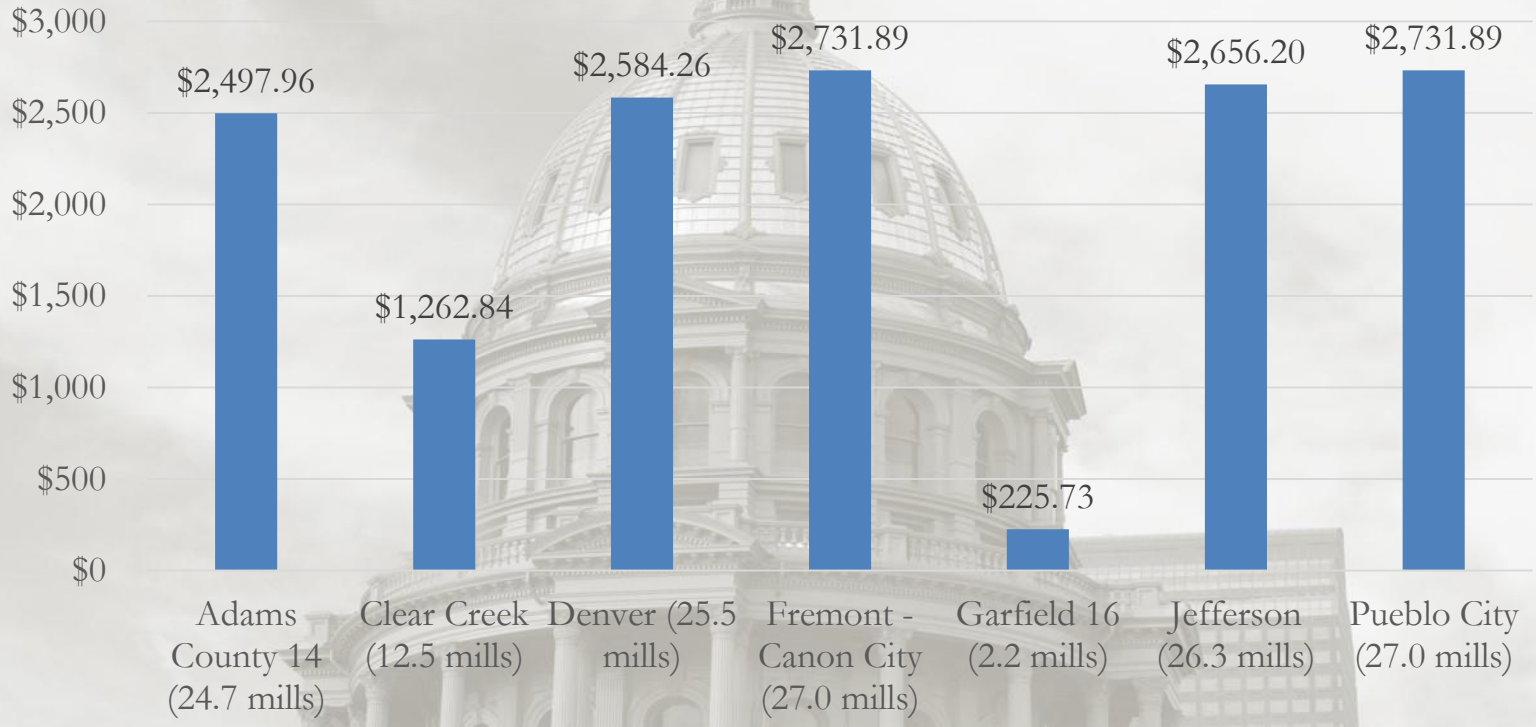
Change in Local Share and Total Program *Per Pupil*
29.8 Mills - Eliminate Budget Stabilization Factor



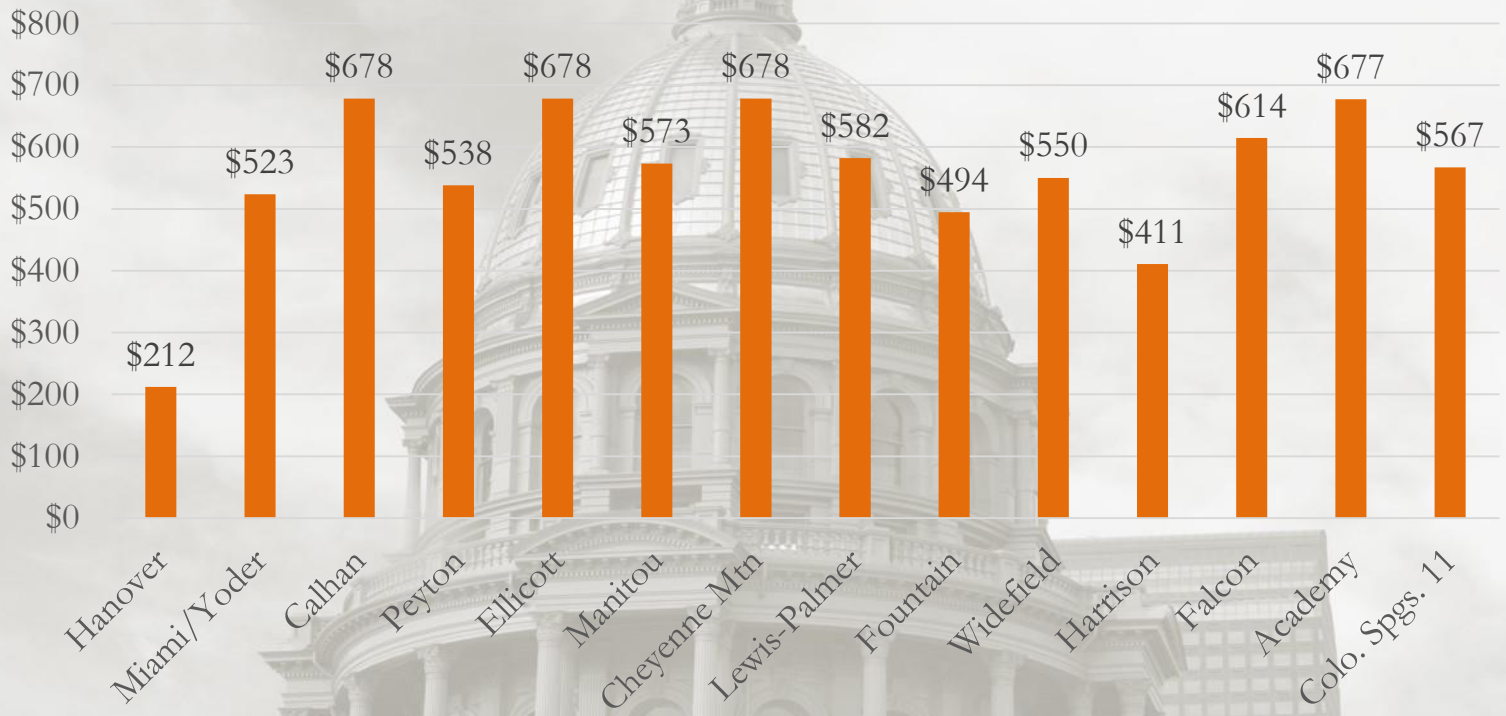
FY 2018-19 Residential Property Tax Payment on Statewide Median Value Home vs. *State* Share of Total Program



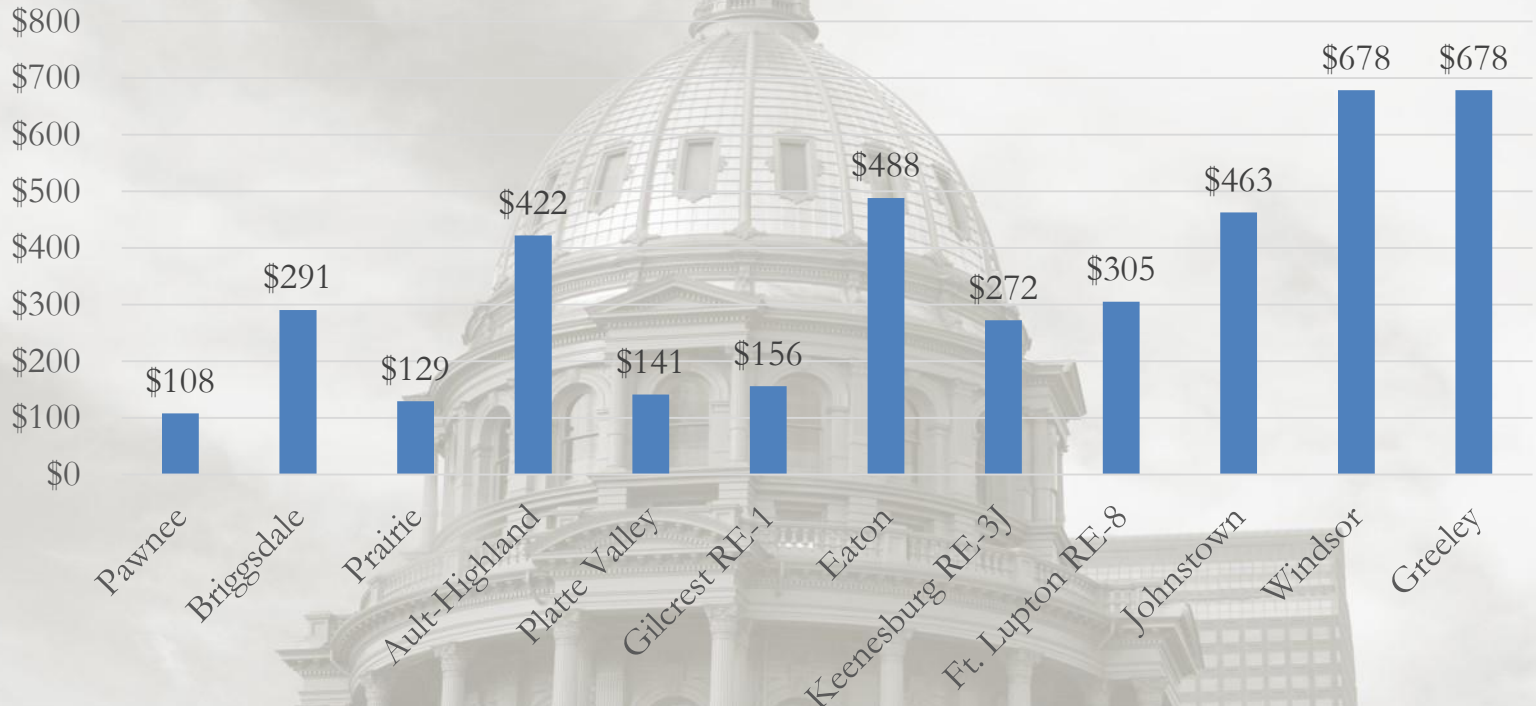
Current Non-residential Total Program Tax Payment $348,900 Value



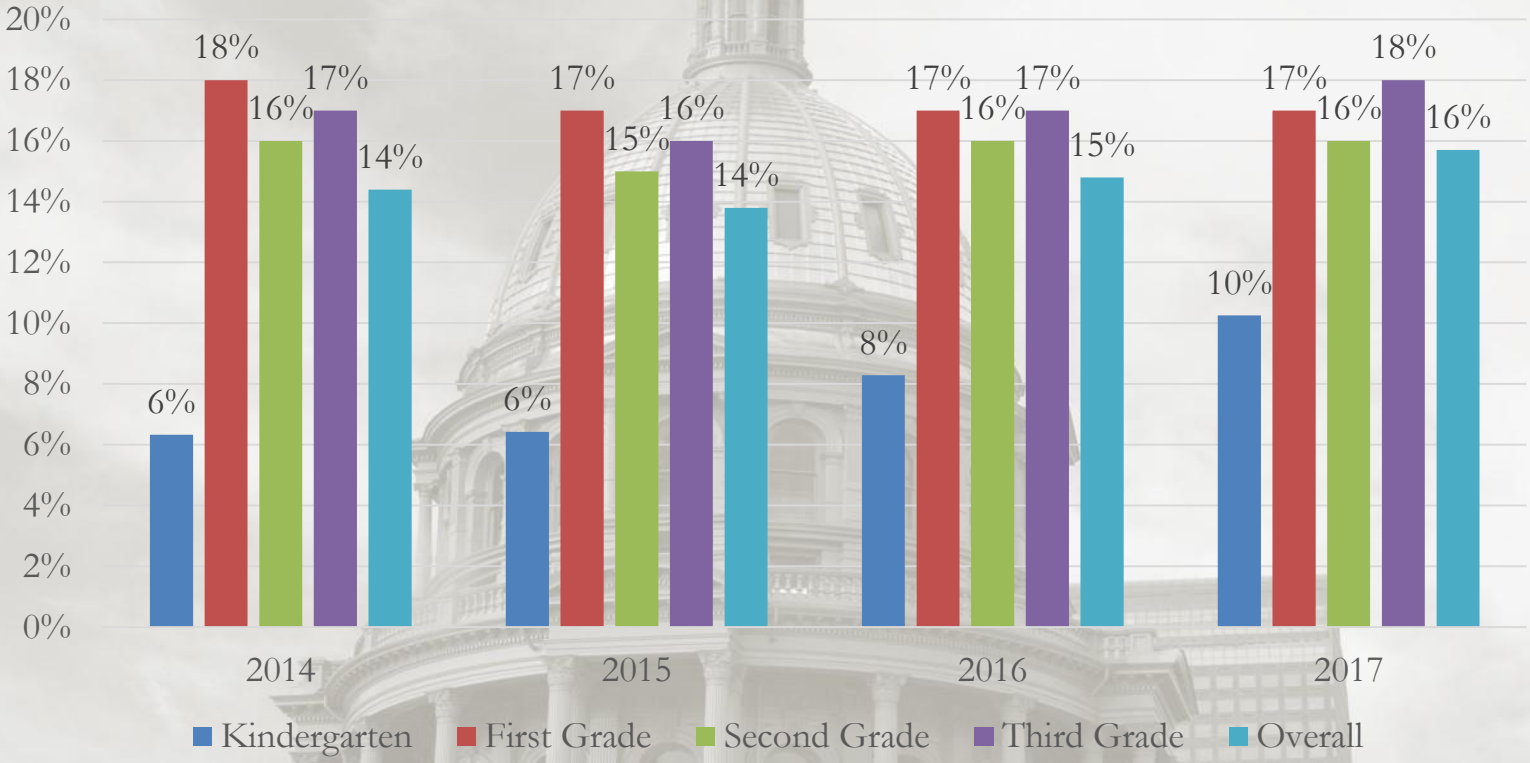
El Paso County: Median Home Value ($348,900) Property Tax Payment



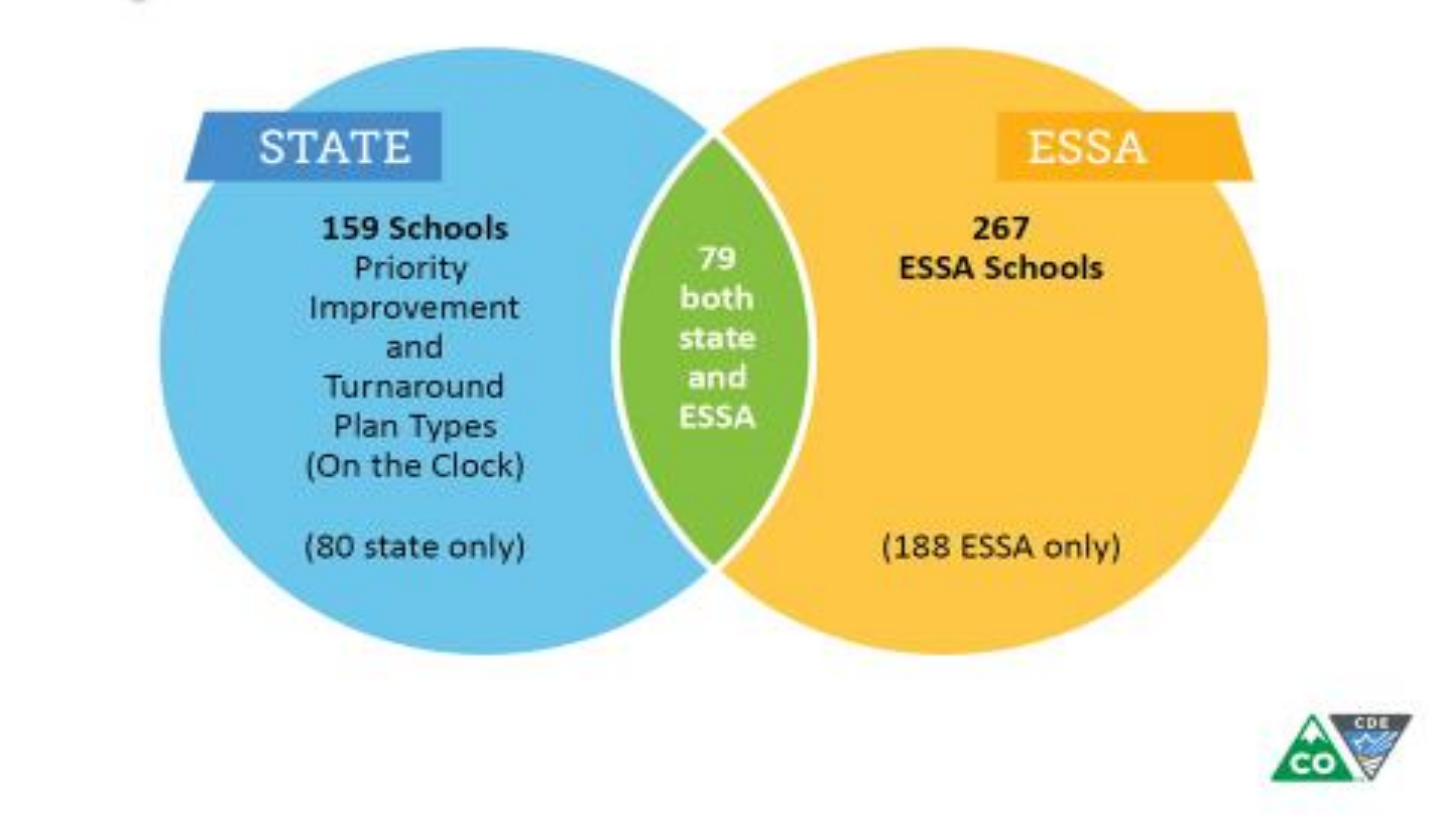
Weld County: Median Home Value ($348,900) Property Tax Payment

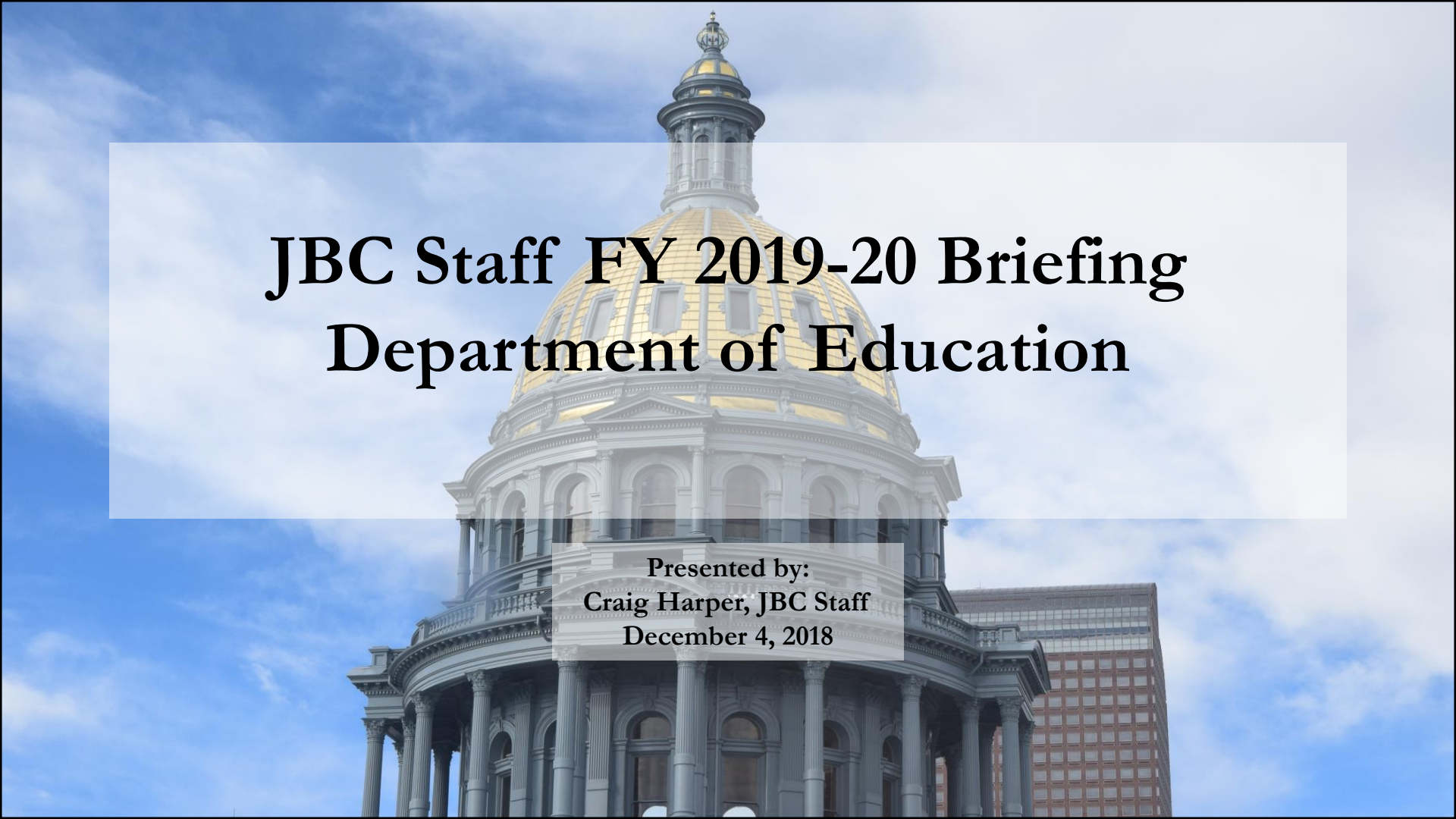


Significant Reading Deficiency Rates by Grade



FY 2018-19 Preliminary School Identifications





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Department of Education

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