

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2017-18

DEPARTMENT OF EDUCATION

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

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HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

DEPARTMENT OVERVIEW

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

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

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

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

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

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$5,452,310,190	\$3,765,024,305	\$1,005,881,952	\$33,075,421	\$648,328,512	599.0
HB 16-1422 (School Finance)	124,664	0	124,664	0	0	0.0
Other legislation	5,563,496	(397,199)	5,960,695	0	0	0.5
SB 17-160 (Supplemental Bill)	528,770	234,953	108,230	185,587	0	0.0
SB 17-173 (Mid-year School Finance)	3,950	0	3,950	0	0	0.0
TOTAL	\$5,458,531,070	\$3,764,862,059	\$1,012,079,491	\$33,261,008	\$648,328,512	599.5
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$5,458,531,070	\$3,764,862,059	\$1,012,079,491	\$33,261,008	\$648,328,512	599.5

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R1/BA1 Total program increase	238,217,744	383,084,381	(144,866,637)	0	0	0.0
R2 Categorical programs increase	8,106,442	0	8,106,442	0	0	0.0
R3 Concurrent enrollment	68,876	68,876	0	0	0	0.9
R4 Academic standards revision	340,840	0	340,840	0	0	0.0
R5 Legal services increase	171,090	171,090	0	0	0	0.0
R6 CSDB teacher salary increase	50,070	50,070	0	0	0	0.0
R7 School health professionals grant program	9,642,950	0	9,642,950	0	0	3.0
SI Contingency Reserve Backfill	2,000,000	1,000,000	0	1,000,000	0	0.0
SI Facility schools adjustment	(2,138,181)	0	(2,096,256)	(41,925)	0	0.0
Annualize prior year legislation	5,961,619	1,001,219	4,960,400	0	0	0.0
Continuous appropriation adjustments	3,473,233	0	304,993	3,168,240	0	0.0
Centrally appropriated line items	2,978,756	1,380,041	294,894	459,980	843,841	0.0
Annualize prior year budget actions	1,076,278	(1,697)	2,077,975	200,000	(1,200,000)	(3.1)
Indirect cost assessment adjustments	923,583	0	106,858	0	816,725	0.0
Continue CPP tax checkoff funding	59,957	0	59,957	0	0	0.0
Early Literacy Assessment Tool Adjustment	9,846	0	9,846	0	0	0.0
Assessment adjustments	589	0	0	0	589	0.0
Information technology services fund source	0	2,000,000	(2,000,000)	0	0	0.0
CSDB Fund source adjustments	0	(43,206)	0	43,206	0	0.0
Reflect anticipated funds transfers	(3,332,289)	0	0	(3,332,289)	0	0.0
Annualize SB 17-160 (Supplemental)	(1,528,770)	(234,953)	(1,108,230)	(185,587)	0	0.0
Federal funds true-up	(117,578)	0	0	0	(117,578)	(0.9)
Other technical adjustments	0	0	0	0	0	0.0
TOTAL	\$5,724,496,125	\$4,153,337,880	\$887,913,523	\$34,572,633	\$648,672,089	599.4
INCREASE/(DECREASE)	\$265,965,055	\$388,475,821	(\$124,165,968)	\$1,311,625	\$343,577	(0.1)
Percentage Change	4.9%	10.3%	(12.3%)	3.9%	0.1%	(0.0%)
FY 2017-18 EXECUTIVE REQUEST	\$5,585,131,427	\$4,028,144,908	\$874,530,332	\$33,575,831	\$648,880,356	599.4
Request Above/(Below) Recommendation	(\$139,364,698)	(\$125,192,972)	(\$13,383,191)	(\$996,802)	\$208,267	(0.0)

DESCRIPTION OF INCREMENTAL CHANGES

R1/BA1 TOTAL PROGRAM INCREASE: The Long Bill recommendation includes a net increase of \$238,217,744 total funds (including increases of \$383,084,381 General Fund and \$17,974,143 cash funds from the State Public School fund that are partially offset by a decrease of \$162,660,780 cash funds from the State Education Fund) for school finance. The recommendation includes increases of \$237,960,454 total funds for the State Share of Districts' Total Program line item and \$257,290 cash funds from the State Education Fund for the Hold-harmless Full-day Kindergarten Funding line item. Pursuant to current law, the recommended increase is sufficient to maintain the negative factor as a constant dollar amount (\$828,280,474).

R2 CATEGORICAL PROGRAMS INCREASE: The recommendation includes an increase of \$8,106,422 cash funds from the State Education Fund in order to increase total categorical spending from state funds by 2.8 percent, based on the rate of inflation from CY 2016. The General Assembly is constitutionally required to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2017-18. The recommendation allocates the additional funds among the following five categorical programs: \$4,454,042 for special education for children with

disabilities; \$1,497,264 for English Language proficiency programs; \$1,443,819 for public school transportation; \$525,118 for vocational education; and \$186,199 for educational services for gifted and talented children.

R3 CONCURRENT ENROLLMENT: The recommendation includes an increase of \$68,876 General Fund and 0.9 FTE to support a new position to provide assistance and support to school districts related to concurrent enrollment programs and to improve the consistency and efficiency of program implementation. The Department's request is based on a LEAN process review of the concurrent enrollment system conducted by the Department of Education, the Department of Higher Education, and the Concurrent Enrollment Advisory Board.

R4 ACADEMIC STANDARDS REVISION: The recommendation includes an increase of \$340,840 cash funds from the State Education Fund to support the review and revision of the statewide academic standards as required by S.B. 08-212 (Colorado Achievement Plan for Kids or CAP4K). Section 22-7-1005 (6), C.R.S., requires the State Board of Education to review and adopt any appropriate revisions to the statewide standards by July 1, 2018, and every six years thereafter. The one-time funding is intended to allow the Department to: (1) conduct a committee process for stakeholder engagement to review the standards and recommend changes; (2) contract with external experts to benchmark the revised standards against national and international efforts; and (3) contract for project management, facilitation of specific content area efforts, copy editing, and online feedback management.

R5 LEGAL SERVICES INCREASE: The recommendation includes \$171,090 General Fund to continue to support the purchase of additional legal services from the Department of Law. The increase was first approved as part of the FY 2016-17 supplemental process and the recommendation continues that level of funding for FY 2017-18. Three major drivers are increasing the Department's need for legal services: (1) schools and districts reaching the end of the five year accountability clock under S.B. 09-163 (Education Accountability System), requiring legal services to support the State Board's actions; (2) legal advice regarding the impact of the federal reauthorization of the Elementary and Secondary Education Act (the Every Student Succeeds Act); and (3) advice regarding the Student Violence Prevention and Discipline Manual.

R6 CSDB TEACHER SALARY INCREASE: The recommendation includes an increase of \$50,070 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 2016-17 (the CSDB salaries lag District 11 by one year), the recommendation includes \$50,070 for experience step increases for the school's teachers.

R7 SCHOOL HEALTH PROFESSIONALS: The recommendation includes an increase of \$9,642,950 cash funds from the Marijuana Tax Cash Fund and 3.0 FTE to expand the School Health Professionals Grant Program, established in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). The School Health Professionals Grant Program, which is supported with \$2.3 million cash funds from the Marijuana Tax Cash Fund in FY 2016-17, offers matching grants to school districts, local education authorities, and charter schools to increase the presence of school health professionals. The Department estimates that the increase will allow the grant program to support an additional 150 school health professionals (primarily school nurses) statewide in addition to

providing additional FTE to the Department to improve training for the field, increase outreach to students through a dedicated “youth liaison”, and improve operations of the program through additional administrative and fiscal staff.

SI CONTINGENCY RESERVE BACKFILL: The recommendation includes \$2.0 million total funds, including \$1.0 million General Fund and \$1.0 million reappropriated funds, to provide funds for the Contingency Reserve Fund in FY 2017-18. As adjusted by S.B. 17-160 (Supplemental Bill), the FY 2016-17 appropriation is expected to fully deplete the fund balance of the Contingency Reserve Fund and the additional appropriation is necessary to make funds available in FY 2017-18.

SI FACILITY SCHOOLS ADJUSTMENT: The recommendation includes a decrease of \$2,096,256 cash funds from the State Education Fund for distributions to facility schools based on the Department’s current estimates of facility school pupil counts in FY 2017-18. The recommendation includes a related reduction of \$41,925 reappropriated funds to align the appropriation for the Facility Schools Unit and Facility Schools Board with the statutory direction that the Department withhold 2.0 percent of funding to be transferred to facility schools to support the operations of the Unit and Board.

ANNUALIZE PRIOR YEAR LEGISLATION: The recommendation includes adjustments related to prior year legislation. The table below summarizes each recommended annualization for FY 2017-18.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Annualize SB 16-072 (Increase Annual BEST Lease Purchase Payment)	\$5,000,000	\$0	\$5,000,000	0.0
Annualize HB 16-1289 (Career Development Success Pilot Program)	1,000,000	1,000,000	0	0.0
Annualize HB 16-1429 (Alt Ed Campus Criteria & Pilot Program)	1,219	1,219	0	0.0
Annualize HB 16-1234 (State Assessment Selection and Local Flexibility)	(39,600)	0	(39,600)	0.0
TOTAL	\$5,961,619	1,001,219	\$4,960,400	0.0

CONTINUOUS APPROPRIATION ADJUSTMENTS: The recommendation includes an increase of \$3,473,233 total funds that are continuously appropriated to the Department and reflected in the Long Bill for informational purposes only. The recommendation seeks to align appropriations with the Department’s current estimates of continuously appropriated funds available to the State Charter School Institute (an increase of \$3,168,240 reappropriated funds) and the Office of Professional Services (\$304,993 cash funds).

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes \$2,978,756 total funds (including \$1,380,041 General Fund) related to employee benefits and other centrally appropriated line items. Most line items are pending the Committee’s related common policies. The amounts in the following table represented the requested amounts for pending items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$1,248,516	\$448,226	\$167,714	\$135,093	\$497,483	0.0
Payments to OIT adjustments	464,952	227,268	12,249	225,435	0	0.0
Health, life, and dental adjustments	345,607	255,521	(18,605)	25,104	83,587	0.0
Leased space adjustment	253,684	(2,440)	56,303	(3,015)	202,836	0.0
SAED adjustment	253,494	148,249	9,868	35,462	59,915	0.0
AED adjustment	232,096	141,217	6,730	33,223	50,926	0.0
Capitol Complex leased space adjustment	118,510	77,634	29,841	36,943	(25,908)	0.0
Payment to risk management / property funds adjustment	44,104	44,104	0	0	0	0.0
ALJ adjustments	28,327	0	23,436	4,891	0	0.0
Legal services adjustment	25,559	11,712	13,005	842	0	0.0
NP Annual fleet vehicle request	6,266	6,266	0	0	0	0.0
Shift differential adjustment	4,095	4,095	0	0	0	0.0
Short-term disability adjustment	3,031	3,293	(521)	633	(374)	0.0
CORE adjustment	(46,431)	(17,628)	(5,814)	(22,989)	0	0.0
Leased Space Adjustments	(2,766)	0	0	(2,766)	0	0.0
Workers' compensation adjustment	(288)	32,524	688	(8,876)	(24,624)	0.0
TOTAL	\$2,978,756	1,380,041	\$294,894	\$459,980	\$843,841	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The recommendation includes adjustments related to budget actions and decision items included in prior year Long Bill appropriations. The table below summarizes each recommended annualization for FY 2017-18.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize office of dropout prevention reduction	\$1,100,000	\$0	\$1,100,000	\$0	\$0	0.9
Annualize school bullying prevention reduction	1,100,000	0	1,100,000	0	0	0.0
Annualize start smart reduction	400,000	200,000	0	200,000	0	0.0
Annualize Educator Effectiveness Implementation	(1,200,000)	0	0	0	(1,200,000)	(4.0)
Annualize FY 2016-17 R4 CSDB Teacher Salaries	(101,697)	(101,697)	0	0	0	0.0
Annualize educator perception	(100,000)	(100,000)	0	0	0	0.0
Annualize FY 2016-17 R3 CPP tax checkoff	(72,025)	0	(72,025)	0	0	0.0
Annualize FY 2015-16 R7 Priority Assessment	(50,000)	0	(50,000)	0	0	0.0
TOTAL	\$1,076,278	(1,697)	\$2,077,975	\$200,000	(\$1,200,000)	(3.1)

INDIRECT COST ASSESSMENT ADJUSTMENTS: The recommendation includes a net increase in the Department's indirect cost assessments.

CONTINUE CPP TAX CHECKOFF FUNDING: The recommendation includes \$59,957 cash funds to continue to provide training and professional development to Colorado Preschool Program (CPP) providers in an effort to enhance literacy and mathematics instruction. With FY 2016-17 R3 (CPP Tax Checkoff), the General Assembly approved an increase of \$72,025 cash funds that were collected and deposited in the Public Education Fund as part of a voluntary tax checkoff authorized in S.B. 11-109. The recommendation provides a total of \$59,957 in FY 2017-18 based on the

anticipated available fund balance, representing a reduction of \$12,068 from the FY 2016-17 appropriation.

EARLY LITERACY ASSESSMENT TOOL ADJUSTMENT: The recommendation includes an increase of \$9,846 cash funds from the State Education Fund to align with anticipated participation in the Early Literacy Assessment Tool program created in H.B. 12-1345 (School Finance).

ASSESSMENT ADJUSTMENTS: The recommendation includes a net increase of \$589 federal funds to align with anticipated contract costs for the statewide assessment system.

INFORMATION TECHNOLOGY SERVICES FUND SOURCE: The recommendation includes an increase of \$2.0 million General Fund which is offset by a reduction of \$2.0 million cash funds from the Indirect Costs Excess Recovery Fund. The General Assembly appropriated \$2.0 million from the Indirect Costs Excess Recovery Fund on a one-time basis in FY 2016-17, using an existing fund balance, allowing for a one-time reduction of \$2.0 million General Fund in FY 2016-17. The recommendation annualizes the one-time adjustment and restores the General Fund appropriation.

CSDB FUND SOURCE ADJUSTMENTS: The recommendation includes an increase of \$43,206 reappropriated funds which is offset by a reduction of the same amount of General Fund based on an anticipated increase in the transfer of facility school funds to the Colorado School for the Deaf and the Blind in FY 2017-18.

REFLECT ANTICIPATED FUNDS TRANSFERS: The recommendation includes a net decrease of \$3,332,289 reappropriated funds to reflect changes in anticipated transfers of funds based on interagency agreements with the Department of Health Care Policy and Financing (an anticipated increase of \$16,971 to be transferred for S.B. 97-101 Public School Health Services) and the Department of Human Services (a net decrease of \$3,349,260 primarily based on the Departments' interagency agreement related to federal child care block grant funding).

ANNUALIZE S.B. 17-160 (SUPPLEMENTAL): The recommendation eliminates \$1,528,770 total funds (including \$234,953 General Fund) to eliminate one-time funding provided in the Department's FY 2016-17 supplemental bill.

FEDERAL FUNDS TRUE-UP: The recommendation includes a decrease of \$117,578 federal funds and 0.9 FTE to eliminate federal funding previously provided to the Office of Dropout Prevention and Student Reengagement that will no longer be available in FY 2017-18.

OTHER TECHNICAL ADJUSTMENTS: The recommendation includes a technical adjustment to move \$43,896 and 0.5 FTE originally appropriated to the College and Career Readiness line item for FY 2016-17 to the Longitudinal Analyses of Student Assessment Results line item. The original appropriation was provided in H.B. 16-1429 (Alt Ed Campus Criteria & Pilot Program) and the change reflects where the Department is actually using the appropriation.

MAJOR DIFFERENCES FROM THE REQUEST

The recommendation includes the following major differences from the *request*:

- Total Program Funding:* An increase of \$89.5 million total funds (including an increase of \$121.8 million General Fund that is partially offset by adjustments to cash funds) above the requested amount for the state share of districts' total program funding. As required for the Long Bill, the recommendation aligns with current law's requirement that the negative factor not increase as a dollar amount from FY 2016-17 to FY 2017-18, while the request proposes a \$47.8 million increase in the dollar value of the negative factor from \$828.3 million in FY 2016-17 to \$876.1 million in FY 2017-18 (which would require separate legislation). Based on current law, the recommendation also does not include \$41.9 million cash funds from the Marijuana Tax Cash Fund to support total program funding, requested in association with a proposed increase to the special sales tax on marijuana (which also requires separate legislation). Finally, the recommendation uses the Legislative Council Staff forecast of local revenues available for school finance in FY 2017-18. The Governor's revised request uses the Department of Local Affairs (DOLA) estimate of local revenues, which anticipates \$34.5 million more local revenues than the Legislative Council Staff estimate, reducing the projected need for state funding under the DOLA estimate.
- B.E.S.T. Lease-purchase Payments:* An increase of \$10.0 million cash funds above the request from the Public School Capital Construction Assistance Fund for Building Excellent Schools Today (B.E.S.T.) Program lease-purchase payments to reflect the second year impact of S.B. 16-072 (Increase Annual BEST Lease-purchase Payment Cap). The Department's request reflects a \$5.0 million decrease below the FY 2016-17 appropriation to annualize that legislation. The recommendation, which aligns with the Final Legislative Council Staff Fiscal Note for S.B. 16-072, reflects a \$5.0 million *increase* above the FY 2016-17 appropriation and therefore a \$10.0 million increase above the Department's request. The Department concurs with staff's recommendation.
- Information Technology Services Fund Sources:* The recommendation includes an increase of \$2.0 million General Fund to offset a reduction of \$2.0 million cash funds from the Indirect Cost Excess Recovery Fund that were used on a one-time basis in FY 2016-17. In a technical error, the request did not adjust the fund sources to eliminate the one-time funding from the Indirect Cost Excess Recovery Fund, and staff is simply correcting the technical error.
- Facility Schools:* A decrease of \$2.1 million cash funds from the State Education Fund to align appropriations for Facility School Funding with the Department's current estimates of facility school attendance in FY 2017-18.

(1) MANAGEMENT AND ADMINISTRATION

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

MANAGEMENT AND ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 Appropriation						
HB 16-1405 (Long Bill)	\$84,491,849	\$12,009,324	\$34,962,977	\$21,475,055	\$16,044,493	163.9
Other legislation	39,600	0	39,600	0	0	0.0
SB 17-160 (Supplemental Bill)	292,814	171,090	0	121,724	0	0.0
TOTAL	\$84,824,263	\$12,180,414	\$35,002,577	\$21,596,779	\$16,044,493	163.9
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$84,824,263	\$12,180,414	\$35,002,577	\$21,596,779	\$16,044,493	163.9
R3 Concurrent enrollment	0	0	0	0	0	0.0
R5 Legal services increase	171,090	171,090	0	0	0	0.0
R7 School health professionals grant program	0	0	0	0	0	0.0
Continuous appropriation adjustments	3,473,233	0	304,993	3,168,240	0	0.0
Centrally appropriated line items	2,971,161	1,369,680	294,894	462,746	843,841	0.0
Indirect cost assessment adjustments	182,684	0	106,858	0	75,826	0.0
Assessment adjustments	589	0	0	0	589	0.0
Information technology services fund source	0	2,000,000	(2,000,000)	0	0	0.0
Annualize prior year budget actions	(1,206,591)	(6,591)	0	0	(1,200,000)	(4.0)
Annualize SB 17-160 (Supplemental)	(292,814)	(171,090)	0	(121,724)	0	0.0
Annualize prior year legislation	(38,381)	1,219	(39,600)	0	0	0.0
Other technical adjustments	43,896	43,896	0	0	0	0.5
TOTAL	\$90,129,130	\$15,588,618	\$33,669,722	\$25,106,041	\$15,764,749	160.4
INCREASE/(DECREASE)	\$5,304,867	\$3,408,204	(\$1,332,855)	\$3,509,262	(\$279,744)	(3.5)
Percentage Change	6.3%	28.0%	(3.8%)	16.2%	(1.7%)	(2.1%)
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$934,715	(\$2,070,110)	\$2,912,423	\$1,713	\$90,689	(0.0)

DECISION ITEMS – MANAGEMENT AND ADMINISTRATION

→ R5 LEGAL SERVICES INCREASE

REQUEST: The request includes \$171,090 General Fund to support the purchase of additional legal services from the Department of Law. The request seeks to continue funding approved for FY 2016-17 through S.B. 17-160 (the Department’s FY 2016-17 supplemental bill). The Department points to three major drivers of the increasing need for legal services: (1) schools and districts reaching the end of the five year accountability clock under S.B. 09-163 (Education Accountability System), requiring legal services to support the State Board’s actions; (2) legal advice regarding the impact of the federal reauthorization of the Elementary and Secondary Education Act (the Every Student Succeeds Act); and (3) advice regarding the Student Violence Prevention and Discipline Manual.

RECOMMENDATION: Staff recommends approving the request. Staff agrees that the additional hours of legal services are necessary for both FY 2016-17 and FY 2017-18 and recommends that the Committee continue to provide the funding approved through the FY 2016-17 supplemental process.

ANALYSIS: Each state department’s appropriation for the purchase of legal services is based on assumptions about the number of hours of legal services that the department will require during the fiscal year. The original FY 2016-17 appropriation provides a continuation level of funding for legal services (a total of 6,071 hours, with 2,782 hours supported by General Fund). Recognizing an increase in the Department’s need for legal services in FY 2016-17 (the Department had already consumed 87.3 percent of the original General Fund appropriation as of December 31, 2016), the Department requested and the Committee approved an increase of \$171,090 General Fund to support the purchase of an additional 1,800 hours of legal services in FY 2016-17.

According to the Department three major factors are driving the need for additional legal services:

- *Five-Year Accountability Clock:* As discussed at the Department’s FY 2017-18 budget hearing with the Committee, this year marks the first time that schools and school districts are reaching the end of the five-year accountability clock established in S.B. 09-163 (Education Accountability System). Statute requires the State Board of Education to take action regarding schools and districts at the end of the clock, and the Department of Law is providing legal advice regarding both potential actions by the State Board and the State Board’s process for making those determinations.
- *Every Student Succeeds Act:* The federal Every Student Succeeds Act (ESSA), enacted in 2016, replaces the No Child Left Behind Act and reauthorizes the federal Elementary and Secondary Education Act. The Department of Law is assisting with the review of the ESSA and related regulations and ensuring alignment of State law and regulations with the new federal requirements.
- *School Violence Prevention and Discipline Manual:* The Department of Law is revising the School Violence Prevention and Discipline Manual to reflect recent changes in state law.

The following table reflects the Department’s estimates for the number of hours required by each of the above drivers (amounts that were not anticipated in the original FY 2016-17 appropriation).

DRIVERS OF LEGAL SERVICES INCREASE		
LEGAL REQUIREMENT	ESTIMATED HOURS	REQUIRED APPROPRIATION
Accountability Clock	1,200	\$114,060
ESSA	400	38,020
Student Violence Prevention and Discipline Manual	200	19,010
Total	1,800	\$171,090

Staff agrees that the primary drivers of the increase represent urgent needs for legal services. Staff also agrees that the increased need for legal services will likely continue through FY 2017-18 and recommends that the Committee continue to provide the increased level of funding.

→ STAFF-INITIATED: SEPARATION OF SALARY SURVEY AND MERIT PAY FOR CLASSIFIED AND EXEMPT EMPLOYEES

REQUEST: The Department is not requesting any change to the treatment of salary survey and merit pay funds for at-will employees.

RECOMMENDATION: For FY 2017-18, staff recommends that the Committee create separate line items for salary survey and merit pay for classified and at-will employees (similar to the structure for the Department of Law). At present, given concerns about the at-will salary schedule and management, staff does not have sufficient information to justify (analytically) providing salary survey and merit pay for the Department’s at-will employees outside of the Colorado School for the Deaf and the Blind (CSDB). As a result, for the time being, staff recommends that the Committee provide common policy salary changes only to the Department’s classified employees (including CSDB) and to the at-will employees at CSDB (which the school funds through the common policy). Staff recommends that the Committee ask the Department to provide a “comeback” to discuss the Department’s plan to address concerns about the Department’s personnel system and salary structure.

Given inherent concerns about equity regarding only funding increases for classified staff, if the Department presents a satisfactory plan to address concerns about the salary system, staff would recommend that the Committee consider funding the common policy salary survey and merit pay amounts for both groups of employees. Please note that the Committee’s common policy for salary survey and merit pay is still pending. As a result, staff is not recommending a specific amount through this item. Rather, staff is recommending a process to apply the Committee’s common policy once the common decision is made. The table below shows *preliminary estimates* of the division of the Department’s requested salary survey amount between classified and at-will staff, if all positions were funded using the Governor’s common policy for salary survey.

Preliminary Estimates of Classified and At-will Salary Survey Request					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Total Request (545.3 FTE) /1	\$1,248,516	\$448,226	\$167,714	\$135,093	\$497,483
Classified Staff (121.2 FTE)/2	352,847	324,247	8,252	12,091	8,258
At-will staff (397 FTE)/3	895,669	123,979	159,462	123,002	489,225

^{1/} FTE counts exclude 54.1 teacher FTE at the Colorado School for the Deaf and the Blind (CSDB). Salary increases for teachers at CSDB are not addressed through the common policy salary survey line item and are instead addressed through R5.

^{2/} Estimated classified FTE includes 99.2 FTE at CSDB and 22.0 FTE in the remainder of the Department.

^{3/} At-will staff includes 379.4 FTE at the Department, 26.9 FTE at CSDB, and 17.8 FTE at the State Charter School Institute.

ANALYSIS: During the FY 2017-18 JBC Staff Briefing and the Committee’s hearing with the Department of Education, the Committee discussed concerns about the Department’s current personnel policies, including: (1) the Department’s increasing use of at-will status for positions that may not fall within the Department’s constitutional and statutory authority to use at-will status; and (2) the Department’s salary structure for at-will employees.¹ The following two sections provide brief updates regarding the Department’s progress since the briefing and hearing process.

At-will vs. Classified Positions: Since the briefing and hearing process, the Department has been working closely with counsel at the Department of Law to analyze the Department’s current use of at-will status for existing positions and develop a plan to address the situation. The department is

¹ For discussion of the personnel issues, see the FY 2017-18 JBC Staff Briefing document for the Department of Education (available at http://leg.colorado.gov/sites/default/files/fy2017-18_edubr_2.pdf) or a complete discussion, including: (1) a memorandum to the Committee dated December 7, 2016, and titled “Update to Briefing Issue on Human Resources and Personnel Management at the Department of Education” (attached to the front of the briefing document); and (2) the briefing issue beginning on page 39 of the briefing document.

also creating a review process for new and vacant positions to analyze whether the position(s) should be classified rather than at-will (as discussed at the briefing, the Department has not filled a classified position for several years). Staff appreciates both departments' diligence and understands that the analysis is time consuming. Staff also appreciates the Department's level of communication given the legal sensitivity of the topic and expects the Department will maintain communication with the Committee regarding the issue going forward. Staff is not recommending any budgetary action related to this particular issue.

At-will Salary Schedule and Structure: The briefing issue discussed several concerns related to the Department's salary structure for at-will staff, including the fact that the State Board of Education last voted on the at-will salary schedule (as required by statute) in 2006 and that the Department last updated the salary schedule for FY 2011-12. Staff understands that the Department intends to address this issue by going forward with an external salary survey to evaluate the Department's at-will pay structure relative to similar positions elsewhere (presumably primarily at school districts).

Given ongoing concerns with the at-will salary structure at the Department, staff does not have sufficient information to justify (analytically) providing salary survey increases to the at-will staff at this time. Thus, staff makes three recommendations for the FY 2017-18 figure setting process:

- First, staff recommends that the Committee create separate salary survey and merit pay line items for classified and at-will (exempt) employees for the FY 2017-18 Long Bill. Similar to the Department of Law, the recommendation would create four line items (or the subset of line items that are actually funded), including Salary Survey for Classified Employees, Salary Survey for Exempt Employees, Merit Pay for Classified Employees, and Merit Pay for Exempt Employees. Doing so would increase the transparency of salary increases associated with each employee group for FY 2017-18.
- Second, for the time being, staff recommends only providing the common policy increases (salary survey and/or merit pay) for the classified staff (both Department FTE and CSDB) and the at-will staff at the CSDB. Staff does not have sufficient information to justify the increases for at-will staff outside of CSDB. Staff notes that this is because the Department does not have the information and not because the Department is not sharing information. Because it will not be possible to validate or correct the existing salary structure prior to the introduction of the Long Bill (and most likely not before the end of the Session), staff recommends that the Committee ask the Department to present a "comeback" describing the Department's plan to address concerns with the at-will salary schedule and structure. Given inherent concerns about equity with only funding salary increases for the classified employees (representing only 22.0 of the Department's current FTE outside of CSDB), if the Department presents a satisfactory plan to address concerns about the existing salary structure then staff would recommend that the Committee consider applying the common policy increase to all employees.

Unlike the situation with the Department of Law, where all of the exempt employees are attorneys, staff is not convinced that separate common policies would be necessary for the Department's classified and at-will staff on an ongoing basis. Once the Department's at-will salary structure is validated and/or corrected, staff would recommend applying the Committee's common policies to both groups. However, maintaining the separate line items may still be beneficial for transparency purposes.

LINE ITEM DETAIL — MANAGEMENT AND ADMINISTRATION

(A) ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS

STATE BOARD OF EDUCATION

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

STATUTORY AUTHORITY: Section 22-2-107, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$311,194 General Fund and 2.0 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which aligns with the Committee's common policies.

GENERAL DEPARTMENT AND PROGRAM ADMINISTRATION

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

STATUTORY AUTHORITY: Article IX of the State Constitution; Sections 22-2-105 through 109, C.R.S.; and much of Title 22 of the Colorado Revised Statutes.

REQUEST: The Department requests a continuation appropriation of \$4,252,945 total funds (including \$1,792,802 General Fund) and 34.6 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. This line item supports much of the Department's central administration and management staff. While gauging the performance of the various employees and units supported by this line item is difficult based on the Department's performance measures, the roles of these units are essential to the ongoing function of the Department. Staff requests permission to work with Department staff to calculate the allocation of indirect cost recoveries

between this line item and the associated centrally appropriated line items if changes are necessary based on the Committee’s common policies.²

OFFICE OF PROFESSIONAL SERVICES

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

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, Section 22-60.5-112 (1) (b) (I), C.R.S. (as modified by S.B. 15-111), continuously appropriates funds in the Educator Licensure Cash Fund to the Department from FY 2011-12 through FY 2017-18. As a result, any funds from the Educator Licensure Cash Fund will be reflected in the Long Bill for informational purposes only.

STATUTORY AUTHORITY: Sections 22-60.5-101, 22-2-109, and 22-9-101, C.R.S.

REQUEST: The Department requests an informational appropriation of \$3,110,519 cash funds and 25.0 FTE for FY 2017-18. The request includes an increase of \$898,001 to align with the Department’s anticipated spending under the continuous appropriation in FY 2017-18. However, as discussed with the recommendation, the requested increase included a technical error; the Department currently expects spending to increase by \$304,993 cash funds, a decrease of \$593,008 below the official request.

RECOMMENDATION: Staff recommends approving an informational appropriation of \$2,517,511 cash funds, including an increase of \$304,993 cash funds. The recommendation is \$593,008 below the Department’s request to correct a technical error in the request. The recommendation aligns with the Department’s anticipated expenditures from this line item in FY 2017-18, and the Department concurs with the recommendation. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, OFFICE OF PROFESSIONAL SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$2,212,518	\$0	\$2,212,518	25.0
TOTAL	\$2,212,518	\$0	\$2,212,518	25.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,212,518	\$0	\$2,212,518	25.0

² These centrally appropriated line items include the following: Health, Life, and Dental; Short-term Disability; AED; SAED; Workers’ Compensation; Payment to Risk Management and Property Funds; and Capitol Complex Leased Space.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, OFFICE OF PROFESSIONAL SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Continuous appropriation adjustments	304,993	0	304,993	0.0
TOTAL	\$2,517,511	\$0	\$2,517,511	25.0
INCREASE/(DECREASE)	\$304,993	\$0	\$304,993	0.0
Percentage Change	13.8%	n/a	13.8%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$3,110,519	\$0	\$3,110,519	25.0
Request Above/(Below) Recommendation	\$593,008	\$0	\$593,008	0.0

DIVISION OF ON-LINE LEARNING

Senate Bill 07-215 changed the oversight, structure, and funding of public school on-line education. This act required the State Board of Education to establish quality standards for on-line programs. The act also created the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. Finally, S.B. 07-215 also created a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and to provide policy recommendations.

STATUTORY AUTHORITY: Section 22-30.7-101 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$359,549 cash funds from the State Education Fund and 3.3 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

HEALTH, LIFE, AND DENTAL

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (9), C.R.S.

REQUEST: The Department requests \$5,228,147 total funds (including \$2,066,418 General Fund) for FY 2017-18. The request includes the following changes from the FY 2016-17 appropriation.

- A net increase of \$345,607 total funds (including \$255,521 General Fund) based on OSPB's common policies for health, life, and dental benefits.
- An increase of \$7,927 General Fund to support health, life, and dental benefits for the 1.0 FTE requested through request R3 (Concurrent Enrollment, discussed below in the Assistance to Public Schools section).

- An increase of \$39,635 cash funds from the Marijuana Tax Cash Fund to support health, life, and dental benefits for 3.0 FTE requested through request R7 (School Health Professionals Grant Program, discussed below in the Assistance to Public Schools section).

RECOMMENDATION: Staff recommends approving an appropriation of \$5,180,585 total funds (including \$2,058,491 General Fund), in alignment with the Committee’s common policy regarding employer contribution rates. The recommendation is \$47,562 total funds below the request because the recommendation does not include the increases associated with requests R3 (\$7,927 General Fund) and R7 (\$39,635 cash funds from the Marijuana Tax Cash Fund), based on the Committee’s common policy not to fund such centrally appropriated line items for new FTE in the first year.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$4,834,978	\$1,802,970	\$653,174	\$429,949	\$1,948,885	0.0
TOTAL	\$4,834,978	\$1,802,970	\$653,174	\$429,949	\$1,948,885	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$4,834,978	\$1,802,970	\$653,174	\$429,949	\$1,948,885	0.0
Centrally appropriated line items	345,607	255,521	(18,605)	25,104	83,587	0.0
R3 Concurrent enrollment	0	0	0	0	0	0.0
R7 School health professionals grant program	0	0	0	0	0	0.0
TOTAL	\$5,180,585	\$2,058,491	\$634,569	\$455,053	\$2,032,472	0.0
INCREASE/(DECREASE)	\$345,607	\$255,521	(\$18,605)	\$25,104	\$83,587	0.0
Percentage Change	7.1%	14.2%	(2.8%)	5.8%	4.3%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$47,562	\$7,927	\$39,635	\$0	\$0	0.0

SHORT-TERM DISABILITY

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

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (13), C.R.S.

REQUEST: The Department request \$80,933 total funds (including \$28,740 General Fund) for FY 2017-18, including the following changes from the FY 2016-17 appropriation:

- A net increase of \$3,031 total funds (including \$3,293 General Fund) based on OSPB’s common policies for short-term disability insurance.
- An increase of \$118 General Fund for short-term disability insurance benefits for the 1.0 FTE requested through request R3 (Concurrent Enrollment, discussed below in the Assistance to Public Schools section).

- An increase of \$326 cash funds from the Marijuana Tax Cash Fund for short-term disability benefits for the 3.0 FTE requested through request R7 (School Health Professionals Grant Program, discussed below in the Assistance to Public Schools section).

RECOMMENDATION: Staff recommends an appropriation of \$80,489 total funds (including \$28,622 General Fund) to align with the Committee’s common policy to apply a rate of 0.19 percent of employee salaries. The recommendation is \$444 total funds below the request because the recommendation does not include the increases associated with requests R3 (\$118 General Fund) and R7 (\$326 cash funds from the Marijuana Tax Cash Fund), based on the Committee’s common policy not to fund such centrally appropriated line items for new FTE in the first year. As approved by the Committee, staff will adjust the dollar amount as necessary based on the Committee’s final common policy decisions. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$77,458	\$25,329	\$11,387	\$8,124	\$32,618	0.0
TOTAL	\$77,458	\$25,329	\$11,387	\$8,124	\$32,618	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$77,458	\$25,329	\$11,387	\$8,124	\$32,618	0.0
Centrally appropriated line items	3,031	3,293	(521)	633	(374)	0.0
R3 Concurrent enrollment	0	0	0	0	0	0.0
R7 School health professionals grant program	0	0	0	0	0	0.0
TOTAL	\$80,489	\$28,622	\$10,866	\$8,757	\$32,244	0.0
INCREASE/(DECREASE)	\$3,031	\$3,293	(\$521)	\$633	(\$374)	0.0
Percentage Change	3.9%	13.0%	(4.6%)	7.8%	(1.1%)	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$444	\$118	\$326	\$0	\$0	0.0

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

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

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests \$2,298,013 total funds (including \$819,361 General Fund) for FY 2017-18, including the following changes from the FY 2016-17 appropriation:

- An increase of \$232,096 total funds (including \$141,217 General Fund) based on OSPB’s common policies for amortization equalization disbursement (AED).
- An increase of \$2,992 General Fund associated with the 1.0 FTE requested through R3 (Concurrent Enrollment, discussed below in the Assistance to Public Schools section).

- And increase of \$8,573 cash funds from the Marijuana Tax Cash Fund associated with the 3.0 FTE requested through R7 (School Health Professionals Grant Program, discussed below with the Assistance to Public Schools section).

RECOMMENDATION: Staff recommends an appropriation of \$2,286,448 total funds (including \$816,369 General Fund) for FY 2017-18 based on the Committee’s common policy to apply a contribution rate of 5.0 percent of base salaries. The recommendation is \$11,565 total funds below the request because the recommendation does not include the increases associated with requests R3 (\$2,992 General Fund) and R7 (\$8,573 cash funds from the Marijuana Tax Cash Fund), based on the Committee’s common policy not to fund such centrally appropriated line items for new FTE in the first year. As approved by the Committee during common policy figure setting, staff will adjust the dollar amount as necessary based on the Committee’s final common policy decisions. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$2,054,352	\$675,152	\$301,250	\$214,983	\$862,967	0.0
TOTAL	\$2,054,352	\$675,152	\$301,250	\$214,983	\$862,967	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$2,054,352	\$675,152	\$301,250	\$214,983	\$862,967	0.0
Centrally appropriated line items	232,096	141,217	6,730	33,223	50,926	0.0
R3 Concurrent enrollment	0	0	0	0	0	0.0
R7 School health professionals grant program	0	0	0	0	0	0.0
TOTAL	\$2,286,448	\$816,369	\$307,980	\$248,206	\$913,893	0.0
INCREASE/(DECREASE)	\$232,096	\$141,217	\$6,730	\$33,223	\$50,926	0.0
Percentage Change	11.3%	20.9%	2.2%	15.5%	5.9%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$11,565	\$2,992	\$8,573	\$0	\$0	0.0

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA.

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests \$2,297,982 total funds (including \$819,330 General Fund) for FY 2017-18, including the following changes from the FY 2016-17 appropriation:

- An increase of \$253,494 total funds (including \$148,249 General Fund) based on OSPB’s common policies for supplemental amortization equalization disbursement (AED).
- An increase of \$2,961 General Fund associated with the 1.0 FTE requested through R3 (Concurrent Enrollment, discussed above).

- And increase of \$8,573 cash funds from the Marijuana Tax Cash Fund associated with the 3.0 FTE requested through R7 (School Health Professionals Grant Program, discussed below with the Assistance to Public Schools section).

RECOMMENDATION: Staff recommends an appropriation of \$2,286,448 total funds (including \$816,369 General Fund) for FY 2017-18 based on the Committee’s common policy to apply a contribution rate of 5.0 percent of base salaries. The recommendation is \$11,534 total funds below the request because the recommendation does not include the increases associated with requests R3 (\$2,961 General Fund) and R7 (\$8,573 cash funds from the Marijuana Tax Cash Fund), based on the Committee’s common policy not to fund such centrally appropriated line items for new FTE in the first year. As approved by the Committee during common policy figure setting, staff will adjust the dollar amount as necessary based on the Committee’s final common policy decisions. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$2,032,954	\$668,120	\$298,112	\$212,744	\$853,978	0.0
TOTAL	\$2,032,954	\$668,120	\$298,112	\$212,744	\$853,978	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$2,032,954	\$668,120	\$298,112	\$212,744	\$853,978	0.0
Centrally appropriated line items	253,494	148,249	9,868	35,462	59,915	0.0
R3 Concurrent enrollment	0	0	0	0	0	0.0
R7 School health professionals grant program	0	0	0	0	0	0.0
TOTAL	\$2,286,448	\$816,369	\$307,980	\$248,206	\$913,893	0.0
INCREASE/(DECREASE)	\$253,494	\$148,249	\$9,868	\$35,462	\$59,915	0.0
Percentage Change	12.5%	22.2%	3.3%	16.7%	7.0%	n/a
FY 2017-18 EXECUTIVE REQUEST	\$2,297,982	\$819,330	\$316,553	\$248,206	\$913,893	0.0
Request Above/(Below) Recommendation	\$11,534	\$2,961	\$8,573	\$0	\$0	0.0

SALARY SURVEY

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

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department requests \$1,248,516 total funds (including \$448,226 General Fund) for FY 2017-18 based on OSPB’s common policy to provide a 2.5 percent across-the-board salary survey increase.

RECOMMENDATION: As discussed above, staff recommends replacing this line item with two separate salary survey line items: Salary Survey for Classified Employees and Salary Survey for

Exempt Employees (discussed below). As a result, staff is not recommending funding for this line item in FY 2017-18.

SALARY SURVEY FOR CLASSIFIED EMPLOYEES (New line item recommended)

As discussed above (Staff Initiated Separation of Salary Survey and Merit Pay for Classified and Exempt Employees), staff is recommending the creation of this line item in the FY 2017-18 Long Bill to reflect salary survey increases (if provided) associated with classified employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department is not requesting the creation of this line item nor specific appropriations for classified employee salary survey. However, based on *preliminary* estimates from the Department, it appears that approximately \$352,000 total funds (including approximately \$325,000 General Fund) of the Department's salary survey request is associated with classified employees.

RECOMMENDATION: As discussed above, the recommendation for this line item is pending the Committee's decisions regarding common policies for salary survey and merit pay. Staff does recommend applying the Committee's common policies to the Department's classified staff.

SALARY SURVEY FOR EXEMPT EMPLOYEES (New line item recommended)

As discussed above (Staff Initiated Separation of Salary Survey and Merit Pay for Classified and Exempt Employees), staff is recommending the creation of this line item in the FY 2017-18 Long Bill to reflect salary survey increases (if provided) associated with exempt (at-will) employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department is not requesting the creation of this line item nor specific appropriations for exempt employee salary survey. However, based on *preliminary* estimates from the Department, it appears that approximately \$895,000 total funds (including approximately \$124,000 General Fund) of the Department's salary survey request is associated with exempt employees.

RECOMMENDATION: As discussed above, the recommendation for this line item is pending the Committee's decisions regarding common policies for salary survey and merit pay. As discussed above, at present, staff recommends only funding the Committee's common policy increases for at-will staff at the CSDB and asking the Department to present a comeback outlining a plan to validate the salary schedule at the Department.

MERIT PAY

This line item funds pay increases relating to employee performance evaluations.

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases for FY 2017-18.

RECOMMENDATION: As discussed above, staff recommends replacing this line item with separate merit pay line items for the Department's classified and exempt employees (discussed below). As a result, staff is not recommending funding for this line item in FY 2017-18.

MERIT PAY FOR CLASSIFIED EMPLOYEES (New line item recommended)

As discussed above (Staff Initiated Separation of Salary Survey and Merit Pay for Classified and Exempt Employees), staff is recommending the creation of this line item in the FY 2017-18 Long Bill to reflect merit pay increases (if provided) associated with classified employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: The Department is not requesting the creation of this line item. Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases in FY 2017-18.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's decisions regarding merit pay common policies for FY 2017-18. However, staff recommends applying the Committee's common policy for merit pay to classified employees of the Department.

MERIT PAY FOR EXEMPT EMPLOYEES (New line item recommended)

As discussed above (Staff Initiated Separation of Salary Survey and Merit Pay for Classified and Exempt Employees), staff is recommending the creation of this line item in the FY 2017-18 Long Bill to reflect merit pay increases (if provided) associated with exempt (at-will) employees at the Department of Education, including the Colorado School for the Deaf and the Blind (CSDB) and the State Charter School Institute (CSI).

STATUTORY AUTHORITY: Section 24-50-104 (1) (c), C.R.S.

REQUEST: Pursuant to OSPB's common policies, the Department is not requesting any funding for merit pay increases for FY 2017-18.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee's decisions regarding merit pay common policies for FY 2017-18. However, for the time being staff

only recommends applying common policy increases to at-will employees at the CSDB, pending a comeback by the Department.

WORKERS' COMPENSATION

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

STATUTORY AUTHORITY: Section 24-30-1510.7, C.R.S.

REQUEST: The Department requests \$519,385 total funds (including \$198,544 General Fund) for FY 2017-18 based on OSPB's common policies.

RECOMMENDATION: Staff recommends an appropriation of \$506,676 total funds (including \$226,318 General Fund) for FY 2017-18, consistent with the Committee's common policy for workers' compensation. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, WORKERS' COMPENSATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$506,964	\$193,794	\$65,432	\$43,115	\$204,623	0.0
TOTAL	\$506,964	\$193,794	\$65,432	\$43,115	\$204,623	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$506,964	\$193,794	\$65,432	\$43,115	\$204,623	0.0
Centrally appropriated line items	(288)	32,524	688	(8,876)	(24,624)	0.0
TOTAL	\$506,676	\$226,318	\$66,120	\$34,239	\$179,999	0.0
INCREASE/(DECREASE)	(\$288)	\$32,524	\$688	(\$8,876)	(\$24,624)	0.0
Percentage Change	(0.1%)	16.8%	1.1%	(20.6%)	(12.0%)	n/a
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$12,709	(\$27,774)	\$914	\$9,932	\$29,637	0.0

LEGAL SERVICES

This line item provides funding for the Department to purchase legal services from the Department of Law.

STATUTORY AUTHORITY: Sections 24-31-101 (1) (a) and 24-75-112 (1) (i), C.R.S.

REQUEST: The Department requests \$773,698 total funds (including \$447,231 General Fund) for the purchase of legal services in FY 2017-18. The request includes the following changes from the FY 2016-17 appropriation.

- An increase of \$171,090 General Fund above the *original* FY 2016-17 appropriation associated with request R5 (Department of Education Legal Services, discussed above); this simply continues the level of funding included in the Department’s FY 2016-17 supplemental bill.
- An increase of \$25,559 based on the Department of Law’s estimated increase in the legal services rate for FY 2017-18.

RECOMMENDATION: The staff recommendation for the dollar amount for this line item is pending the Committee’s decision regarding the legal rate for FY 2017-18. As discussed above, staff recommends that the Committee continue to provide the increased support requested through R5.

ADMINISTRATIVE LAW JUDGE SERVICES

This line item provides funding for the Department to purchase services from the Department of Personnel and Administration, Administrative Hearings Division.

STATUTORY AUTHORITY: Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

REQUEST: The Department requests \$256,136 total funds (including no General Fund) for FY 2017-18, including an increase of \$2,392 to align with OSPB’s common policies for administrative law judge services.

RECOMMENDATION: Staff recommends an appropriation of \$252,579 total funds for FY 2017-18, consistent with the Committee’s common policy for administrative law judge services. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, ADMINISTRATIVE LAW JUDGE SERVICES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$224,252	\$0	\$185,545	\$38,707	0.0
TOTAL	\$224,252	\$0	\$185,545	\$38,707	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$224,252	\$0	\$185,545	\$38,707	0.0
Centrally appropriated line items	28,327	0	23,436	4,891	0.0
TOTAL	\$252,579	\$0	\$208,981	\$43,598	0.0
INCREASE/(DECREASE)	\$28,327	\$0	\$23,436	\$4,891	0.0
Percentage Change	12.6%	n/a	12.6%	12.6%	n/a
FY 2017-18 EXECUTIVE REQUEST	\$256,136	\$0	\$211,925	\$44,211	0.0
Request Above/(Below)					
Recommendation	\$3,557	\$0	\$2,944	\$613	0.0

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the

property program. The state's liability program pays liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

STATUTORY AUTHORITY: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

REQUEST: The Department requests \$136,970 General Fund for FY 2017-18 based on OSPB's common policies.

RECOMMENDATION: Staff recommends an appropriation of \$152,910 General Fund for FY 2017-18, consistent with the Committee's common policy. The following table shows the recommended change from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$108,806	\$108,806	0.0
TOTAL	\$108,806	\$108,806	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$108,806	\$108,806	0.0
Centrally appropriated line items	44,104	44,104	0.0
TOTAL	\$152,910	\$152,910	0.0
INCREASE/(DECREASE)	\$44,104	\$44,104	0.0
Percentage Change	40.5%	40.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST			
Request Above/(Below) Recommendation	(\$15,940)	(\$15,940)	0.0

LEASED SPACE

The General Assembly added this line item to the FY 2015-16 Long Bill to support all of the Department's appropriations for the purchase of leased space outside of the Capitol Complex.

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$1,167,134 total funds (including \$77,041 General Fund) for FY 2017-18, including an increase of \$248,627 total funds (\$13,819 General Fund) to reflect escalation clauses in previously approved leases.

RECOMMENDATION: Based on updated and corrected lease cost information provided by the Department, staff recommends an appropriation of \$1,172,191 total funds (including \$60,782 General Fund) for leased space costs in FY 2017-18. The following table shows the Department's lease costs and square footage usage for each of the three private lease locations.

SUMMARY OF PROJECTED LEASED SPACE COSTS				
LOCATION	FY 2016-17 APPROPRIATION	SPACE (SQ. FT.)	FY 2017-18 LEASE COSTS	SPACE (SQ. FT.)
1560 Broadway	\$639,478	28,625	\$740,246	28,625
1580 Logan St.	204,313	15,544	307,002	14,685
6000 East Evans Ave.	74,716	6,710	124,943	9,039
Total	\$918,507	50,879	\$1,172,191	52,349

CAPITOL COMPLEX LEASED SPACE

This line item supports payments to the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex.

STATUTORY AUTHORITY: Section 24-30-1104, C.R.S.

REQUEST: The Department requests \$840,502 total funds (including \$184,838 General Fund) for FY 2017-18 based on OSPB’s common policy.

RECOMMENDATION: Staff recommends an appropriation of \$842,164 total funds (including \$236,777 General Fund) for FY 2017-18 based on the Committee’s common policies.

MANAGEMENT AND ADMINISTRATION, ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS, CAPITOL COMPLEX LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$723,654	\$159,143	\$83,204	\$115,415	\$365,892	0.0
TOTAL	\$723,654	\$159,143	\$83,204	\$115,415	\$365,892	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$723,654	\$159,143	\$83,204	\$115,415	\$365,892	0.0
Centrally appropriated line items	118,510	77,634	29,841	36,943	(25,908)	0.0
TOTAL	\$842,164	\$236,777	\$113,045	\$152,358	\$339,984	0.0
INCREASE/(DECREASE)	\$118,510	\$77,634	\$29,841	\$36,943	(\$25,908)	0.0
Percentage Change	16.4%	48.8%	35.9%	32.0%	(7.1%)	n/a
FY 2017-18 EXECUTIVE REQUEST	\$840,502	\$184,838	\$96,640	\$134,051	\$424,973	0.0
Request Above/(Below) Recommendation	(\$1,662)	(\$51,939)	(\$16,405)	(\$18,307)	\$84,989	0.0

REPRINTING AND DISTRIBUTING LAWS CONCERNING EDUCATION

Section 22-2-112 (1) (i), C.R.S., requires the Department to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." All publishing costs are to be paid out of the State Public School Fund. Prior to FY 2010-11, this appropriation identified the source of funding as rental income earned on state education trust lands that is credited to the State Public School Fund. Pursuant to H.B. 10-1369, the revenue

source is now interest and investment income earned on the Public School ("Permanent") Fund that is credited to the State Public School Fund.

STATUTORY AUTHORITY: Section 22-2-112 (1) (i), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$35,480 cash funds from the State Public School Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. This appropriation is required by current law.

(B) INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY SERVICES

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

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

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

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$4,051,818 total funds (including \$1,425,355 General Fund) and 28.2 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the requested total appropriation of \$4,051,818, which is consistent with the Committee's common policies. However, in a technical correction to the appropriation, staff recommends approving \$3,425,355 General Fund (an increase of \$2.0 million above the request). The FY 2016-17 appropriation includes a one-time adjustment to replace \$2.0 million General Fund with \$2.0 million cash funds from the Indirect Costs Excess Recovery Fund. The cash funds will not be available in FY 2017-18 and maintaining the line item's appropriation will require restoring the \$2.0 million General Fund. Information technology resources are central to the Department's various data collection, privacy, and reporting functions. The General Assembly has invested significant resources in the Department's information technology infrastructure in recent years and staff recommends continuing to provide an adequate level of funding to maintain the system.

MANAGEMENT AND ADMINISTRATION, INFORMATION TECHNOLOGY, INFORMATION TECHNOLOGY SERVICES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$4,051,818	\$1,425,355	\$2,000,000	\$626,463	28.2
TOTAL	\$4,051,818	\$1,425,355	\$2,000,000	\$626,463	28.2
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$4,051,818	\$1,425,355	\$2,000,000	\$626,463	28.2
Information technology services fund source	0	2,000,000	(2,000,000)	0	0.0
TOTAL	\$4,051,818	\$3,425,355	\$0	\$626,463	28.2
INCREASE/(DECREASE)	\$0	\$2,000,000	(\$2,000,000)	\$0	0.0
Percentage Change	0.0%	140.3%	(100.0%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$4,051,818	\$1,425,355	\$2,000,000	\$626,463	28.2
Request Above/(Below) Recommendation	\$0	(\$2,000,000)	\$2,000,000	\$0	(0.0)

CORE OPERATIONS

This line item funds the Department’s share of costs for the statewide accounting system (CORE) used by the State Controller to record all state revenues and expenditures.

STATUTORY AUTHORITY: Section 24-30-209, C.R.S.

REQUEST: The Department requests \$223,689 total funds (including \$84,936 General Fund) for FY 2017-18 based on OSPB’s common policies. The request includes the following changes from the FY 2016-17 appropriation:

- A decrease of \$121,724 reappropriated funds to eliminate one-time spending authority provided in S.B. 17-160 (the Department’s FY 2016-17 supplemental bill).
- A decrease of \$58,847 total funds associated with the common policy adjustment for CORE operations.

RECOMMENDATION: Staff recommends an appropriation of \$236,105 total funds (including \$89,650 General Fund) for FY 2017-18, which is consistent with the Committee’s common policy. The following table shows the recommended change from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, INFORMATION TECHNOLOGY, CORE OPERATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$282,536	\$107,278	\$35,374	\$139,884	\$0	0.0
SB 17-160 (Supplemental Bill)	\$121,724	\$0	\$0	\$121,724	\$0	0.0
TOTAL	\$404,260	\$107,278	\$35,374	\$261,608	\$0	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$404,260	\$107,278	\$35,374	\$261,608	\$0	0.0

MANAGEMENT AND ADMINISTRATION, INFORMATION TECHNOLOGY, CORE OPERATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-160 (Supplemental)	(121,724)	0	0	(121,724)	0	0.0
Centrally appropriated line items	(46,431)	(17,628)	(5,814)	(22,989)	0	0.0
TOTAL	\$236,105	\$89,650	\$29,560	\$116,895	\$0	0.0
INCREASE/(DECREASE)	(\$168,155)	(\$17,628)	(\$5,814)	(\$144,713)	\$0	0.0
Percentage Change	(41.6%)	(16.4%)	(16.4%)	(55.3%)	n/a	n/a
FY 2017-18 EXECUTIVE REQUEST	\$223,689	\$84,936	\$28,005	\$110,748	\$0	0.0
Request Above/(Below) Recommendation	(\$12,416)	(\$4,714)	(\$1,555)	(\$6,147)	\$0	0.0

INFORMATION TECHNOLOGY ASSET MAINTENANCE

This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment. Money is used to pay for critical hardware and software maintenance contracts, as well as the replacement of equipment (e.g., servers, switches, printers, or personal computers).

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests \$862,146 General Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The General Assembly has invested significant resources in updating and maintaining the Department's information technology resources in recent years, including \$1.4 million in FY 2014-15 to update and replace core network and information technology components. The requested amount aligns with the Department's ongoing information technology maintenance plan as addressed in the FY 2014-15 decision item.

DISASTER RECOVERY

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

STATUTORY AUTHORITY: Section 22-2-112, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$19,722 General Fund, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

PAYMENTS TO OIT

This line item, created in FY 2014-15, supports various payments to the Governor’s Office of Information Technology (OIT) for services provided to the Department.

STATUTORY AUTHORITY: Section 24-27.5-104, C.R.S.

REQUEST: The Department requests \$805,405 total funds (including \$403,600 General Fund) based on OSPB’s common policies.

RECOMMENDATION: The staff recommendation for this line item is pending the Committee’s decisions regarding OIT common policies. Staff will ultimately reflect the Committee’s policy in the appropriation for this line item.

(C) ASSESSMENTS AND DATA ANALYSES

Background Information: Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring, and score reporting. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 23 assessments currently required by statute, including the SAT in grade 11 and the PSAT in grade 10.

Please note that the federal *No Child Left Behind Act*, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado originally chose tenth grade but is now administering the exam in grade 11). House Bill 03-1306 [Section 22-7-409 (1) (g), C.R.S.] required the Department to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*.

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

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

As required by the act, the State Board of Education adopted new academic standards in 2009, conducted a PWR assessments pilot program, and approved the attributes of a new statewide assessment system that would align with the new standards. The adopted standards include the

national "Common Core" standards, an effort initiated and managed by the National Governor's Association. However, Colorado's standards also go beyond the Common Core by including: (1) additional content areas beyond English language arts and mathematics; and (2) additional expectations within each content area that is covered by the Common Core.

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

Because the Colorado Student Assessment Program (CSAP) was aligned to the former statewide standards and would not be a viable assessment of the new standards, the Department discontinued use of the CSAP (spring 2011 was the final use of the former assessment). The Department used a temporary assessment (Temporary Colorado Assessment Program, or TCAP) for reading, writing, and mathematics in spring 2012, 2013, and 2014 to allow time for: (1) the development of new assessments and (2) local education providers to fully transition to the new standards before being held accountable for teaching the new standards. The TCAP only assessed areas of overlap between the "old" and "new" standards and therefore covered only a subset of both sets of standards.

In order to align the State's system of assessments with the current standards, Colorado moved forward with a new set of assessments, titled the Colorado Measures of Academic Success (CMAS).

- In FY 2013-14, Colorado started administering new state-specific science and social studies assessments. The science assessment replaced the TCAP, and the new social studies assessment represents the State's first statewide standardized assessment in social studies.
- In FY 2014-15, Colorado started administering consortium-based assessments for mathematics and English language arts. Pursuant to H.B. 12-1240, Colorado became a governing member of the Partnership for Assessment of Readiness for College and Careers (PARCC) in August 2012. The General Assembly provided additional funds to develop items specific to the Colorado standards in FY 2013-14 and 2014-15. The Department began administering the PARCC assessments, including the items specific to the Colorado standards in spring 2015.

House Bill 15-1323 (Changes to Statewide Assessments), enacted during the 2015 Session, made further changes to the statewide assessment system. Specifically, the bill:

- Eliminates the PARCC/CMAS assessments in mathematics and English Language Arts for grades 10 and 11;
- Requires the Department to administer a 10th grade college entrance preparation exam (the Department is administering the PSAT in FY 2015-16, which replaces the 10th grade PARCC/CMAS assessments in mathematics and English language arts);
- Requires the Department to continue to administer a college entrance exam to students in 11th grade and to administer the writing portion of the exam when requested to do so by students. Please note that the Department continued to administer the ACT to 11th graders in FY 2015-16 but is transitioning to the SAT in FY 2016-17.

A second bill enacted during the 2015 Session, S.B. 15-056 (Frequency of Statewide Social Studies Testing) allows the Department to administer the statewide social studies assessment on a sampling basis beginning in FY 2015-16. The following table shows the planned assessments for FY 2016-17 by grade level based on current law, as modified by H.B. 15-1323.

ANTICIPATED FY 2016-17 STATEWIDE ASSESSMENT SCHEDULE			
GRADE	COLORADO MEASURES OF ACADEMIC SUCCESS* (STATE REQUIREMENTS)	NO CHILD LEFT BEHIND FEDERAL REQUIREMENTS	EVERY STUDENT SUCCEEDS ACT FEDERAL REQUIREMENTS
3	English language arts	reading/language arts	reading/language arts
	math	math	math
4	English language arts	reading/language arts	reading/language arts
	math	math	math
	social studies (sampled)		
5	English language arts	reading/language arts	reading/language arts
	math	math	math
	science	science (in grades 3, 4, or 5)	science (in grades 3, 4, or 5)
6	English language arts	reading/language arts	reading/language arts
	math	math	math
7	English language arts	reading/language arts	reading/language arts
	math	math	math
	social studies (sampled)		
8	English language arts	reading/language arts	reading/language arts
	math	math	math
	science	science (6, 7, 8 or 9)	science (6, 7, 8, or 9)
9	English language arts	English language arts (10, 11, 12)	English language arts (9, 10, 11, or 12)
	math	math (10, 11, OR 12)	math (9, 10, 11, or 12)
10	PSAT 10 -- Reading PSAT 10 -- Math		
11	SAT		
	science social studies (sampled)	science (10, 11, or 12)	science (10, 11, or 12)
12			

*The Department also administers alternate assessments for children with the most significant cognitive disabilities who are unable to participate in the CMAS, even with accommodations. Alternate assessments are administered in the same grades and subjects as the general state assessments. The Department utilizes federal special education funding (IDEA Part B) to pay for the development and administration of alternate assessments outside of social studies.

COLORADO STUDENT ASSESSMENT PROGRAM

This line item provides funding for the staff, operating expenses, and contract expenses associated with the standardized assessments, including the PARCC assessments in mathematics and English

language arts (beginning in FY 2014-15), the state-specific science and social studies assessments, English proficiency assessments, Spanish language arts assessments, PSAT (beginning in FY 2015-16), the ACT (through FY 2015-16), and the SAT (beginning in FY 2016-17).

STATUTORY AUTHORITY: Section 22-7-1006.3, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$33,112,688 total funds (including \$26,229,332 cash funds from the State Education Fund and \$6,883,356 federal funds) and 11.8 FTE for FY 2017-18. The request includes a reduction of \$39,600 cash funds from the State Education Fund to eliminate one-time funding provided in H.B. 16-1234 (State Assessment Selection and Local Flexibility).

RECOMMENDATION: Based on updated information provided by the Department, staff recommends an appropriation of \$33,113,277 total funds, including \$26,229,332 cash funds from the State Education Fund (with no change from the Department’s request) and \$6,883,945 federal funds (an increase of \$589 federal funds above the Department’s request), and 11.8 FTE for FY 2017-18. The recommendation includes the requested reduction of \$39,600 cash funds from the State Education Fund below the FY 2016-17 appropriation to eliminate one-time funding provided in H.B. 16-1234.

Staff notes that there is uncertainty about assessment costs for FY 2017-18, as the Department is initiating a new procurement process for English language arts, mathematics, science, and social studies. However, the recommendation is based on the best available information. Depending on the contracting process for assessments in FY 2017-18, the Department may submit a supplemental request at mid-year. The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, COLORADO STUDENT ASSESSMENT PROGRAM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$33,112,688	\$0	\$26,229,332	\$6,883,356	11.8
Other legislation	\$39,600	\$0	\$39,600	\$0	0.0
TOTAL	\$33,152,288	\$0	\$26,268,932	\$6,883,356	11.8
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$33,152,288	\$0	\$26,268,932	\$6,883,356	11.8
Assessment adjustments	589	0	0	589	0.0
Annualize prior year legislation	(39,600)	0	(39,600)	0	0.0
TOTAL	\$33,113,277	\$0	\$26,229,332	\$6,883,945	11.8
INCREASE/(DECREASE)	(\$39,011)	\$0	(\$39,600)	\$589	0.0
Percentage Change	(0.1%)	n/a	(0.2%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	\$33,112,688 (\$589)	\$0 \$0	\$26,229,332 \$0	\$6,883,356 (\$589)	11.8 0.0

Below is a detailed discussion of the recommended appropriation for this line item for FY 2017-18, followed by discussions of each major component of the recommendation.

Overview of Line Item Recommendation: The following table provides an overview of the existing FY 2016-17 appropriation and staff’s recommendation for FY 2017-18. The sections following the table provide additional detail for each component shown in the overview.

SUMMARY OF FY 2017-18 RECOMMENDATION FOR CSAP LINE ITEM				
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 REQUEST	FY 2017-18 ESTIM./REC.	ANNUAL CHANGE
I. CMAS: Contract for developing, scoring, and reporting CMAS (not including alternate assessments) - math and English	<u>\$15,851,402</u>	<u>\$15,851,402</u>	<u>\$15,851,402</u>	<u>\$0</u>
Cash Funds - State Education Fund	13,909,654	13,909,654	13,909,654	0
Federal Funds	1,941,748	1,941,748	1,941,748	0
II. Alternate Math and English Assessments: Contract for developing, scoring, and reporting Alternate CMAS	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$0</u>
Federal Funds	950,000	950,000	950,000	0
III. Science and Social Studies: Contract for developing, scoring, and reporting science and social studies assessments	<u>\$5,456,648</u>	<u>\$5,456,648</u>	<u>\$5,456,648</u>	<u>\$0</u>
Cash Funds - State Education Fund	5,208,292	5,208,292	5,208,292	0
Federal Funds	248,356	248,356	248,356	0
IV. Alternate Science and Social Studies: Contract to develop, score, and report Alternate assessments for science and social studies	<u>\$1,527,698</u>	<u>\$1,527,698</u>	<u>\$1,527,698</u>	<u>\$0</u>
Cash Funds - State Education Fund	983,600	983,600	983,600	0
Federal Funds	544,098	544,098	544,098	0
V. English Language Proficiency: Contract for developing, scoring, and reporting the Colorado English Language Assessment /(ACCESS)	<u>\$3,278,188</u>	<u>\$3,278,188</u>	<u>\$3,156,560</u>	<u>(\$121,628)</u>
Cash Funds - State Education Fund	1,037,080	1,037,080	1,037,080	0
Federal Funds	2,241,108	2,241,108	2,119,480	(121,628)
VI. SAT: SAT for 11th grade students and PSAT for 10th grade students - Cash Funds (State Education Fund)	\$2,914,000	\$2,914,000	\$2,914,000	\$0
VII. Spanish Language Arts:	<u>\$1,608,901</u>	<u>\$1,608,901</u>	<u>\$1,731,118</u>	<u>\$122,217</u>
Cash Funds - State Education Fund	1,608,901	1,608,901	1,608,901	0
Federal Funds	0	0	122,217	122,217
VIII. Administration: Staff and operating expenses	\$1,525,852	\$1,525,852	\$1,525,852	(\$0)
FTE	<u>11.8</u>	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	567,805	567,805	567,805	0
Federal Funds	958,047	958,047	958,047	(0)
Total	\$33,112,689	\$33,112,689	\$33,113,277	\$588
FTE	11.8	11.8	11.8	0.0
Cash Funds - State Education Fund	26,229,332	26,229,332	26,229,332	0
Federal Funds	6,883,357	6,883,357	6,883,945	588

I. ENGLISH LANGUAGE ARTS AND MATHEMATICS – CONTRACT FOR DEVELOPMENT, SCORING, AND REPORTING RELATED TO CMAS IN MATHEMATICS AND ENGLISH LANGUAGE ARTS IN FY 2016-17 AND FY 2017-18

The largest component of this line item is a contract to develop, maintain, manufacture, score, and report the assessments in mathematics and English language arts. The costs for FY 2017-18 reflect the Department’s estimates of costs for the CMAS. The following table details the basis for the FY 2017-18 recommendation.

MATH AND ENGLISH LANGUAGE ARTS TEST ADMINISTRATION COSTS

GRADE	BIMODAL N COUNT GRADE LEVEL ELA/MATH \$32.97/TEST	BIMODAL N COUNT GRADE LEVEL ELA/ HIGH SCHOOL MATH \$33.94/TEST	PAPER N COUNT HIGH SCHOOL MATHEMATICS \$17.97/TEST	CBT N COUNT HIGH SCHOOL ELA \$16.87/TEST	TOTAL COST
3	63,830				\$2,104,475
4	63,346				2,088,518
5	63,620				2,097,551
6	62,483				2,060,065
7	59,170	3,114			2,056,524
8	52,100	9,194			2,029,781
9			62,772	62,772	2,186,976
10					
11					
12					
Total Test Cost	364,549	12,308	143,632	177,740	\$14,623,891
Other Costs					
Regional Trainings					\$101,500
Project management					\$554,597
Electronic School/District Reports					\$554,597
New Braille					\$16,817
GRAND TOTAL					\$15,851,402
Cash Funds - SEF					13,909,654
Federal Funds					1,941,748

Recommendation I. English Language Arts and Mathematics: As detailed in the above table, staff recommends providing \$15,851,402 total funds to cover the costs of mathematics and English language arts administration in FY 2017-18, with *no change* from the FY 2016-17 appropriation. The recommendation includes \$13,909,654 cash funds from the State Education Fund and \$1,941,748 federal funds.

II. ALTERNATE ENGLISH LANGUAGE ARTS AND MATHEMATICS – CONTRACT WITH PEARSON TO DEVELOP, SCORE, AND REPORT ALTERNATE ENGLISH LANGUAGE ARTS AND MATHEMATICS ASSESSMENTS FOR STUDENTS WITH COGNITIVE DISABILITIES

This component supports a contract with Pearson for the administration of alternate English language arts and math assessments. The following table summarizes the current and recommended appropriations for this component.

SUMMARY OF COSTS FOR ALTERNATE ENGLISH LANGUAGE ARTS AND MATH			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Totals Alternate Assessments	\$950,000	\$950,000	\$0
Federal Funds (Assessment & IDEA B)	950,000	950,000	0

Recommendation II. Alternate English Language Arts and Math: As shown in the table above, staff recommends reflecting a continuation appropriation of \$950,000 federal funds in FY 2017-18 for the development and administration of alternate English language arts and mathematics assessments for students with significant cognitive disabilities, with no change from the FY 2016-17 appropriation.

III. SCIENCE AND SOCIAL STUDIES – CONTRACT FOR SCIENCE AND SOCIAL STUDIES ASSESSMENTS

This component supports a contract for the ongoing development and administration of the Colorado-specific science and social studies assessments. The Department is contracting with Pearson for the FY 2016-17 administration of science and social studies assessments. The Department will be going out to bid for a new contract in 2017 for the FY 2017-18 administration of science and social studies. The following table summarizes *current estimates* for this component.

SUMMARY OF COSTS ASSOCIATED WITH PEARSON CONTRACT FOR SCIENCE AND SOCIAL STUDIES			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Content Development	\$1,104,094	\$1,104,094	\$0
Ancillary Development	106,607	106,607	0
Program Management	601,830	601,830	0
Information Technology	19,950	19,950	0
Psychometrics	235,330	235,330	0
Quality Assurance	91,067	91,067	0
Test Delivery System	319,405	319,405	0
Production and Distribution	459,614	459,614	0
Receiving/Scanning/Editing	170,253	170,253	0
Reporting	396,896	396,896	0
Scoring	1,637,013	1,637,013	0
Travel and Meetings	314,589	314,589	0
Total Assessments	\$5,456,648	\$5,456,648	\$0
Cash funds - State Education Fund	5,208,292	5,208,292	0
Federal Funds (Assessment & IDEA B)	248,356	248,356	0

Recommendation III. Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$5,456,648 for the ongoing development and administration of science and social studies assessments in FY 2017-18, including \$5,208,292 cash funds from the State Education Fund and \$248,356 federal funds, with no change from the FY 2016-17 appropriation. As discussed above, the Department will be completing a new contract for FY 2017-18 and this component of the assessment costs is uncertain. Depending on the outcome of contract negotiations, a mid-year supplemental may be necessary. However, updated information on contract costs is not available at this time.

IV. ALTERNATE SCIENCE AND SOCIAL STUDIES – CONTRACT TO DEVELOP, SCORE, AND REPORT ALTERNATE SCIENCE AND SOCIAL STUDIES ASSESSMENTS FOR STUDENTS WITH SIGNIFICANT COGNITIVE DISABILITIES

This component supports a contract for alternate science and social studies assessments for students with significant cognitive disabilities. The Department is currently contracting with Pearson but will be creating a new contract for FY 2017-18. The following table summarizes the current FY 2016-17 appropriation and the staff recommendation for FY 2017-18.

SUMMARY OF COSTS ASSOCIATED WITH PEARSON CONTRACT FOR ALTERNATE SCIENCE AND SOCIAL STUDIES			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Content Development	\$83,443	\$83,443	\$0
Ancillary Development	5,326	5,326	0
Program Management	355,787	355,787	0
Information Technology	199,007	199,007	0
Psychometrics	152,180	152,180	0
Quality Assurance	40,356	40,356	0
Test Delivery System	115,473	115,473	0
Production and Distribution	102,355	102,355	0
Receiving/Scanning/Editing	1,758	1,758	0
Reporting	152,499	152,499	0
Scoring	0	0	0
Travel and Meetings	319,514	319,514	0
Totals Alternate Assessments	\$1,527,698	\$1,527,698	\$0
Cash funds - State Education Fund	983,600	983,600	0
Federal Funds (Assessment & IDEA B)	544,098	544,098	0

Recommendation IV. Alternate Science and Social Studies: As detailed in the table above, staff recommends appropriating a total of \$1,527,698 for the development and administration of alternate science and social studies assessments for students with significant cognitive disabilities in FY 2017-18, including \$983,600 cash funds from the State Education Fund and \$544,098 federal funds, with no change from the FY 2016-17 appropriation.

V. ENGLISH LANGUAGE PROFICIENCY (ACCESS)

The above contracts with Pearson do not include funding for the Colorado English Proficiency Assessment (ACCESS). Federal law requires Colorado to administer a single, statewide assessment to determine the English language proficiency level of English language learners, including an assessment in the areas of listening, speaking, reading, and writing, and the assessment is to be based on Colorado English language development standards for particular grade configurations. Previously, school districts utilized one of three assessments for this purpose. None of these assessments were aligned with Colorado English language development standards.

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

The following table details the basis for the staff recommendation for FY 2017-18. For the past several years, the State has contracted with the University of Wisconsin to administer the ACCESS assessments. Beginning in FY 2015-16, the Department is issuing a revised version of the assessment. The revised version includes both a paper-based form and an on-line form. For FY 2015-16, the costs of both forms were the same. However, starting in FY 2016-17, the costs of the

paper-based form are higher than the costs of the on-line form. The following table shows the FY 2016-17 appropriation and the FY 2017-18 recommendation for this component.

SUMMARY OF ENGLISH LANGUAGE PROFICIENCY COSTS ASSOCIATED WITH ACCESS CONTRACT WITH UNIVERSITY OF WISCONSIN			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Online Price per Student	\$26.25	\$26.25	\$0.00
Paper Price per Student	28.00	28.00	0
Alternate Price per Student	78.00	78.00	0
Total Population Estimate	<u>118,528</u>	<u>112,860</u>	<u>(5,668)</u>
<i>Online Population Estimate</i>	<i>58,672</i>	<i>56,430</i>	<i>(2,242)</i>
<i>Paper Population Estimate</i>	<i>58,672</i>	<i>56,430</i>	<i>(2,242)</i>
Alternate Population Estimate	1,184	1,184	0
Online Cost Estimate	\$1,540,140	\$1,481,288	(\$58,852)
Paper Cost Estimate	1,642,816	1,580,040	(62,776)
Alternate Cost Estimate	92,352	92,352	0
Additional Cost for Students Requiring Braille	2,880	2,880	0
Totals	\$3,278,188	\$3,156,560	(\$121,628)
Cash funds - State Education Fund	1,037,080	1,037,080	0
Federal Funds	2,241,108	2,119,480	(121,628)

Recommendation V. English Language Proficiency (ACCESS): As detailed in the table above, staff recommends appropriating \$3,156,560 total funds (including \$1,037,080 cash funds from the State Education Fund and \$2,119,480 federal funds) to support English language proficiency assessments in FY 2017-18.

VI. SAT AND PSAT – FUNDING FOR ADMINISTRATION OF SPRING 2018 SAT AND PSAT

Section 22-7-1006.3 (2), C.R.S., as enacted in H.B. 15-1323, requires the Department of Education to pay for and administer a college entrance examination to all 11th grade students that is administered throughout the United States and relied upon by institutions of higher education. The statute also now requires the Department to pay for and administer a college entrance *preparation* exam to all 10th graders that is aligned with the college entrance exam to be administered to those students as 11th graders. The Department administered the ACT to all 11th graders from 2001 (following the passage of S.B. 00-186) through 2016. However, under the requirements enacted in H.B. 15-1323, FY 2015-16 was the Department's final year administering the ACT, as the Department is transitioning to the College Board entrance exam (SAT) and preparation exam (PSAT) beginning in FY 2016-17.

The following table details the basis for the existing FY 2016-17 appropriation and staff's recommendation for FY 2017-18 for the SAT and PSAT.

SUMMARY OF COSTS ASSOCIATED WITH SAT/PSAT			
DESCRIPTION	FY 2016-17 APPROP.	FY 2017-18 ESTIMATE	ANNUAL CHANGE
College Entrance Test 22-7-1006.3 (2)(b) -- Required			
<i>Estimated # of students taking SAT</i>	<i>60,000</i>	<i>60,000</i>	<i>0</i>

SUMMARY OF COSTS ASSOCIATED WITH SAT/PSAT			
DESCRIPTION	FY 2016-17 APPROP.	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Price per student	\$33.50	\$33.50	\$0.00
Subtotal:	\$2,010,000	\$2,010,000	\$0
<i>College Entrance Test 22-7-1006.3 (2)(b) -- Student Request</i>			
Estimated # of Students taking writing	20,000	20,000	0
Price per student	\$9.20	\$9.20	\$0.00
Subtotal:	\$184,000	\$184,000	\$0
<i>10th Grade Test -- 22-7-1006.3(2)(a)*</i>			
Estimated # of Students taking writing	60,000	60,000	0
Price per student	\$12.00	\$12.00	\$0.00
Subtotal: 10th Grade Test - SEF	\$720,000	\$720,000	0
Total - Cash Funds - State Education Fund	\$2,194,000	\$2,194,000	0

*This assessment replaces the PARCC 10th Grade Assessment.

Recommendation VI. SAT and PSAT: As detailed in the table above, staff recommends appropriating \$2,194,000 cash funds from the State Education Fund for the SAT and PSAT contract for FY 2017-18, with no change from the FY 2016-17 appropriation.

VII. SPANISH LANGUAGE ARTS – SUPPORT ADMINISTRATION OF A SPANISH LANGUAGE ARTS ASSESSMENT ALIGNED TO THE CURRENT STATEWIDE STANDARDS

This component supports the development and administration of Spanish literacy assessments. Section 22-7-1006.3 (4) (b), C.R.S., requires the Department to administer Spanish literacy assessments to eligible third and fourth graders.³ For eligible students, the Spanish reading and writing assessments substitute for the CMAS English language arts assessments. The following table shows the FY 2016-17 appropriation and FY 2017-18 staff recommendation for this component.

SUMMARY OF SPANISH LANGUAGE ARTS (READING AND WRITING)		
	FY 2016-17 APPROPRIATION	FY 2017-18 ESTIMATE
Totals - Spanish Language Arts	\$1,608,901	\$1,731,118
Administration of Assessment - CF - State Education Fund	1,608,901	1,608,901
Administration of Assessment - Federal	0	122,217

Recommendation VII. Spanish Language Arts: As detailed in the table above, staff recommends appropriating \$1,731,118 total funds (including \$1,608,901 cash funds from the State Education Fund and \$122,217 federal funds) for Spanish language arts assessments in FY 2017-18.

VIII. ADMINISTRATION – SUPPORT FOR STATE STAFF THAT ADMINISTER ASSESSMENTS

³ According to the Department, eligible students: (1) must be in grade 3 or 4; (2) must have had instruction in an English language proficiency program three years or less; and must have had instruction and assessments in their native language in reading and writing in the current or previous school year. In FY 2015-16, 2,071 students took these assessments, including 1,540 in grade 3 and 531 in grade 4.

The following table displays the personal services and operating expenses components of the Department's administration of the statewide assessment program, including the FY 2016-17 appropriation and the FY 2017-18 staff recommendation.

SUMMARY OF COSTS ADMINISTRATION PORTION OF CSAP LINE ITEM			
DESCRIPTION	FY 2016-17 APPROP.	FY 2017-18 ESTIMATE	ANNUAL CHANGE
Subtotal Personal Services	\$1,437,704	\$1,437,704	\$0
FTE	11.8	11.8	0.0
Cash funds - State Education Fund	525,725	525,725	0
Federal Funds	911,979	911,979	0
Subtotal: Operating Expenses	\$88,148	\$88,148	\$0
Cash funds - State Education Fund	42,080	42,080	0
Federal Funds	46,068	46,068	0
Total Administration Costs	\$1,525,852	\$1,525,852	\$0
FTE	11.8	11.8	0.0
Cash funds - State Education Fund	567,805	567,805	0
Federal Funds	958,047	958,047	0

Recommendation VIII. Administration: As detailed in the table above, staff recommends appropriating \$1,525,852 total funds and 11.8 FTE for expenditures related to staff who administer the statewide assessment program in FY 2017-18, with no change from the FY 2016-17 appropriation. The fund sources in staff's recommendation are based on information provided by the Department.

FEDERAL GRANT FOR STATE ASSESSMENTS AND RELATED ACTIVITIES

Beginning with the FY 2002-03 Long Bill, the General Assembly has reflected federal funds anticipated to be available to Colorado annually pursuant to the federal *No Child Left Behind Act* and now the *Every Student Succeeds Act*. This funding has been provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a state had already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results (e.g., developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation, ensuring the continued validity and reliability of state assessments, refining state assessments to ensure their continued alignment with the state's academic content standards and to improve the alignment of curricula and instructional materials).

STATUTORY AUTHORITY: 20 U.S.C. 7301

REQUEST: The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS

This line item provides funding and staff for longitudinal analyses of student assessment results, including the assignment of individual student identifiers for all students in public schools, including preschool children participating in the Colorado Preschool Program and disabled preschool children receiving special education services. The General Assembly has provided General Fund to support 3.0 FTE within this line item for ongoing work associated with the longitudinal data system. In addition, the Department received a federal grant to improve state longitudinal data systems in FY 2010-11, and used those funds through FY 2013-14. The Department reports that it used the federal grant to replace the state’s data collection system, link student data from prekindergarten to the workforce, and provide additional enhancements to the state’s data systems. In FY 2014-15, H.B. 14-1298 (School Finance) appropriated \$298,000 cash funds from the State Education Fund to support the creation and assignment of unique student identifiers for children receiving state- or federally- subsidized early childhood education services. That amount is ongoing in the current appropriation.

STATUTORY AUTHORITY: Section 22-2-134, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$736,392 total funds (including \$438,392 General Fund and \$298,000 cash funds from the State Education Fund) and 4.1 FTE for FY 2017-18. The request includes the following changes from the FY 2016-17 appropriation:

- An increase of \$43,896 General Fund and 0.5 FTE to reflect the appropriation provided in H.B. 16-1429 (Alternative Education Campuses) in this line item. The appropriation clause in H.B. 16-1429 provided funds to the College and Career Readiness line item in the Assistance to Public Schools section. However, the Department is using the funds in this line item and has requested a technical adjustment to reflect the funds in this line item in FY 2017-18 and subsequent years.
- An increase of \$1,219 General Fund to reflect the second-year impact of H.B. 16-1429.

RECOMMENDATION: Staff recommends approving the request, including the technical adjustment to move \$43,896 General Fund and 0.5 FTE from the College and Career Readiness line item to this line item. The request is consistent with the Committee’s common policies for FY 2017-18.

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$691,277	\$393,277	\$298,000	3.6
TOTAL	\$691,277	\$393,277	\$298,000	3.6
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$691,277	\$393,277	\$298,000	3.6
Other technical adjustments	43,896	43,896	0	0.5
Annualize prior year legislation	1,219	1,219	0	0.0
TOTAL	\$736,392	\$438,392	\$298,000	4.1
INCREASE/(DECREASE)	\$45,115	\$45,115	\$0	0.5
Percentage Change	6.5%	11.5%	0.0%	13.9%
FY 2017-18 EXECUTIVE REQUEST	\$736,392	\$438,392	\$298,000	4.1

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Request Above/(Below) Recommendation	\$0	\$0	\$0	(0.0)

BASIC SKILLS PLACEMENT OR ASSESSMENT

With the enactment of H.B. 12-1345, the General Assembly established a program to reimburse school districts for costs incurred in administering basic skills placement or assessment tests. The bill authorized school districts to administer the tests as frequently as desired during high school but specifies that the state will only reimburse school districts for one administration per student. The bill provided \$1.0 million cash funds from the State Education Fund in FY 2012-13 for such reimbursements. The General Assembly created this line item in the FY 2013-14 Long Bill to continue to provide funding for the program but reduced the amount of funding to \$320,917 in FY 2013-14 based on actual use of the program. The General Assembly further reduced the appropriation to \$50,000 for FY 2015-16 based on the lack of use of the program (there were no expenditures in FY 2014-15).

STATUTORY AUTHORITY: Section 22-32-109.5, C.R.S.

REQUEST: The Department requests \$50,000 cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The Department did not spend any of the appropriation in FY 2014-15 or FY 2015-16 and staff is not certain that the line item is still necessary. However, because the reimbursement program remains in statute, staff recommends maintaining the (limited) \$50,000 appropriation in case of need in FY 2017-18. Any unused funds will revert to the State Education Fund and be available for appropriation in FY 2018-19.

PRESCHOOL TO POSTSECONDARY EDUCATION ALIGNMENT

Senate Bill 08-212 (Colorado Achievement Plan for Kids or "CAP4K") required the State Board of Education, assisted by the Colorado Commission on Higher Education (CCHE), to develop standards and assessments for children progressing through the public education system [Sections 22-7-1001 through 1019, C.R.S.]. This line item provides funding for the personal services and operating expenses associated with the ongoing implementation of this bill.

STATUTORY AUTHORITY: Section 22-7-1001, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$630,153 total funds (including \$35,400 General Fund and \$594,753 cash funds from the State Education Fund) and 3.5 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2017-18.

EDUCATOR EFFECTIVENESS UNIT ADMINISTRATION

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

STATUTORY AUTHORITY: Section 22-9-104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,865,610 total funds (including \$1,736,357 General Fund and \$129,253 cash funds from the State Education Fund) and 12.5 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2017-18.

EDUCATOR EFFECTIVENESS IMPLEMENTATION

The General Assembly created this line item in FY 2012-13 to support one-time costs associated with the implementation of S.B. 10-191 (Principal and Teacher Effectiveness). The FY 2012-13 appropriation provided a total of \$8,258,981, including \$6,426,830 cash funds from the State Education Fund (from one-time tax amnesty funds deposited pursuant to S.B. 11-184) and \$1,832,151 federal funds received through a federal Race to the Top grant in FY 2011-12. The General Assembly made the FY 2012-13 cash funds appropriation available for three years (through FY 2014-15) to allow the Department flexibility in the use of funds. The one-time state funding expired at the end of FY 2014-15. The federal funds originally expired in December 2015. However, the Department received an extension allowing them to spend the remaining funds through June 2017. The Department does not expect to have federal funds available for this line item in FY 2017-18.

STATUTORY AUTHORITY: Section 22-9-104, C.R.S.

REQUEST: The Department requests the elimination of this line item for FY 2017-18 as the one-time funding will be exhausted by the end of FY 2016-17.

RECOMMENDATION: Staff recommends approving the request to eliminate the line item in FY 2017-18. The following table shows the recommended change from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, EDUCATOR EFFECTIVENESS IMPLEMENTATION				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$1,200,000	\$0	\$1,200,000	4.0
TOTAL	\$1,200,000	\$0	\$1,200,000	4.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$1,200,000	\$0	\$1,200,000	4.0
Annualize prior year budget actions	(1,200,000)	0	(1,200,000)	(4.0)
TOTAL	\$0	\$0	\$0	0.0

MANAGEMENT AND ADMINISTRATION, ASSESSMENTS AND DATA ANALYSES, EDUCATOR EFFECTIVENESS IMPLEMENTATION				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	(\$1,200,000)	\$0	(\$1,200,000)	(4.0)
Percentage Change	(100.0%)	n/a	(100.0%)	(100.0%)
FY 2017-18 EXECUTIVE REQUEST	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

ACCOUNTABILITY AND IMPROVEMENT PLANNING

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

STATUTORY AUTHORITY: Section 22-11-201, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,732,237 total funds (including \$1,181,905 General Fund and \$550,332 federal funds) and 11.4 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2017-18.

(D) STATE CHARTER SCHOOL INSTITUTE

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

Similar to a school district, the SCSI is authorized to use a portion of its charter schools’ per pupil revenues to cover its expenditures related to authorizing and overseeing charter schools. Thus, the Department is directed to withhold a portion of the State Share of Districts' Total Program funding from each school district where an Institute charter school is located and to forward the withheld amount to the Institute. Currently, a total of 4.0 percent may be withheld from payments to Institute charter schools and spent at the state level for the following purposes:

- Up to 3.0 percent for the SCSIP's costs for administration, oversight, and management services [Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.]; and
- Up to 1.0 percent for the Department as reimbursement for the reasonable and necessary costs associated with the SCSIP and its charter schools [Section 22-30.5-501 (4) (a) (I), C.R.S.].

Section 22-30.5-506, C.R.S., as amended by S.B. 12-121 during the 2012 Session, continuously appropriates the State Charter School Institute Fund, which is the Institute's primary fund source, to the Institute. Prior to FY 2012-13, the Institute's funds were subject to annual appropriation in the Long Bill. However, of the Institute's four line items in the FY 2013-14 Long Bill, three are now continuously appropriated and will be shown in the FY 2017-18 Long Bill for informational purposes only. Under current law, the Institute Charter School Assistance Fund is the only line item still subject to annual appropriation (with the exception of the Department Implementation of Section 22-30.5-501 et seq., C.R.S., line item which supports departmental operations rather than Institute operations).

There are currently 39 Institute charter schools⁴, including 15,698.7 funded pupils. The Charter School Institute expects to add one additional school (for a total of 40) for FY 2017-18. The Department is currently estimating a total pupil count of 15,883.5 pupils in FY 2017-18 (an increase of 184.8 (1.2 percent)). The following table provides a recent funding history for the Institute, including the number of Institute schools and funded pupils for each year.

STATE CHARTER SCHOOL INSTITUTE: FUNDING				
DESCRIPTION	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ESTIM.	FY 2017-18 ESTIM./ REQUEST
<i>Total Transfer from State Share line item a/</i>				
Number of Institute Charter Schools	34	35	39	40
Funded Pupil Count	13,464.5	14,409.2	15,698.7	15,883.5
Average Per Pupil Funding	\$6,880.98	\$7,163.15	\$7,284.41	\$7,371.82
Total Transfer from State Share line item	\$92,648,984	\$103,215,243	\$114,355,729	\$117,090,310
SCSI Administration, Oversight, and Management b/				
Reappropriated Funds	\$2,619,649	\$3,167,162	\$3,394,709	\$3,500,000
FTE	13.1	13.8	16.8	17.8
Other Transfers to Institute Charter Schools - RF b/	\$6,457,773	\$8,988,771	\$8,964,700	\$6,500,000
Transfer of Federal Moneys to Institute Charter Schools b/				
Reappropriated Funds	\$7,583,203	\$5,972,652	\$5,415,500	\$7,600,000
FTE	6.4	3.4	1.9	1.9

⁴ Institute charter schools in FY 2016-17 include: *Adams - Adams 12*: Academy of Charter Schools, Crown Pointe Academy, Global Village Academy – Northglenn; *New America School – Thornton*, and *Pinnacle Charter School* (including elementary, middle, and high schools); *Adams - Brighton*: High Point Academy; *Adams - Commerce City*: Community Leadership Academy, Victory Prep Academy (including middle and high schools); *Adams - Westminster*: Early College of Arvada and Ricardo Flores Magnon Academy; *Aurora*: New America School – Lowry, New Legacy High School, and Montessori del Mundo; *Douglas County*: Colorado Early Colleges – Parker; *Eagle*: Stone Creek Elementary; *El Paso - Calhan*: Frontier Charter Academy; *El Paso - Colorado Springs*: Pikes Peak Prep, Thomas Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, Global Village Colorado Springs, James Irwin Colorado Springs, Launch High School; and *Mountain Song Community School*; *Garfield - Roaring Fork*: Ross Montessori and Two Rivers Community School; *Grand (East Grand)*: Indian Peaks Charter School; *La Plata - Durango*: Animas Charter School and Mountain Middle School; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Colorado Early Colleges – Fort Collins, Global Village Academy – Fort Collins; *Mesa - Mesa Valley*: Caprock Academy; *Pueblo - Pueblo*: Youth & Family Academy; and *Steamboat Springs*: *Mountain View Montessori Charter School*.

STATE CHARTER SCHOOL INSTITUTE: FUNDING				
DESCRIPTION	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ESTIM.	FY 2017-18 ESTIM./ REQUEST

Sources:

a/ Pupil count and State Share information from the Department's Charter School Institute payment worksheets for FY 2014-15 through FY 2016-17. FY 2017-18 is based on the estimated increase in average per pupil funding, based on current law requiring a flat negative factor in FY 2017-18.

b/ For FY 2014-15 and FY 2015-16, reflects actual data reported in the Department's FY 2017-18 budget request; for FY 2016-17, reflects appropriation; and for FY 2017-18, reflects the Department's November 1, 2016 budget request.

STATE CHARTER SCHOOL INSTITUTE ADMINISTRATION, OVERSIGHT, AND MANAGEMENT

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

STATUTORY AUTHORITY: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

REQUEST: The Department requests an appropriation of \$3,500,000 reappropriated funds and 11.7 FTE, including an increase of \$668,240 to align with the Institute's anticipated expenditures in FY 2017-18. Because the funds are continuously appropriated to the Department and are shown in the Long bill for informational purposes only, the Department did not submit a decision item requesting the increase.

RECOMMENDATION: Staff recommends approving the request given that the funds are continuously appropriated to the Department and are reflected in the Long Bill for informational purposes only. The following table shows the recommended change from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, STATE CHARTER SCHOOL INSTITUTE, STATE CHARTER SCHOOL INSTITUTE ADMINISTRATION, OVERSIGHT, AND MANAGEMENT				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$2,831,760	\$0	\$2,831,760	11.7
TOTAL	\$2,831,760	\$0	\$2,831,760	11.7
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,831,760	\$0	\$2,831,760	11.7
Continuous appropriation adjustments	668,240	0	668,240	0.0
TOTAL	\$3,500,000		\$3,500,000	11.7
INCREASE/(DECREASE)	\$668,240	\$0	\$668,240	0.0
Percentage Change	23.6%	n/a	23.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$3,500,000	\$0	\$3,500,000	11.7
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

INSTITUTE CHARTER SCHOOL ASSISTANCE FUND

Sections 22-30.5-506 (4) and 22-30.5-515.5, C.R.S., transfer excess revenues retained by the Charter School Institute (over and above amounts necessary for the Institute’s overhead administration costs) to the Institute Charter School Assistance Fund. Once in the Institute Charter School Assistance Fund, the moneys are subject to annual appropriation and are available for the following purposes:

- Awarding grants and interest-free loans to assist Institute charter schools in meeting capital construction needs, including obtaining financial assistance through the Building Excellent Schools Today (B.E.S.T.) program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction of buildings; or
- Addressing “reasonable funding emergencies,” as defined by rule of the Institute Board.

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

STATUTORY AUTHORITY: Section 22-30.5-515.5, C.R.S.

REQUEST: The Department requests an appropriation of \$750,000 cash funds from the Institute Charter School Assistance Fund. The official request includes an increase of \$290,000 based on a mistaken assumption that the Institute Charter School Assistance Fund was continuously appropriated to the Department.

RECOMMENDATION: Staff recommends a continuation appropriation of \$460,000 cash funds, with no change from the FY 2016-17 appropriation. Staff and the Department agree that the requested increase was an error based on a mistaken assumption on the part of the Department. Staff does not recommend approving the increase. The following table compares the Department’s request and the staff recommendation for FY 2017-18.

MANAGEMENT AND ADMINISTRATION, STATE CHARTER SCHOOL INSTITUTE, INSTITUTE CHARTER SCHOOL ASSISTANCE FUND				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$460,000	\$0	\$460,000	0.0
TOTAL	\$460,000	\$0	\$460,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$460,000	\$0	\$460,000	0.0
Institute Charter School Assistance Fund	0	0	0	0.0
TOTAL	\$460,000		\$460,000	0.0
INCREASE/(DECREASE)	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$290,000	\$0	\$290,000	0.0

OTHER TRANSFERS TO INSTITUTE CHARTER SCHOOLS

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

STATUTORY AUTHORITY: Section 22-30.5-513 (9) (a), C.R.S.

REQUEST: The Department requests an appropriation of \$9,000,000 reappropriated funds for FY 2017-18, including an increase of \$2,500,000 to align with anticipated transfers/expenditures. Because the funds are continuously appropriated, the Department did not submit a decision item requesting the increase and the funds will be reflected in the Long Bill for informational purposes only.

RECOMMENDATION: Staff recommends approving the request for an informational appropriation of \$9,000,000 to align with anticipated expenditures in FY 2017-18. The request aligns with actual transfers under this line item in FY 2015-16 (\$8,988,771). The following table shows the recommended changes from the FY 2016-17 appropriation.

MANAGEMENT AND ADMINISTRATION, STATE CHARTER SCHOOL INSTITUTE, OTHER TRANSFERS TO INSTITUTE CHARTER SCHOOLS				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$6,500,000	\$0	\$6,500,000	0.0
TOTAL	\$6,500,000	\$0	\$6,500,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$6,500,000	\$0	\$6,500,000	0.0
Continuous appropriation adjustments	2,500,000	0	2,500,000	0.0
TOTAL	\$9,000,000	\$0	\$9,000,000	0.0
INCREASE/(DECREASE)	\$2,500,000	\$0	\$2,500,000	0.0
Percentage Change	38.5%	n/a	38.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$9,000,000	\$0	\$9,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

TRANSFER OF FEDERAL MONEY TO INSTITUTE CHARTER SCHOOLS

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

STATUTORY AUTHORITY: Section 22-30.5-501 et seq., C.R.S. and Section 22-30.5-513, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$7,600,000 reappropriated funds and 4.5 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, to be shown in the Long Bill for informational purposes only.

DEPARTMENT IMPLEMENTATION OF SECTION 22-30.5-501 ET SEQ., C.R.S.

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

STATUTORY AUTHORITY: Section 22-30.5-513 (4) (a) (I), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$227,505 reappropriated funds and 1.6 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2017-18. The (non-SCSi) Department staff incur costs associated with SCSi activities, and this line item is the mechanism to cover at least a portion of the necessary costs.

(E) INDIRECT COST ASSESSMENT

INDIRECT COST ASSESSMENT

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

STATUTORY AUTHORITY: Sections 24-31-101 and 102, C.R.S.

REQUEST: The Department is requests \$732,153 total funds (including \$428,322 cash funds and \$303,831 federal funds). The request includes an increase of \$182,684 total funds based on the Department's indirect cost estimates for FY 2017-18.

RECOMMENDATION: Staff recommends approving the request. However, staff also requests permission to revise the amount if necessary based on the Committee's subsequent common policy decisions. The following table compares the FY 2016-17 appropriation and the current staff recommendation for FY 2017-18.

MANAGEMENT AND ADMINISTRATION, INDIRECT COST ASSESSMENT, INDIRECT COST ASSESSMENT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$549,469	\$0	\$321,464	\$228,005	0.0
TOTAL	\$549,469	\$0	\$321,464	\$228,005	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$549,469	\$0	\$321,464	\$228,005	0.0
Indirect cost assessment adjustments	182,684	0	106,858	75,826	0.0
TOTAL	\$732,153	\$0	\$428,322	\$303,831	0.0
INCREASE/(DECREASE)	\$182,684	\$0	\$106,858	\$75,826	0.0
Percentage Change	33.2%	n/a	33.2%	33.3%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$732,153	\$0	\$428,322	\$303,831	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

(2) ASSISTANCE TO PUBLIC SCHOOLS

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

ASSISTANCE TO PUBLIC SCHOOLS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$5,342,902,491	\$3,736,608,852	\$969,570,115	\$7,583,897	\$629,139,627	216.8
HB 16-1422 (School Finance)	124,664	0	124,664	0	0	0.0
Other legislation	5,523,896	(397,199)	5,921,095	0	0	0.5
SB 17-160 (Supplemental Bill)	235,956	63,863	108,230	63,863	0	0.0
SB 17-173 (Mid-year School Finance)	3,950	0	3,950	0	0	0.0
TOTAL	\$5,348,790,957	\$3,736,275,516	\$975,728,054	\$7,647,760	\$629,139,627	217.3
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$5,348,790,957	\$3,736,275,516	\$975,728,054	\$7,647,760	\$629,139,627	217.3
R1/BA1 Total program increase	238,217,744	383,084,381	(144,866,637)	0	0	0.0
R2 Categorical programs increase	8,106,442	0	8,106,442	0	0	0.0
R3 Concurrent enrollment	68,876	68,876	0	0	0	0.9
R4 Academic standards revision	340,840	0	340,840	0	0	0.0
R7 School health professionals grant program	9,642,950	0	9,642,950	0	0	3.0
SI Contingency Reserve Backfill	2,000,000	1,000,000	0	1,000,000	0	0.0
SI Facility schools adjustment	(2,138,181)	0	(2,096,256)	(41,925)	0	0.0
Annualize prior year legislation	6,000,000	1,000,000	5,000,000	0	0	0.0
Annualize prior year budget actions	2,377,975	100,000	2,077,975	200,000	0	0.9
Indirect cost assessment adjustments	740,899	0	0	0	740,899	0.0
Continue CPP tax checkoff funding	59,957	0	59,957	0	0	0.0
Early Literacy Assessment Tool Adjustment	9,846	0	9,846	0	0	0.0
Reflect anticipated funds transfers	(3,332,289)	0	0	(3,332,289)	0	0.0
Annualize SB 17-160 (Supplemental)	(1,235,956)	(63,863)	(1,108,230)	(63,863)	0	0.0
Federal funds true-up	(117,578)	0	0	0	(117,578)	(0.9)
Centrally appropriated line items	(2,766)	0	0	(2,766)	0	0.0
Other technical adjustments	(43,896)	(43,896)	0	0	0	(0.5)
TOTAL	\$5,609,485,820	\$4,121,421,014	\$852,894,941	\$5,406,917	\$629,762,948	220.7
INCREASE/(DECREASE)	\$260,694,863	\$385,145,498	(\$122,833,113)	(\$2,240,843)	\$623,321	3.4
Percentage Change	4.9%	10.3%	(12.6%)	(29.3%)	0.1%	1.6%
FY 2017-18 EXECUTIVE REQUEST	\$5,469,084,710	\$3,998,153,249	\$836,599,327	\$4,451,608	\$629,880,526	220.7
Request Above/(Below) Recommendation	(\$140,401,110)	(\$123,267,765)	(\$16,295,614)	(\$955,309)	\$117,578	0.0

DECISION ITEMS - ASSISTANCE TO PUBLIC SCHOOLS**→ R1/BA1 TOTAL PROGRAM INCREASE**

REQUEST: As modified by budget amendment BA1, the Department's request for school finance for FY 2017-18 would increase the state share of districts' total program funding by \$148.4 million total funds above the FY 2016-17 appropriation. The request is based on the Office of State Planning and

Budgeting's (OSPB's) December 2016 forecast of the inflation rate for CY 2016 (a projection of 2.7 percent), as compared to the actual rate of 2.8 percent, and incorporates OSPB's projection of the local share of revenues for FY 2017-18 as well as the most recent projections of: the funded pupil count and the at-risk pupil count. As adjusted by BA1, and based on the OSPB projections of local revenues, the request would:

- Increase *total program* funding by a total of \$206.7 million above the FY 2016-17 level, including \$148.4 million in state funds and OSPB's projected increase of \$58.3 million in local revenues.
- Increase the General Fund appropriation for the state share of total program funding by \$261.2 million above the FY 2016-17 appropriation, including a legislative proposal to reduce the homestead property tax exemption by 50.0 percent and dedicate \$62.7 million to school finance.
- Use a legislative proposal to increase the special sales tax on marijuana to provide \$41.9 million in cash funds from the Marijuana Tax Cash Fund.
- Increase the cash funds appropriation from the State Public School Fund by \$13.3 million (including a proposal to transfer \$15.0 million from the Public School Capital Construction Assistance Fund to the State Public School Fund in FY 2017-18 to support the increase).
- Decrease the appropriation from the State Education Fund by \$168.0 million based on a projection of available resources.
- Increase the dollar value of the negative factor by \$47.8 million relative to the FY 2016-17 value (as adjusted by S.B. 17-173).

As mentioned above, the request includes three legislative proposals intended to provide additional revenues to support the proposed appropriations: (1) a reduction to the Homestead Property Tax Exemption to provide \$62.7 million General Fund to support the proposed General Fund increase; (2) an increase in the special sales tax on marijuana, from 8.0 percent in FY 2017-18 under current law to a proposed level of 12.0 percent, to provide \$41.9 million cash funds from the Marijuana Tax Cash Fund; and (3) a one-time transfer of \$15.0 million from the Public School Capital Construction Assistance Fund to the State Public School Fund to support appropriations in FY 2017-18.

RECOMMENDATION: Based on current law as enacted in H.B. 16-1422 (School Finance) requiring that the negative factor not increase as a dollar amount from FY 2016-17 to FY 2017-18, staff recommends a *Long Bill* appropriation of \$4,353,087,959 total funds for the state share of districts' total program funding, an increase of \$238.0 million (5.8 percent) in total *state* funds for school finance. The recommendation includes \$3,974,229,281 General Fund, an increase of \$383.1 million (10.7 percent) above the FY 2016-17 General Fund appropriation for total program which is partially offset by reductions in cash funds appropriations based on projections of available revenues.

The Long Bill recommendation increases statewide average per pupil funding from \$7,420.66 in FY 2016-17 to \$7,662.22 in FY 2017-18. Achieving that level of per pupil funding requires an increase of \$261,767,722 total funds, including \$237,960,454 in state funds and an estimated \$23,807,268 in local funds based on estimates of local revenues from Legislative Council Staff (please note that the Governor's Office is assuming that local revenues will increase by \$58,277,465 in FY 2017-18, or \$34,354,433 more than the Legislative Council Staff estimate).

The following table summarizes the key components of the Department's request and the staff recommendation; the table also provides FY 2016-17 data for comparison purposes. [Appendix B-3

provides a comparison of the FY 2017-18 request and the Long Bill recommendation, calculating the differences between the two.]

TOTAL PROGRAM FUNDING RECOMMENDATION FOR LONG BILL				
	FY 2016-17 APPROPRIATION	FY 2017-18 REQUEST	FY 2017-18 STAFF REC.	ANNUAL CHANGE
Funded Pupil Count /1,2	858,795.8	865,884.9	865,884.9	7,089.1
<i>Annual Percent Change</i>	<i>0.6%</i>	<i>0.8%</i>	<i>0.8%</i>	
Statewide Base Per Pupil Funding /3	\$6,367.90	\$6,539.83	\$6,546.20	\$178.30
<i>Annual Percent Change</i>	<i>1.2%</i>	<i>2.7%</i>	<i>2.8%</i>	
Total Program Funding PRIOR TO Negative Factor /1	\$7,201,112,934	\$7,455,611,128	\$7,462,880,656	\$261,767,722
LESS: Negative Factor Reduction /1	(828,280,474)	(876,068,148)	(828,280,474)	0
<i>Negative Factor as % of Total Program</i>	<i>-11.5%</i>	<i>-11.8%</i>	<i>-11.1%</i>	
EQUALS: Adjusted Total Program Funding	\$6,372,832,460	\$6,579,542,980	\$6,634,600,182	\$261,767,722
<i>Annual Percent Change</i>	<i>2.1%</i>	<i>3.2%</i>	<i>4.1%</i>	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$7,420.66	\$7,598.63	\$7,662.22	\$241.56
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>2.4%</i>	<i>3.3%</i>	
Local Share of Districts' Total Program Funding	<u>\$2,257,704,955</u>	<u>\$2,315,982,420</u>	<u>\$2,281,512,223</u>	<u>\$23,807,268</u>
Property Tax Revenue /1	2,089,992,070	2,143,238,149	2,108,767,951	18,775,881
Specific Ownership Tax Revenue /1	167,712,885	172,744,271	172,744,272	5,031,387
<i>Annual Percent Change on Total</i>	<i>-0.1%</i>	<i>2.6%</i>	<i>1.1%</i>	
State Share of Districts' Total Program Funding	\$4,115,127,505	\$4,263,560,560	\$4,353,087,959	\$237,960,454
<i>Annual Percent Change</i>	<i>3.4%</i>	<i>3.6%</i>	<i>5.8%</i>	
<i>State Share as Percent of Districts' Total Program</i>	<i>64.6%</i>	<i>64.8%</i>	<i>65.6%</i>	

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

2/ The recommended funded pupil count includes: 14,180 FTE to serve 28,360 at-risk children through a half-day preschool program; 33,318.8 FTE to serve 66,637.6 students through a full-day kindergarten program; and 550 FTE to allow 550 students to participate in the ASCENT Program (discussed further below).

3/ The recommendation is based on the actual change in the Denver-Boulder consumer price index for CY 2016 (2.8 percent). The final request was based on the December 2016 OSPB Revenue Forecast, which was 2.7 percent.

Staff Recommended Fund Sources: Staff's recommendation for \$4,353,087,959 total funds includes the following fund sources: (1) \$3,974,299,281 General Fund, an increase of \$383,084,381 (10.7 percent) above the FY 2016-17 appropriation; (2) \$304,120,091 cash funds from the State Education Fund, a decrease of \$163,098,070 (34.9 percent) below the FY 2016-17 appropriation; and (3) \$74,668,587 cash funds from the State Public School Fund, an increase of \$17,974,143 (31.7 percent) above the FY 2016-17 appropriation. The table on the following page summarizes the staff recommendation, by fund source, in relation to both the request and the existing appropriations.

RECOMMENDED FUND SOURCES FOR THE STATE SHARE OF DISTRICTS' TOTAL PROGRAM				
FUND SOURCE	FY 2016-17 APPROPRIATION	FY 2017-18 REQUEST	FY 2017-18 STAFF REC. (LONG BILL)	ANNUAL CHANGE
General Fund	\$3,591,214,900	\$3,852,461,748	\$3,974,299,281	\$383,084,381
<i>Annual Percent Change</i>	8.8%	7.3%	10.7%	
Cash Funds (State Education Fund)	467,218,161	299,198,811	304,120,091	(163,098,070)
<i>Annual Percent Change</i>	-25.9%	-36.0%	-34.9%	
Cash Funds (State Public School Fund)	56,694,444	70,000,000	74,668,587	17,974,143
<i>Annual Percent Change</i>	13.0%	23.5%	31.7%	
Cash Funds (Marijuana Tax CF)	0	41,900,000	0	0
<i>Annual Percent Change</i>	n/a	n/a	n/a	
Total State Funds	\$4,115,127,505	\$4,263,560,559	\$4,353,087,959	\$237,960,454

Please note that the staff recommendation for the Long Bill does not include \$41.9 million cash funds from the Marijuana Tax Cash Fund as requested by the Department. That request is contingent upon additional legislation, which is discussed briefly in a following section. However, regardless of whether the General Assembly elects to enact the proposed increase in the special sales tax on marijuana, the funds are not available for the *Long Bill* appropriation which reflects current law.

ANALYSIS:

General Note – JBC Decisions Related to this Line Item: While the next several pages of this document pertain to a single line item, staff recommends that the Committee consider two basic questions prior to finalizing the FY 2017-18 budget package.

- 1 What is the necessary Long Bill appropriation to fund current law? Current law requires the FY 2017-18 Long Bill to appropriate sufficient funding to maintain the negative factor as a constant dollar amount from FY 2016-17 to FY 2017-18.
- 2 Is the recommended/required increase in General Fund viable? Based on current Legislative Council Staff revenue estimates and assumptions regarding other uses of funds within the Department’s budget, complying with current law will require an increase of \$383.1 million General Fund for school finance. Can the State afford that level of increase? If not, what options are available to mitigate the General Fund impact?

The following sections provide a brief background on the school finance formula and the assumptions underlying the staff recommendation, and then address the four questions outlined above.

Background Information - Statutory School Finance Formula. The General Assembly has established a statutory public school finance formula under which all public school districts operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among districts and to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating a specific per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same base amount of funding per pupil for every district (referred to as statewide base per pupil funding). Section 17 of Article IX of the State Constitution requires the General Assembly to provide annual inflationary increases in base per pupil funding. For FY 2016-17, base per pupil funding will need to increase from \$6,367.90 to \$6,546.20 (2.8 percent), based on the actual change in the Denver-Boulder consumer price index (CPI) in CY 2016.

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

The School Finance Act also provides a flat rate of funding per pupil (estimated at \$7,017⁵ for FY 2017-18 based on current law) for two types of students:

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

Finally, the formula includes a "negative" factor designed to reduce districts' total program funding to a specified amount. For FY 2017-18, based on current law prohibiting growth in the negative factor as a dollar amount from FY 2016-17 to FY 2017-18, this factor is estimated to be 11.1 percent, requiring a statewide reduction of \$828.3 million. Thus, the Department will calculate total program funding for each district based on the formula described above, and will then reduce each district's total program funding by 11.1 percent⁶. Because statewide base per pupil funding cannot decrease, the negative factor effectively reduces the funding attributed to the other formula factors.

Each individual district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding. Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property and specific ownership taxes provide the first source of revenue for each district's total program funding, and the remainder is covered by state funds. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when a registering motor vehicle. Staff notes that local revenues are a source of uncertainty for FY 2017-18.

Question 1: What is the necessary Long Bill appropriation to fund current law?

⁵ This amount is after the application of the negative factor.

⁶ Please note that for some districts, this reduction exceeds the state share of total program funding. In such cases, the reduction in total program funding is limited to the state share of funding.

The Long Bill is written according to current law. For FY 2017-18, that means:

- The appropriation must be sufficient to prevent increasing the negative factor as a dollar amount from FY 2016-17 to FY 2017-18. As a result, the appropriation must hold the negative factor at no more than \$828,280,474; this requires \$6.6 billion in total program funding (including the state and local shares).
- Revenues requiring additional legislation are not available for the Long Bill appropriation. As a result, regardless of whether the Committee elects to sponsor legislation to make additional revenues available (such as the cash fund transfer or the marijuana tax increase proposed by the Governor), the Long Bill recommendation and appropriation will not include those additional revenues. Subsequent legislation providing such revenues could decrease the General Fund appropriation in the Long Bill and appropriate the new funds to support school finance.

Total Program Funding: Based on the December 2016 Legislative Council Staff Revenue Forecast and the actual inflation rate from CY 2016 (2.8 percent), total program before the negative factor in FY 2017-18 will be \$7,455,611,128 (including state and local shares). Therefore, holding the negative factor constant at \$828,280,474 requires level requires \$6,634,600,182 in total program funding, an increase of \$261.2 million total funds (4.1 percent) above the FY 2016-17 appropriation. That total program amount equates to \$7,662.22 per pupil, an increase of \$241.56 (3.3 percent) above the current year (see table below).

TOTAL PROGRAM FUNDING RECOMMENDATION FOR LONG BILL			
	FY 2016-17 APPROPRIATION	FY 2017-18 STAFF REC.	ANNUAL CHANGE
Funded Pupil Count (Legislative Council Staff Forecast)	858,795.8	865,884.9	7,089.1
<i>Annual Percent Change</i>	<i>0.6%</i>	<i>0.8%</i>	
Statewide Base Per Pupil Funding (Increase based on CY 2016 CPI)	\$6,367.90	\$6,546.20	\$178.30
<i>Annual Percent Change</i>	<i>1.2%</i>	<i>2.8%</i>	
Total Program Funding PRIOR TO Negative Factor	\$7,201,112,934	\$7,462,880,656	\$261,767,722
LESS: Negative Factor Reduction	(828,280,474)	(828,280,474)	0
<i>Negative Factor as % of Total Program</i>	<i>-11.5%</i>	<i>-11.1%</i>	
EQUALS: Adjusted Total Program Funding	\$6,372,832,460	\$6,634,600,182	\$261,767,722
<i>Annual Percent Change</i>	<i>2.1%</i>	<i>4.1%</i>	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$7,420.66	\$7,662.22	\$241.56
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>3.3%</i>	

State Share of Total Program: The state share, however, depends on the Committee’s choice of *local revenue estimates* for FY 2017-18 as a result of Gallagher impacts on the residential assessment rate.

- Legislative Council Staff estimates that the residential assessment rate will decrease from 7.96 percent under current law to 6.85 percent in FY 2017-18 (a 12.3 percent drop in the rate) to comply with the Gallagher Amendment. As a result, Legislative Council Staff’s December 2016 Revenue Forecast projects that local property taxes and specific ownership taxes will increase by \$23.8 million (1.1 percent) above FY 2016-17 levels.
- The Department of Local Affairs (DOLA) is estimating that residential values will increase *more than* Legislative Council Staff and drive a larger decrease in the rate, to 6.56 percent in FY 2017-18. However, while the rate is lower under the DOLA estimates, the higher property values actually increase the anticipated local revenues. Using DOLA’s projected rates, the Department’s

request assumes that local revenues will increase by \$58.3 million (2.6 percent) above FY 2016-17 levels, or \$34.5 million more than estimated by Legislative Council Staff.

The staff recommendation for the Long Bill appropriation is based on the Legislative Council Staff Revenue Forecast. Using that forecast of local revenues for FY 2017-18 (a total of \$2,281,512,223) requires \$4,353,087,959 for the state share of districts' total program funding (a 5.8 percent increase over FY 2016-17, see table below). As noted above, using the DOLA estimate of local revenues (as assumed by the Governor) would decrease the necessary state share by \$34.5 million.

STATE SHARE CALCULATION FOR LONG BILL APPROPRIATION			
	FY 2016-17 APPROPRIATION	FY 2017-18 STAFF REC.	ANNUAL CHANGE
Adjusted Total Program Funding	\$6,372,832,460	\$6,634,600,182	\$261,767,722
Local Share of Districts' Total Program Funding (LCS Forecast)	<u>\$2,257,704,955</u>	<u>\$2,281,512,223</u>	<u>\$23,807,268</u>
Property Tax Revenue /1	2,089,992,070	2,108,767,951	18,775,881
Specific Ownership Tax Revenue /1	167,712,885	172,744,272	5,031,387
<i>Annual Percent Change on Total</i>	-0.1%	1.1%	
State Share of Districts' Total Program Funding	\$4,115,127,505	\$4,353,087,959	\$237,960,454
<i>Annual Percent Change</i>	3.4%	5.8%	
<i>State Share as Percent of Districts' Total Program</i>	64.6%	65.6%	

State Share Fund Sources: Based on current law, the Long Bill will support the \$4,353,087,959 state share appropriation with three fund sources: (1) the General Fund; (2) cash funds from the State Education Fund; and (3) cash funds the State Public School fund. While the staff recommendation maximizes the cash funds (State Education Fund and State Public School Fund) appropriations based on the targeted ending balances for each fund, the General Fund supports the vast majority of the annual state share appropriation (e.g., 87.3 percent in FY 2016-17).

Given that appropriations through FY 2016-17 have spent the one-time funding in the State Education Fund, appropriations in FY 2017-18 and subsequent years will be restricted to annual revenues for each fund source, with the Committee's primary decision being the targeted fund balance for each cash fund. For FY 2017-18, staff recommends targeting the following ending balances:

- \$100.0 million in the State Education Fund, consistent with the General Assembly's actions for FY 2016-17, to buffer against potential revenue forecast error. Reducing the targeted fund balance would make more funds available on a one-time basis.
- \$5.0 million in the State Public School Fund, a decrease from the \$10.0 million target for FY 2016-17, in an effort to account for uncertainty related to federal mineral lease revenues.

Using those two targeted balances and estimated revenues and appropriations for each fund source (see below for more detail regarding the assumptions related to each cash fund), staff estimates a total of \$378,788,678 cash funds will be available for school finance in FY 2017-18. That amount requires a General Fund appropriation of \$3,974,299,281, an increase of \$383,084,381 (10.7 percent) above the FY 2016-17 appropriation.

RECOMMENDED FUND SOURCES FOR THE STATE SHARE OF DISTRICTS' TOTAL PROGRAM				
FUND SOURCE	FY 2016-17 APPROPRIATION	FY 2017-18 REQUEST	FY 2017-18 STAFF REC. (LONG BILL)	ANNUAL CHANGE
General Fund	\$3,591,214,900	\$3,852,461,748	\$3,974,299,281	\$383,084,381
<i>Annual Percent Change</i>	8.8%	7.3%	10.7%	
Cash Funds (State Education Fund)	467,218,161	299,198,811	304,120,091	(163,098,070)
<i>Annual Percent Change</i>	-25.9%	-36.0%	-34.9%	
Cash Funds (State Public School Fund)	56,694,444	70,000,000	74,668,587	17,974,143
<i>Annual Percent Change</i>	13.0%	23.5%	31.7%	
Cash Funds (Marijuana Tax CF)	0	41,900,000	0	0
<i>Annual Percent Change</i>	n/a	n/a	n/a	
Total State Funds	\$4,115,127,505	\$4,263,560,559	\$4,353,087,959	\$237,960,454

State Public School Fund. The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF annually receives revenues from three primary sources⁷, discussed below.

- Federal Mineral Lease Revenues. A portion of federal funds received by the State for sales, bonuses, royalties, and rentals of public lands within the State are also credited to the SPSF. These federal mineral lease (FML) revenues are primarily derived from coal, gas, and oil, and most revenues are earned from federal lands on the Western Slope. Due to production and price changes, federal mineral lease revenues can vary significantly from year to year, and are therefore difficult to project. However, pursuant to S.B. 08-218, the amount of FML credited to the SPSF annually is capped [see Section 34-63-102 (5.4) (a), C.R.S.]. For FY 2016-17 and FY 2017-18, staff's projections are based on the December 2016 Legislative Council Staff Revenue Forecast.
- Interest and Investment Income Earned on Public School ("Permanent") Fund. For FY 2015-16 and subsequent years, current law [see Section 22-41-102 (3) (e), C.R.S.] credits the first \$21.0 million of any interest or income earned on the investment of moneys in the Permanent Fund to the SPSF.
- District Audit Recoveries. The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits. The time period over which a district may pay back overpayments to the Department is equivalent to the number of years covered by the audit [see Section 22-2-113 (1) (g), C.R.S.]. The Department offsets a large portion of its accounts receivable from districts (an asset) with deferred revenue equal to those amounts that are not anticipated to be received within the following fiscal year (a liability). Staff's projections assume \$2.0 million in district audit recoveries per year, an amount that the Department agrees is a conservative estimate.

In some years, the General Assembly has authorized time-limited transfers of other moneys to the SPSF. For example, three bills⁸ have authorized transfers of certain moneys to the SPSF that would otherwise have been credited to the Public School ("Permanent") Fund. In other cases (e.g., S.B. 11-

⁷ Please note that the Department is required to transfer to the SPSF, on a quarterly basis, amounts appropriated from the General Fund for the state share of districts' total program funding [see Section 22-54-114 (1), C.R.S.]. The SPSF thus serves as a flow-through account for much of the state funding for school finance. These portions of the SPSF are excluded from the above discussion.

⁸ Legislation authorizing these transfers include: S.B. 09-260, S.B. 10-150, and S.B. 11-230.

230), the General Assembly has transferred excess General Fund revenues to the SPSF. For FY 2017-18, the Governor has proposed transferring \$15.0 million from the Public School Capital Construction Assistance Fund to the State Public School Fund to support school finance appropriations. However, barring additional legislative changes, no such one-time moneys will be available for FY 2017-18, and the SPSF will operate based on routine annual revenues. The following table details the calculations underlying staff's FY 2016-17 recommended appropriation from the SPSF, as well as comparable information for FY 2015-16.

STATE PUBLIC SCHOOL FUND REVENUES AND EXPENDITURES: FY 2016-17 AND FY 2017-18		
DESCRIPTION	FY 2016-17 APPROPRIATION	RECOMMENDED FY 2017-18 APPROPRIATION
Beginning Fund Balance	\$9,446,793	\$12,468,021
Federal Mineral Lease Revenues /1	42,489,288	49,974,182
Transfer of General Fund reserve related to Roan Plateau (S.B. 15-244)	7,788,866	7,788,866
Estimated School District Audit Recoveries	2,000,000	2,000,000
Interest/ Investment Income on Permanent Fund	21,000,000	21,000,000
Total Projected Funds Available	\$82,724,947	\$93,231,069
State Match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	2,472,644	2,472,644
At-risk Supplemental Aid [pursuant to Section 22-30.5-112.2, C.R.S.]	5,094,358	5,094,358
At-risk Per Pupil Additional Funding [pursuant to Section 22-54-136, C.R.S.]	5,000,000	5,000,000
Supplemental On-Line Education Programs [pursuant to Sections 22-2-130 and 22-5-119, C.R.S.]	960,000	960,000
Amount Required to Print Public School Laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	35,480	35,480
Subtotal: Expenditures for Purposes Other than School Finance Act	\$13,562,482	13,562,482
Appropriation for the State Share of Districts' Total Program Funding	\$56,694,444	\$74,668,587
Ending Fund Balance	\$12,468,021	\$5,000,000

1/ Reflects December 2016 Legislative Council Staff Revenue Forecast.

For purposes of this document, staff assumes that the Committee will continue the appropriations identified above, and will not appropriate moneys from this fund for other purposes in FY 2017-18. If the Committee approves appropriations from the SPSF that are higher (or lower) than the amounts assumed by staff, staff requests permission to adjust the cash funds and General Fund appropriations in this line item accordingly. In addition, the Legislative Council Staff March 2017 Revenue Forecast may change staff's assumptions regarding federal mineral lease revenues in FY 2016-17 and/or FY 2017-18. If the changes are significant, staff intends to return to the Committee with a comeback to align with anticipated revenues.

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

The following table details the calculations underlying staff's FY 2017-18 recommended appropriation from the SEF, as well as comparable information for FY 2016-17. As discussed above, staff's recommendation is predicated on maintaining a minimum SEF balance of at least \$100 million at the end of FY 2017-18 and in subsequent years. Legislative Council Staff and Joint Budget

Committee Staff have used projections of income tax revenues to the State Education Fund and legislative transfers of General Fund to the State Education Fund to target the specified fund balance.

STATE EDUCATION FUND REVENUES AND EXPENDITURES: FY 2015-16 AND FY 2016-17		
DESCRIPTION	FY 2016-17 APPROPRIATION	RECOMMENDED FY 2017-18 APPROPRIATION
Beginning Fund Balance	\$302,349,720	\$107,074,572
FPPA Repayment Pursuant to S.B. 13-234	25,321,079	25,321,079
General Fund Revenues Directed to SEF Pursuant to Amendment 23 /1	549,300,000	582,200,000
Interest Income /2	4,149,991	2,869,305
Total Projected Funds Available	\$881,120,790	\$717,464,956
Categorical Programs /3	147,750,329	155,856,771
Various Other Existing Programs and Functions /4	159,077,728	157,488,094
Subtotal: Expenditures for Purposes Other than School Finance Act	\$306,828,057	313,344,865
Appropriation for the State Share of Districts' Total Program Funding	\$467,218,161	\$304,120,091
Ending Fund Balance	\$107,074,572	\$100,000,000

1/ Reflects estimates included in LCS's December 2016 revenue forecast.

2/ Amounts are estimated by Legislative Council Staff.

3/ Assumes that the full increase in state funding required for FY 2017-18 will be appropriated from the SEF, as requested.

4/ Assumes staff recommended amounts for other appropriations, which primarily include: \$34.0 million transferred to the Early Literacy Fund; \$26.3 million for statewide assessments; \$27.5 million for non-categorical English language learner programs; \$20.0 million for charter school facilities; \$14.5 million for facility school funding; \$10.0 million for the School Counselor Corps Grant Program; \$8.1 million for hold-harmless full-day kindergarten; \$3.3 million for BOCES funding; \$3.0 million for the Quality Teacher Recruitment Program; \$3.0 million for the Early Literacy Assessment tool; and \$850,000 for the School Lunch Protection Program.

Question 2: Is the recommended/required increase in General Fund viable? If not, what options are available to mitigate the General Fund impact?

Staff assumes that a \$383.1 million General Fund increase for FY 2017-18 will prove to be an ambitious goal and may not be possible given budgetary constraints. While the feasibility of the recommended increase will not be known until the Committee's balancing process following figure setting for all state agencies, staff provides a brief discussion of options that the Committee and General Assembly may wish to consider related to school finance appropriations in FY 2017-18. The options fall into three basic categories: (1) options to reduce the Long Bill appropriation of General Fund (but sustain the total state share appropriation required by current law); (2) other legislation that would make additional revenues available for school finance; and (3) legislation that would reduce the required state share appropriation.

Reducing General Fund Impact of Long Bill: Given that the state share appropriation for the Long Bill is set by current law, the Committee has three basic options to reduce the General Fund impact of the Long Bill appropriation:

- *SEF Ending Balance:* First, the Committee could reduce the targeted ending balance of the State Education Fund. Staff's recommendation targets an ending balance of \$100.0 million; in some prior years the General Assembly has targeted \$50.0 million. Reducing the ending balance

increases the risk associated with revenue forecast error (for example if either state or local funds are lower at mid-year than anticipated in the appropriation or if the pupil count/total program costs are higher than anticipated). Reducing the ending balance also only increase the amount available for one year. However, the Committee may wish to consider a lower ending balance for FY 2017-18.

- *Revenue Forecast Selection:* As discussed above, the staff recommendation uses the Legislative Council Staff estimates of the reduction in the residential assessment rate (as a result of Gallagher) and the resulting local share of funding available in FY 2017-18. Electing to use the Department of Local Affairs (DOLA) estimates would increase the anticipated local share by \$34.5 million and allow for a reduction of that amount in the state share. However, doing so may increase the risk of a significant mid-year increase in state costs if local revenues are lower than anticipated by DOLA. Please note that the General Assembly will have to select a residential assessment rate for FY 2017-18 if it enacts legislation to comply with Gallagher's requirements.
- *Offsetting Reductions:* The Committee could also reduce appropriations for other uses and programs (either within the Department or in other state agencies) to make additional revenues available. While staff is not providing a list of potential reductions, this type of prioritization is common in the balancing process.

Other Legislation to Make Revenue Available: The Committee could also consider additional legislation that would make other revenues available for school finance. For example, the Governor has proposed three legislative changes to provide additional money for school finance in FY 2017-18, each of which is discussed below.

- *B.E.S.T. Cash Fund Transfer:* The Department's November 1, 2016, budget request proposed a transfer of \$15.0 million cash funds from the Public School Capital Construction Assistance Fund (which supports the Building Excellent Schools Today (B.E.S.T.) Program) to the State Public School Fund to support school finance appropriations in FY 2017-18. With projected ending fund balances of \$252.9 million in the Public School Capital construction Fund at the end of FY 2016-17 and \$197.0 million at the end of FY 2017-18, the cash fund has \$15.0 million available to transfer. While the transfer would inherently reduce the amount available for B.E.S.T. grants, the proposed amount would not affect anticipated appropriations through at least FY 2018-19. Staff notes that, if the Committee elects to make such a transfer, the Office of Legislative Legal Services recommends that the legislation make clear that the funds being transferred are from State Land Board proceeds credited to the fund rather than marijuana-related revenues.
- *Homestead Exemption:* The Governor's revised (January 2017) request proposes legislation to reduce the General Fund dedicated to the Homestead Property Tax Exemption (approximately \$68.1 million) and to dedicate \$62.7 million of the funding to total program. This proposal is well outside the Department of Education budget and staff is not making a recommendation at this time. However, staff does note that Homestead Exemption funds are continuously appropriated to the Department of Treasury (based on the threshold set in statute by the General Assembly) and the savings associated with the proposed 50.0 percent reduction in the exemption are somewhat uncertain.
- *Marijuana Sales Tax:* The Governor's revised (January 2017) request also proposes legislation to increase the special sales tax on marijuana to 12.0 percent, effective July 1, 2017. Under current law, the rate will decline from 10.0 percent in FY 2016-17 to 8.0 percent in FY 2017-18. Thus,

the proposal equates to a 50.0 percent increase in the tax rate for FY 2017-18 relative to current law. With respect to this proposal, staff recommends that the Committee consider two points. First, the proposal would dedicate marijuana funds, with an uncertain future and inherently uncertain revenue estimates, to ongoing operating funding of school finance. Marijuana funds currently support a variety of grant programs at the Department but the use of such funds for the ongoing operations of the school finance system would be new and may introduce additional risk to the State's ability to support the system. Second, the General Assembly currently appropriates marijuana funds in the year after collection. In fact, staff notes that Section 39-28.8-501 (2) (a), C.R.S., currently prohibits the appropriation of Marijuana Tax Cash Fund revenues in the year in which they are received except for appropriations to the Department of Revenue. The Governor's proposal would appropriate the funds in the same year in which they are collected. Staff is concerned that this would further increase the risk of appropriations exceeding actual revenues and increase risk to the General Fund.

Legislation to Reduce the Cost of Total Program: Rather than making additional revenues available to meet the current cost of the state share of school finance, the General Assembly could enact legislation to reduce the cost. Staff offers two basic options for the Committee's consideration.

- *Negative Factor:* First, as proposed by the Governor, the General Assembly could maintain the existing school finance formula but increase the dollar value of the negative factor. The Governor's request proposes to increase the negative factor by \$47.8 million in FY 2017-18 (from \$828.3 million in FY 2016-17 to \$876.1 million in FY 2017-18). Because current law requires that the negative factor not exceed \$828.3 million, any increase would require legislation. Because the Long Bill will hold the negative factor constant, a bill to increase the negative factor would include a clause to reduce the FY 2017-18 appropriation for school finance. For illustrative purposes, staff has prepared the following table showing potential alternative targets for FY 2017-18, including: (1) holding statewide average per pupil funding constant at \$7,421 and (2) increasing statewide average per pupil funding by the rate of inflation (2.8 percent). As shown in the table, holding statewide average per pupil funding constant would reduce the cost of total program by \$209.2 million and increase the value of the negative factor by the same amount. Increasing statewide average per pupil funding by the rate of inflation would reduce costs by \$29.2 million and increase the value of the negative factor by that amount.

ALTERNATIVE TOTAL PROGRAM FUNDING SCENARIOS FOR FY 2017-18				
	FY 2016-17 APPROPRIATION	CURRENT LAW (CONSTANT NEGATIVE FACTOR)	CONSTANT AVERAGE PER PUPIL FUNDING	INCREASE PER PUPIL BY INFLATION
Total Program Before Negative Factor	\$7,201,112,934	\$7,462,880,656	\$7,462,880,656	\$7,462,880,656
Less: Negative Factor	(828,280,474)	(828,280,474)	(1,037,443,214)	(857,529,649)
Adjusted Total Program	\$6,372,832,460	\$6,634,600,182	\$6,425,437,442	\$6,605,351,007
Statewide Average Per Pupil Funding	\$7,421	\$7,662	\$7,421	\$7,628
Local Share	\$2,257,704,955	\$2,281,512,223	\$2,281,512,223	\$2,281,512,223
State Share	\$4,115,127,505	\$4,353,087,959	\$4,143,925,219	\$4,323,838,784
Annual Change in State Share	n/a	\$237,960,454	\$28,797,714	\$208,711,279
Annual Change in General Fund	n/a	\$383,084,381	\$173,921,641	\$353,835,206
General Fund Change from Current Law	n/a	n/a	(\$209,162,740)	(\$29,249,175)

- *School Finance Formula:* The General Assembly could also adjust the school finance formula to reduce the cost of school finance (before the application of the negative factor) to reflect the revenues that are actually available. Such a reset of the formula based on available revenues could eliminate the negative factor by setting total program (before the negative factor) at a level that the State could afford.

Staff notes that the Committee could also consider options to increase local revenues available for school finance and reduce the cost to the State (such as increasing property taxes). Staff continues to recommend increasing local school finance revenues through a change to the total program mill levy (see the issue paper beginning on page 27 of the FY 2017-18 JBC Staff Briefing Document for the Department of Education for a detailed discussion). However, even if the General Assembly elects to pursue that option, it is not feasible for FY 2017-18 because of the time required to enact such a change.

Five-year Outlook: Consistent with prior years, staff has estimated the General Fund impact of looking at illustrative scenarios over the next four years. The following table shows the annual *General Fund increase* necessary to support total program funding each year through FY 2020-21 under three scenarios:

- Maintaining *constant statewide average per pupil funding* at FY 2016-17 levels (as shown in the table, doing so requires an increase of \$173.9 million General Fund in FY 2017-18 but only \$2.5 million in FY 2018-19 and allows for reductions in subsequent years);
- Increasing statewide average per pupil funding by the projected rate of inflation each year (requiring an increase of \$353.8 million General Fund in FY 2017-18 but smaller increases in subsequent years); and
- Maintaining a constant negative factor at FY 2016-17 levels (the current law scenario for FY 2017-18).

Projections of General Fund Increases Necessary Under each Scenario				
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Constant PPR	\$173,921,641	\$2,475,924	(\$129,619,184)	(\$47,758,365)
Inflate PPR each year	353,835,206	197,935,637	45,865,243	134,473,897
Constant Negative Factor	383,084,381	232,096,898	74,467,221	163,971,587

→ R2 CATEGORICAL PROGRAMS INCREASE

REQUEST: 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 2017-18. The request, based on the OSPB-projected inflation rate for CY 2016 (2.7 percent), seeks an increase of \$7,816,926 cash funds from the State Education Fund to be allocated among five categorical programs in FY 2017-18. The following table shows the requested changes from the FY 2016-17 appropriation.

R2 REQUESTED INFLATIONARY INCREASES FOR CATEGORICAL PROGRAMS			
LONG BILL LINE ITEM	FY 2016-17 APPROPRIATION OF STATE FUNDS	R2 REQUESTED CHANGE	FY 2017-18 REQUEST (STATE FUNDS)
District Programs Required by Statute			
Special education programs for children with disabilities	\$167,137,922	\$4,301,695	\$171,439,617
English language proficiency programs	18,785,784	1,447,225	20,233,009
Other Categorical Programs			
Public school transportation	56,207,903	1,394,435	57,602,338
Career and technical education	25,639,363	507,156	26,146,519
Special education - gifted and talented children	12,169,325	166,415	12,335,740
Expelled and at-risk student services grant program	7,493,560	0	7,493,560
Small attendance center aid	1,076,550	0	1,076,550
Comprehensive health education	1,005,396	0	1,005,396
Totals	\$289,515,803	\$7,816,926	\$297,332,729

RECOMMENDATION: Based on the actual change in the Denver-Boulder-Greeley CPI for CY 2016 (2.8 percent), staff recommends adding a total of \$8,106,422 state funds for categorical programs for FY 2017-18. Consistent with prior years and with the request, staff's recommendation would appropriate all of the recommended increases as cash funds from the State Education Fund. Using a similar allocation methodology to the request, staff recommends allocating the increase among five categorical programs, as shown in the following table.

R2 STAFF RECOMMENDED INFLATIONARY INCREASES FOR CATEGORICAL PROGRAMS				
LONG BILL LINE ITEM	FY 2016-17 APPROPRIATION OF STATE FUNDS	STAFF RECOMMENDED CHANGE	FY 2017-18 STAFF REC. (STATE FUNDS)	CHANGE FROM REQUEST
District Programs Required by Statute				
Special education programs for children with disabilities	\$167,137,922	\$4,454,042	\$171,591,964	\$152,347
English language proficiency programs	18,785,784	1,497,264	20,283,048	50,039
Other Categorical Programs				
Public school transportation	56,207,903	1,443,819	57,651,722	49,384
Career and technical education	25,639,363	525,118	26,164,481	17,962
Special education - gifted and talented children	12,169,325	186,199	12,355,524	19,784
Expelled and at-risk student services grant program	7,493,560	0	7,493,560	0
Small attendance center aid	1,076,550	0	1,076,550	0
Comprehensive health education	1,005,396	0	1,005,396	0
Totals	\$289,515,803	\$8,106,442	\$297,622,245	\$289,516

ANALYSIS:

Background - Constitutional Funding Requirement: Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2015 the percentage change in the Denver-Boulder consumer price

index was 1.2 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$3,432,994) for FY 2016-17.

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 \$147.4 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 \$63.3 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$147.4 million among categorical programs.

INCREASES IN STATE FUNDING FOR CATEGORICAL PROGRAMS SINCE FY 2000-01				
LONG BILL LINE ITEM	FY 2000-01 APPROPRIATION	FY 2016-17 APPROPRIATION	TOTAL INCREASE IN ANNUAL APPROPRIATION OF STATE FUNDS SINCE FY 2000-01	PERCENT CHANGE SINCE FY 2000-01
Special Education - Children with Disabilities	\$71,510,773	\$167,137,922	\$95,627,149	133.7%
English Language Proficiency Program	3,101,598	18,785,784	15,684,186	505.7%
Public School Transportation	36,922,227	56,207,903	19,285,676	52.2%
Career and Technical Education Programs	17,792,850	25,639,363	7,846,513	44.1%
Special Education - Gifted and Talented Children	5,500,000	12,169,325	6,669,325	121.3%
Expelled and At-risk Student Services Grant Program	5,788,807	7,493,560	1,704,753	29.4%
Small Attendance Center Aid	948,140	1,076,550	128,410	13.5%
Comprehensive Health Education	600,000	1,005,396	405,396	67.6%
Total	\$142,164,395	\$289,515,803	\$147,351,408	103.6%

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

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

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

Allocation of Required Funding Increase for FY 2017-18: As noted above, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation (based on the change in the Denver-Boulder Consumer Price Index for calendar year 2016) for FY 2017-18. The Department's request for FY 2017-18 includes a \$7,816,926 increase, based on a projected 2.7 percent inflation rate from the OSPB December 2016 Revenue Forecast.

Based on the actual change in the CPI for CY 2016 (2.8 percent), staff recommends adding a total of \$8,106,442 state funds for categorical programs for FY 2017-18. Staff's recommendation would appropriate *all* of the recommended increases as cash funds from the State Education Fund.

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

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

Consistent with prior years, for FY 2017-18, staff recommends: (a) maintaining existing state funding levels for the Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education; and (b) allocating the required increase among the remaining programs based on the relative gaps between the sum of state and federal funding, and actual district expenditures (see Table A, below).

The Department and staff have used similar mechanisms to allocate the increases among line items, with the primary difference between the requested and recommended changes being the use of the actual inflation rate (2.8 percent in the staff recommendation vs. 2.7 percent in the request).

The following pages include three tables associated with categorical funding.

- Table A shows the gap between state and federal funding and actual local expenditures in FY 2014-15 (the most recent year for which the necessary data are available).
- Table B shows the gap between FY 2015-16 funding levels and "full funding" for the programs with statutory formulas for that year.
- Table C summarizes the allocation recommended by staff, the allocation requested by the Department, and two other potential options for illustrative purposes.

TABLE A: CATEGORICAL PROGRAM REVENUES AND EXPENDITURES: FY 2014-15

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/	\$190,968,999	\$151,718,914	\$342,687,913	\$893,356,822	38.4%	550,668,909
English Language Proficiency Program b/	38,642,326	9,059,075	47,701,401	232,813,439	20.5%	185,112,038
Other Categorical Programs						
Public School Transportation	55,517,492	0	55,517,492	234,022,001	23.7%	178,504,509
Career and Technical Education	26,449,151	5,353,423	31,802,574	96,724,727	32.9%	64,922,153
Special Education - Gifted and Talented Children	9,566,850	0	9,566,850	32,587,349	29.4%	23,020,499
TOTAL						\$1,002,228,108

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.

TABLE B: MAXIMUM AMOUNT OF STATE FUNDS DISTRICTS WERE STATUTORILY ELIGIBLE TO RECEIVE FOR FY 2015-16

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	\$162,623,221	\$240,586,750	67.6%	\$77,963,529
English Language Proficiency Program b/	Driven by the number of eligible students and statewide average per pupil operating revenue	45,142,930	158,799,008	28.4%	113,656,078
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)	56,438,573	91,967,281	61.4%	35,528,708
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	26,510,445	25,436,648	104.2%	(1,073,797)
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	959,379	1,195,968	80.2%	236,589
TOTAL					\$226,311,107

a/ The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$115,168,750 (\$1,250 for each student with disabilities); \$120,918,000 (assuming districts received \$6,000 per student for 100 percent of the 20,153 students with specified disabilities, rather than for 35.5 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 2015-16 include \$18,142,930 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.

TABLE C: REQUIRED INCREASE IN <i>STATE</i> FUNDING FOR CATEGORICAL PROGRAMS IN FY 2017-18									
LONG BILL LINE ITEM	FY 16-17 APPROP.	EXAMPLES OF OPTIONS FOR ALLOCATING REQUIRED INCREASE							
		A: STAFF RECOMM.	%	B: DEPT. REQUEST	%	C	%	D	%
Special education programs for children with disabilities	\$167,137,922	\$4,454,042	2.7%	\$4,301,695	2.6%	\$7,287,365	4.4%	\$4,679,862	2.8%
English language proficiency programs	18,785,784	1,497,264	8.0%	1,447,225	7.7%	\$819,077	4.4%	526,002	2.8%
Public school transportation	56,207,903	1,443,819	2.6%	1,394,435	2.5%	0	0.0%	1,573,821	2.8%
Career and technical education	25,639,363	525,118	2.0%	507,156	2.0%	0	0.0%	717,902	2.8%
Special education programs for gifted and talented children	12,169,325	186,199	1.5%	166,415	1.4%	0	0.0%	340,741	2.8%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	0	0.0%	0	0.0%	209,820	2.8%
Small attendance center aid	1,076,550	0	0.0%	0	0.0%	0	0.0%	30,143	2.8%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	28,151	2.8%
Totals (may not sum due to rounding)	\$289,515,803	\$8,106,442	2.8%	\$7,816,926	2.7%	\$8,106,442	2.8%	\$8,106,442	2.8%

Description of Potential Allocation Options

A: Staff recommendation, based on actual 2.8 percent inflation rate.

B: Department's request, based on projected 2.7 percent inflation rate.

C: Provide a 4.4% increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all programs.

→ R3 CONCURRENT ENROLLMENT

REQUEST: The Department requests an increase of \$93,737 General Fund and 0.9 FTE to support a new position to provide assistance and support to school districts related to concurrent enrollment programs. The proposal is based on a LEAN process review of the concurrent enrollment system conducted by the Department of Education, the Department of Higher Education, and the Concurrent Enrollment Advisory Board.

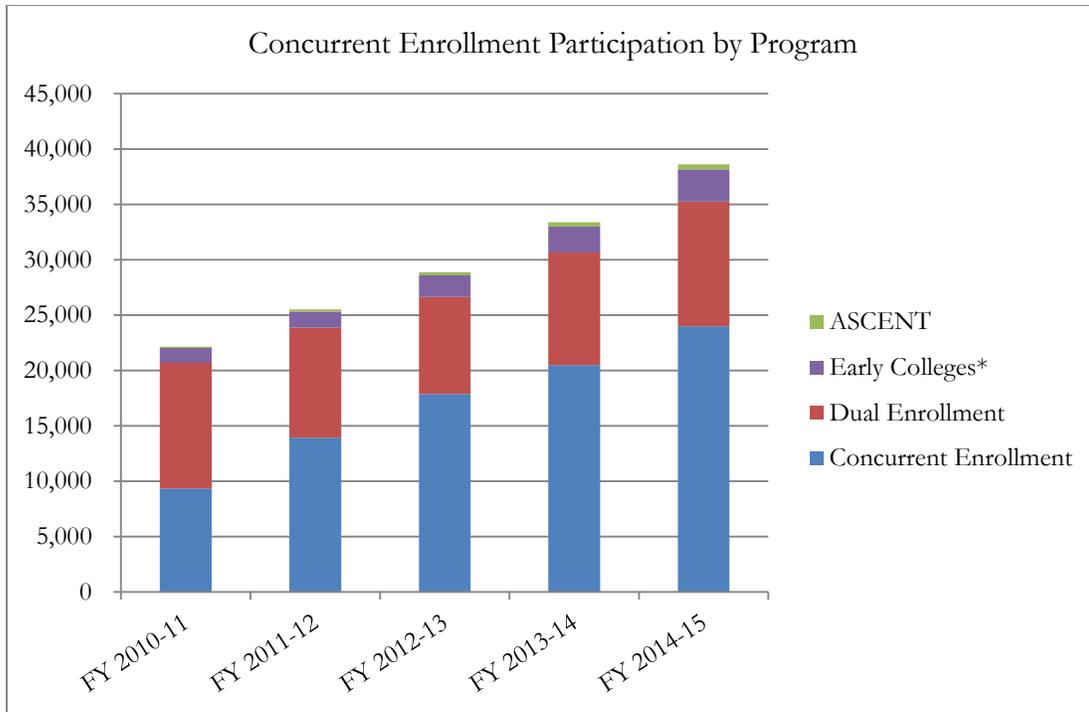
RECOMMENDATION: Staff recommends approving an increase of \$68,876 General Fund and 0.9 FTE for FY 2017-18. The recommendation is \$24,861 below the Department's request based largely on the Committee's common policies not to fund a variety of centrally appropriated line items for new FTE in the first year of implementation (a reduction of \$13,998 from the request) and to fund new positions at the range minimum salary (a reduction of \$11,336 from the request).

ANALYSIS: The Department's request is intended to add a dedicated staff member to support concurrent enrollment implementation and address inefficiencies in the system identified through a LEAN process review as well as the Department's ongoing work with participating school districts.

Background – Concurrent Enrollment: Concurrent enrollment programs allow high school students to earn both high school and college credit simultaneously through a single course, generally with no additional cost to the student for tuition. In 2009, the Concurrent Enrollment Act (H.B. 09-1319) repealed three previously existing programs and replaced them with a new concurrent enrollment program. House Bill 09-1319 also created the Accelerating Students Through Concurrent Enrollment (ASCENT) program, which allows students meeting certain criteria to voluntarily extend their high school education beyond 12th grade in order to attend college courses ("fifth year" students). Since 2009, the General Assembly has created additional options to allow students to participate in concurrent enrollment, although request R3 is primarily focused on improving the Concurrent Enrollment Program created in H.B. 09-1319.⁹

Participation in the Concurrent Enrollment Program has increased significantly in recent years, from a total of 9,349 students in FY 2010-11 to 24,010 in FY 2014-15, with more than one-third of high school students served during high school. The following chart shows the number of students participating in a variety of concurrent enrollment programs for FY 2010-11 through FY 2014-15 (the most recent year for which all data are available).

⁹ For a brief description of the various concurrent enrollment options available to students in Colorado, see the issue brief beginning on page 61 of the FY 2017-18 JBC Staff Briefing Document for the Department of Education.



According to the Department, 94 percent of Colorado school districts participated in FY 2014-15. Research by both the Department of Education and the Department of Higher Education has indicated that concurrent enrollment is a promising strategy to achieve the State’s academic goals. However, the Department reports that inconsistent implementation has created challenges for students, schools, districts, and the cooperating institutions of higher education.

FY 2017-18 R3 – Concurrent Enrollment: The Department of Education is requesting an increase of \$93,737 General Fund and 0.9 FTE for FY 2017-18 (annualizing to \$96,388 General Fund and 1.0 FTE in subsequent years) to add a dedicated staff position to support concurrent enrollment implementation. According to the Department, increasing participation in concurrent enrollment programs has highlighted inconsistent and inefficient implementation of the program by local education providers (LEPs) and institutions of higher education. Because the program(s) rely upon negotiated agreements between LEPs and the institutions, the agreements vary, including cases where individual LEPs or institutions will have different agreements or processes with multiple partners. As a result, students and LEPs report cases of numerous duplicate forms and highly inefficient enrollment processes, and the Department estimates that these inefficiencies could be costing schools and districts up to \$3 million per year in staff time.

The Department conducted a LEAN process to review concurrent enrollment programs in conjunction with the Department of Higher Education and the Concurrent Enrollment Advisory Board. The LEAN process identified three systemic issues creating barriers and challenges within the concurrent enrollment programs: (1) variation; (2) equity and access; and (3) inefficiency.

- *Variation:* As a result of a lack of coordination between school districts, LEPs and partnering institutions have developed their own process for concurrent enrollment such as admissions, advising, registration, scheduling, approving faculty to teach courses, placing students, and

determining eligibility. As a result, even within the statewide programs, the systems and students’ experiences can vary significantly. For example, the Department has reported that some districts (with sufficient staff and expertise) have negotiated more favorable tuition rates for concurrent enrollment students while other districts (without the staff and expertise) have paid more for the same services. In some cases, the variation in implementation has encouraged LEPs to work with higher education institutions outside of their normal service area.

- *Equity/ Access:* The review found that the variation in implementation resulted in uneven access to participate in concurrent enrollment throughout the State. The review found that this variation results in inequities for students in rural districts, students taking courses for which they are underprepared, and students taking courses for which credit will not transfer and does not count toward a degree.
- *Inefficiency:* The LEAN process found duplication of efforts between and among higher education institutions and LEP partners. Areas of duplication include data management, data privacy requirements, and other polices. The process found errors in coding, invoicing and billing, as well as inefficiencies in registration, enrollment, invoicing, and billing. The review estimated that the inefficiencies were wasting thousands of hours of LEP staff time and forcing students, families and providers to spend time on unnecessarily duplicative paperwork.

The Department is requesting the new position to provide direct support to participating school districts to improve and streamline local implementation of concurrent enrollment programs. Staff notes that the LEAN process recommended creating a cross-agency team for concurrent enrollment, including adding 1.0 new FTE to *each* department involved (1.0 FTE for the Department of Education and 1.0 FTE for the Department of Higher Education). However, the Department of Higher Education has not requested the recommended resources for FY 2017-18.

Given the General Assembly’s support for concurrent enrollment as a means to improve educational outcomes and college and career readiness, and the apparent inefficiencies in the current system, staff agrees that a dedicated staff person is warranted. Staff recommends approving an increase of \$68,876 General Fund and 0.9 FTE for the College and Career Readiness line item for FY 2017-18 to support the new position. The recommendation is \$25,044 below the Department’s request based on the Committee’s common policies to not fund centrally appropriated line items for new FTE in the first year (a reduction of \$13,998 from the request) and to fund new positions at the range minimum salary (a reduction of \$11,336 from the request). The recommendation includes minor adjustments (totaling \$473) to reflect common policy amounts for various operating expenses.

Staff notes that the position is requested as a “Senior Consultant” position and would be at-will. Based on discussions with the Department and the anticipated role of the position, the new FTE appears to fit within the Department’s statutory flexibility for at-will positions. The following table compares the staff recommendation for R3 to the Department’s request and shows the anticipated FY 2018-19 impact of the recommendation.

R3 - CONCURRENT ENROLLMENT						
	FY 2017-18 REQUEST		FY 2017-18 STAFF REC.		FY 2018-19 IMPACT	
	GF	FTE	GF	FTE	GF	FTE
College and Career Readiness, personal services						
Senior Consultant Salary	\$62,329	0.9	\$52,228	0.9	\$56,976	1.0

R3 - CONCURRENT ENROLLMENT						
	FY 2017-18 REQUEST		FY 2017-18 STAFF REC.		FY 2018-19 IMPACT	
	GF	FTE	GF	FTE	GF	FTE
PERA (10.15%)	6,326		5,236		5,712	
Medicare (1.45%)	<u>904</u>		<u>759</u>		<u>828</u>	
Subtotal, Personal Services	\$69,559	0.9	\$58,223	0.9	\$63,516	1.0
College and Career Readiness, operating expenses						
Supplies (\$500)	\$458		\$500		\$500	
Computer (\$900)	1,127		900		0	
Office suite software (\$330)	0		330		0	
Office equipment (\$3,473)	3,183		3,473		0	
Travel	5,000		5,000		5,000	
Telephone (\$450)	<u>412</u>		<u>450</u>		<u>450</u>	
Subtotal, Operating Expenses	\$10,180		\$10,653		\$5,950	
Centrally Appropriated Line Items						
Health, Life, and Dental	\$7,927		\$0		\$7,927	
Short-term Disability	118		0		108	
SB 04-257 AED	2,992		0		2,849	
SB 06-235 SAED	<u>2,961</u>		<u>0</u>		<u>2,849</u>	
Subtotal, Centrally Appropriated Line Items	\$13,998		\$0		\$13,733	
Total, Request R3 Concurrent Enrollment	\$93,737	0.9	\$68,876	0.9	\$69,466	1.0

→ R4 ACADEMIC STANDARDS REVISION

REQUEST: The Department requests a one-time appropriation of \$340,840 cash funds from the State Education Fund for FY 2017-18 to support the review and revision of the Colorado Academic Standards required by Section 22-7-1005 (6), C.R.S. (enacted in S.B. 08-212, Colorado's Achievement Plan for Kids (CAP4K)). The request includes the following components: (1) \$155,840 to support a series of stakeholder committee meetings; (2) \$105,000 for temporary and contract support services to support the review and revision process; and (3) \$80,000 for external expert review and benchmarking reports as required by Section 22-7-1006 (3) (f), C.R.S.

Recommendation: Staff recommends approving the request. Current law requires the Department to complete a review and revision of the statewide academic standards before July 1, 2018, and staff agrees that the additional resources are necessary to complete a comprehensive public engagement and review process under that timeframe.

ANALYSIS:

Background – CAP4K and the Statewide Academic Standards: The Colorado Academic Standards detail expectations, by grade level, for what Colorado students should know, building toward a goal of "post-secondary and workforce readiness" upon graduation from high school. Congress first required states to develop and adopt statewide standards and aligned assessments with the 1994 reauthorization of the Elementary and Secondary Education Act. Colorado adopted its first statewide academic standards (the Model Content Standards) in 1995.

As enacted in S.B. 08-212 (CAP4K), Section 22-7-1005 (1), C.R.S., required the State Board to adopt new statewide academic standards aligning preschool through postsecondary education by December 15, 2009. The statute requires new standards in at least the following areas: reading, writing, mathematics, science, history, geography, visual arts, performing arts, physical education, world languages, English language competency, economics, civics, and financial literacy. With a focus on creating "fewer, clearer, and higher" standards than had previously been in place, the State Board adopted the new standards as required in December 2009. The Colorado Academic Standards include 10 academic content areas: comprehensive health and physical education; dance; drama and theatre arts; math; music; reading, writing, and communicating; science; social studies; visual arts; and world languages as well as English language development.

The adopted English language arts and mathematics standards include the national "Common Core" standards, an effort initiated and managed by the National Governor's Association and adopted by 42 states (and the District of Columbia). However, Colorado's standards also go beyond the Common Core by including additional content areas (the Common Core includes only English language arts and mathematics) as well as additional expectations in English language arts and mathematics.

Current law, as enacted in CAP4K, requires the State Board to periodically review and revise the statewide standards. Section 22-7-1005 (6), C.R.S., requires the State Board to complete the first review and revision cycle by July 1, 2018:

“On or before July 1, 2018, and on or before July 1 every 6 years thereafter, the state board shall review and adopt any appropriate revisions to the preschool through elementary and secondary education standards specified in this section. In adopting revisions, the state board may add or delete one or more of the specific instructional areas based on the needs of the state and changes in national and international expectations. In adopting revisions to the standards pursuant to this subsection (6), the state board shall ensure that the standards continue to meet the requirements specified in subsection (3) of this section.”

FY 2017-18 R4 – Standards Revision: With R4, the Department is requesting a one-time appropriation of \$340,840 cash funds from the State Education Fund to support the required review and revision. The proposal includes three basic components:

- \$155,840 for stakeholder committee meetings. The Department is utilizing 13 committees for the standards review, starting in FY 2016-17, and plans to have eight committees still operating in FY 2017-18. The Committees are designed to bring together key stakeholders including educators, parents, business representatives, and higher education representatives to review each content area and recommend revisions. The proposal assumes that each committee would meet in person five times. The costs for this component include estimated travel reimbursements and lodging for committee members (\$75,840), reimbursements for school districts to support substitute teachers to cover for educators attending meetings (\$48,000), and meeting venue rentals and meals (\$32,000).
- \$80,000 for external expert review and benchmarking reports. Section 22-7-1006 (3) (f), C.R.S., requires the state board to ensure that the standards are “comparable in scope relevance, and

rigor to the highest national and international standards that have been implemented successfully and are consistent with and relevant to achievement of the goals specified in section 22-7-1002.” The Department’s cost estimate for this component is based on costs for the benchmarking analysis when the standards were adopted in 2009.

- \$105,000 for temporary and contracted support services. This component includes funds for project management services (\$10,000), arts content area facilitation (\$40,000), copy editing for the new standards (\$25,000), and online feedback management services (\$30,000).

For context, the Department has provided the following information comparing the proposed budget for the standards review and revision process to estimated expenditures for the original process to develop the standards in 2009.

COST COMPARISON FOR STANDARDS DEVELOPMENT AND REVISION PROCESSES		
ACTIVITY	ESTIMATED 2009 COSTS FOR DEVELOPMENT	PROPOSED FY 2017-18 BUDGET FOR REVISION
Stakeholder Committee Revision Meetings		
Committee member travel reimbursement	\$100,000	\$75,840
Substitute teacher reimbursement	0	48,000
Meeting venues and meals	135,000	32,000
Materials	22,500	0
Subtotal	257,500	155,840
Outside Consultation and Expertise		
External expert review and benchmarking	\$82,000	\$80,000
Temporary, Contracted Support Services		
Project management services	\$33,600	\$10,000
Arts content area facilitation*	0	40,000
Copy editing	16,500	25,000
Online feedback management services	0	30,000
Meeting facilitation	53,000	0
Meeting note-taking and support	108,000	0
Subtotal	\$211,100	\$105,000
Standards Advisory Committee		
Committee member travel reimbursement	\$7,000	\$0
Meeting venues and meals	45,000	0
Materials	5,000	0
Subtotal	\$57,000	\$0
Stakeholder Tours		
Venues	\$30,000	\$0
Additional Department Staff		
Salary costs	\$425,000	\$0
Staff travel	10,000	0
Subtotal	\$435,000	\$0
TOTAL	\$1,072,600	\$340,840

* The Department had a full-time Arts Content Specialist in 2009 but no longer has a permanent position. The Department is seeking contract assistance to facilitate the arts content areas.

Staff recommends approving the request. Current law clearly requires the State Board to review and revise the standards by FY 2017-18. The key question for the Committee’s consideration is the intended scope of the review and revision process. The Department is proposing what appears to be

a relatively comprehensive process to engage key stakeholders and solicit input from the field regarding what is working and what is not working in the current standards. Given the importance of the statewide standards as the foundation of districts' standards *and* the statewide assessment system, staff agrees that stakeholder “buy in” to the standards is important and a relatively comprehensive engagement and review process is appropriate.

→ R7 SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM

REQUEST: The request includes an increase of \$9,700,000 cash funds from the Marijuana Tax Cash Fund and 3.0 FTE to expand the School Health Professionals Grant Program, established in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue).

RECOMMENDATION: Staff recommends approving a total increase of \$9,642,950 cash funds from the Marijuana Tax Cash Fund. The recommendation is \$57,050 below the request based on alignment with the Committee's common policies related to new FTE. The recommendation includes the requested increase of \$9.4 million in additional grant funds for FY 2017-18 and \$242,950 for additional program administration expenses. Statute (Section 39-28.8-501 (2) (b), C.R.S.) prioritizes supports for drug use prevention and treatment, protection of youth, and services for school-aged children and adolescents in the appropriation of Marijuana Tax Cash Fund resources. The request aligns with that prioritization. The recommendation assumes that the General Assembly intends to continue to utilize Marijuana Tax Cash Fund resources as prioritized in statute, rather than for budget balancing purposes in FY 2017-18.

ANALYSIS: The School Health Professionals Grant Program, which is supported with \$2.3 million cash funds from the Marijuana Tax Cash Fund in FY 2016-17, offers matching grants to school districts, local education authorities, and charter schools to increase the presence of school health professionals (including school nurses, school psychologists, school social workers, and school counselors) in secondary schools. Pursuant to statute (Section 22-96-103, C.R.S.), the program is designed to:

- Increase the presence of school health professionals in secondary schools to provide substance abuse and behavioral health care to students with substance abuse or other behavioral health needs;
- Provide training and resources for school staff on the implementation of evidence-based programming on substance abuse prevention education; and
- Allow school health professionals to connect students with services that are provided by community-based organizations for treatment and counseling for students at risk of substance abuse.

Created in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue), the program is in its third year of operation (FY 2014-15, FY 2015-16, and FY 2016-17). After an initial appropriation of \$2.5 million in FY 2014-15 (including in S.B. 14-215), the program has operated with an annual budget of \$2.3 million for the past two years. According to the Department, the program has supported more than 100 school health professionals over the past three years, placing new professionals in 68 school districts/charter schools and serving 205 secondary schools. The Department's reporting shows that 42 percent of the new positions have been school nurses, with other health professionals making up the remaining 58 percent of positions (see table below)

SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM SUPPORTED POSITIONS	
ROLE	PERCENTAGE OF POSITIONS
School Nurses	42%
School Counselors	29%
School Social Workers	25%
School Psychologists	4%

FY 2017-18 Request R7: With a requested increase of \$9.6 million (for the School Health Professionals Grant Program line item only) and 3.0 FTE, the request proposes a significant expansion of the School Health Professionals Grant Program, from \$2.3 million cash funds and 1.0 FTE (actually portions of multiple positions) in FY 2016-17 to \$11.9 million and 4.0 FTE in FY 2017-18. The requested increase includes two components: (1) \$9.4 million in additional grant funds; and (2) \$331,876 (including centrally appropriated items) and 3.0 FTE for improved program administration.

Grant Funds: The request includes an increase of \$9,400,000 for additional grant funds to support school health professionals. As shown in the following table (using estimates provided by the Department), the Department estimates that the increase would support an additional 150 school health professionals statewide. According to the Department, the Center for Disease Control recommends a ratio of 1 nurse to 750 generally healthy students. The Department reports that in FY 2015-16 Colorado’s ratio was 1 nurse per 1,469 students, with many schools not having a school health professional. Similarly, the National School Social Work Practice Model recommends a ratio of 1 social worker per 250 students, while Colorado’s ratio in FY 2014-15 (the most recent year for which the Department provided data) was 1 social worker per 2,176 students, with similar gaps in FY 2014-15 for school psychologists and counselors. Based on the assumption that the General Assembly intends to continue to use Marijuana Tax Cash Fund resources for the priorities outlined in statute (which this program clearly fits – see Section 39-28.8-501 (2) (b), C.R.S.), staff recommends approving the additional grant funds.

DEPARTMENT-ESTIMATED INCREASE IN SCHOOL HEALTH PROFESSIONALS	
COST COMPONENT	AMOUNT
Average Salary for School Health Professional	\$63,000
Est. Benefits (22.0% of salary)	13,860
Total Salary and Benefits per FTE	\$76,860
Operating and Incidentals per FTE	3,140
Total Cost Per New Position	\$80,000
Increased Number of Positions	150
Total Cost of New Positions	\$12,000,000
State Funding - Cash Funds (MTCF)	9,400,000
Local Matching Funds	2,600,000

Program Administration: The request also includes an increase of \$331,876 and 3.0 FTE to support improved administration of the program and provide additional assistance and training to school districts regarding evidence based practices and programs that reduce adolescent substance abuse rates. The request includes personal services funds for the requested 3.0 FTE (actually portions of five positions), additional operating expenses for the requested FTE as well as for improved

program administration, and a variety of centrally appropriated line item requests associated with the new FTE. The request includes the following positions:

- 0.3 FTE Program Director to supervise the program. The Department is planning to use an existing position for this portion of the FTE and is requesting the resources to support the time spent on oversight of this program.
- 1.0 FTE Senior Consultant (new position) to provide direct technical assistance, support, and training to grantees regarding evidence-based practices and programs that show promising results in reducing the incidence of substance abuse and behavioral health issues for adolescents. The Department reports that grantees regularly request support from the Department, particularly regarding access to and implementation of evidence-based practices. The current program staff includes 0.4 FTE for program support and works two days a week with the existing grantees. The Department argues that the existing staff will not be able to provide sufficient support to the significantly expanded program.
- 1.0 FTE Youth Liaison (new position(s)) to work with youth-serving networks statewide to engage youth statewide and provide feedback on which prevention programs resonate with youth. The Department expects to fill this 1.0 FTE with two part-time employees (most likely college age individuals). The Department reports that both the Department of Education and the Department of Public Health and Environment utilize youth liaisons to connect youth-serving professionals with students and to provide youth voice in policy and practice decisions.
- 0.2 FTE Fiscal Analyst (utilizing a portion of an existing position) to support the additional fiscal oversight required by the program expansion.
- 0.5 FTE Administrative Assistant (new position) to provide administrative support and other program staff given the proposed expansion of the program and to ensure that required program reports are promptly published and made available to stakeholders.

Based on the assumption that the General Assembly intends to continue to use Marijuana Tax Cash Fund resources for the priorities outlined in statute (which this program clearly fits – see Section 39-28.8-501 (2) (b), C.R.S.), staff recommends approving an increase of \$242,950 cash funds from the Marijuana Tax Cash Fund and 3.0 FTE to support additional program administration. The recommendation for this component is \$88,926 below the request based on adjustments to align with the Committee’s common policies, including: (1) a reduction of \$73,667 to eliminate funding requested for a variety of centrally-appropriated purposes that the Committee generally does not fund in the first year for new FTE; (2) a reduction of \$14,539 to set the proposed Senior Consultant salary at the Department’s range minimum for that position class; and (3) a reduction of \$720 that the Department requested for RTD bus passes. The following table shows the components of the request and the staff recommendation, as well as the projected FY 2018-19 impact of the staff recommendation.

R7 - SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM						
	FY 2017-18 REQUEST		FY 2017-18 STAFF REC.		FY 2018-19 IMPACT	
	CF	FTE	CF	FTE	CF	FTE
School Health Professionals Grant Program, grants	\$9,400,000		\$9,400,000		\$9,400,000	
School Health Professionals Grant Program, personal services						
Program Director Salary	\$28,498	0.3	\$28,498	0.3	\$28,498	0.3
Senior Consultant Salary	70,008	1.0	56,981	1.0	56,981	1.0
Youth Liaison Salary	39,996	1.0	39,996	1.0	39,996	1.0

R7 - SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM							
	FY 2017-18 REQUEST		FY 2017-18 STAFF REC.		FY 2018-19 IMPACT		
	CF	FTE	CF	FTE	CF	FTE	
Fiscal Analyst Salary	17,352	0.2	17,352	0.2	17,352	0.2	
Administrative Assistant Salary	<u>15,600</u>	<u>0.5</u>	<u>15,600</u>	<u>0.5</u>	<u>15,600</u>	<u>0.5</u>	
Subtotal, Salaries	\$171,454	3.0	\$158,427	3.0	\$158,427	3.0	
PERA (10.15%)	17,403		16,080		16,080		
Medicare (1.45%)	<u>2,486</u>		<u>2,297</u>		<u>1,822</u>		
Subtotal, Personal Services	\$191,343	3.0	\$176,804	3.0	\$176,329	3.0	
School Health Professionals Grant Program, operating expenses							
Regular FTE Operating (\$500)	\$1,500		\$1,500		\$500		
Computer (\$900)	2,700		2,700		0		
Office suite software (\$330)	990		990		0		
Office equipment (\$3,473)	10,419		10,419		0		
Telephone (\$450)	1,350		1,350		1,350		
Supplies	6,000		6,000		6,000		
Communications	3,312		3,312		3,312		
Travel	39,875		39,875		39,875		
RTD Passes	<u>720</u>		<u>0</u>		<u>0</u>		
Subtotal, Operating Expenses	\$66,866		\$66,146		\$51,037		
Total, School Health Professionals Grant Program	\$258,209	3.0	\$242,950	3.0	\$227,366	3.0	
Centrally Appropriated Line Items							
Health, Life, and Dental	\$39,635		\$0		\$39,635		
Short-term Disability	326		0		54		
SB 04-257 AED	8,573		0		7,921		
SB 06-235 SAED	8,573		0		7,921		
Workers' Compensation	2,160		0		2,160		
Leased Space	<u>14,400</u>		<u>0</u>		<u>14,400</u>		
Subtotal, Centrally Appropriated Line Items	\$73,667		\$0		\$72,091		
Total, Request R7 personal services and operating	\$331,876	3.0	\$242,950	3.0	\$299,457	3.0	
Total, Request R7, all uses*	9,731,876	3.0	9,642,950	3.0	9,699,457	3.0	

*The summary of the Department's request proposed a total increase of \$9,700,000 in FY 2017-18. However, the detailed calculations for the components of the request total \$9,731,876.

➔ STAFF-INITIATED: EDUCATOR PERCEPTION ROLL-FORWARD

REQUEST: The Department did not officially request roll-forward spending authority for the Educator Perception line item from FY 2016-17 to FY 2017-18. However, the Department did bring the issue to staff's attention and the staff recommendation aligns with the Department's estimates.

RECOMMENDATION: Staff recommends that the Committee approve a Long Bill "add-on" to allow Department to spend \$73,500 of the FY 2016-17 appropriation of \$100,000 General Fund for Educator Perception (the Teaching and Learning Conditions (TELL) Survey) in FY 2017-18. The Department has changed (contract) survey administrators and, as a result of contract complications, must develop a new survey instrument. Thus, the Department will not be able to administer the survey in FY 2016-17.

- The Department intends to spend \$26,500 to develop a new survey instrument in FY 2016-17.
- The recommendation would allow the Department to spend the remaining \$73,500 of the FY 2016-17 appropriation to administer the survey with the new contractor in FY 2017-18.

ANALYSIS: Subject to available appropriations, Section 22-2-503, C.R.S., requires the Department to administer a biennial teaching and learning conditions survey to all preschool, elementary, and

secondary teachers in public schools in Colorado. The statute requires that the survey must be designed to assess:

- (a) Teaching and learning conditions as predictors of student achievement;
- (b) The correlation, if any, between teaching and learning conditions and teacher retention; and
- (c) The relationship, if any, between teaching and learning conditions and school administration.

Following enactment of the statute in 2008 (H.B. 08-1384 (Retention of Qualified Educators)) The Department contracted with the New Teacher Center to administer the Tell Colorado survey in 2009, 2011, 2013, and 2015. However, based on the state contract process, the Department has now contracted with Cambridge for FY 2016-17.

The Department had planned to retain the existing survey instrument. However, New Teacher Center has argued that it owns the survey instrument, and the Department's contract language was not strong enough to argue otherwise. The Department offered to purchase the existing instrument to allow for administration in FY 2016-17 but New Teacher Center declined to sell. Based on consultations with partner organizations (CASE, CASB, CEA, and the League of Charter Schools), the Department is proposing to contract with a survey developer to develop a shorter and more meaningful survey instrument that the State will own in FY 2016-17 and to reengage with Cambridge to administer the survey in FY 2017-18.

The FY 2016-17 appropriation includes \$100,000 General Fund to support the survey in FY 2016-17. The Department estimates that it will require \$26,500 to develop and pilot the new survey in FY 2016-17 and proposes to use the remaining \$73,500 to administer the survey in FY 2017-18. While it is unfortunate that the prior contract was not strong enough to allow the Department to retain the prior survey (which would have allowed for administration on the normal schedule), the Department has committed to avoid that scenario in the future. Based on an assumption that the General Assembly intends for the Department to continue to administer the survey, staff recommends approving a Long Bill add-on to roll forward \$75,000 of the FY 2016-17 appropriation for use in FY 2017-18.

→ STAFF-INITIATED: FACILITY SCHOOLS ADJUSTMENT

REQUEST: The request seeks a continuation funding amount for both facility schools-related line items, including the Facility Schools Unit and Facility Schools Board line item and the Facility School Funding line item. The Department did not request any changes from the FY 2016-17 appropriation.

RECOMMENDATION: Based on updated estimates of facility school pupil counts provided by the Department, staff recommends the following changes from the FY 2016-17 appropriation for the line items related to facility schools: (1) a decrease of \$2,096,256 cash funds from the State Education Fund for the Facility School Funding line item and (2) a related decrease of \$44,691 reappropriated funds for the Facility School Unit and Facility Schools Board line item. The following table shows the FY 2016-17 appropriation, the Department's FY 2017-18 request, and the staff recommendation for the two affected line items.

SI FACILITY SCHOOLS ADJUSTMENT SUMMARY				
	FY 2016-17 EST./APPROP	FY 2017-18 REQUEST	FY 2017-18 STAFF REC.	CHANGE FROM REQUEST
Average Facility School Student FTE	1,485	1,485	1,256	(229)
Facility School Funding line item - CF	\$16,604,845	\$16,604,845	\$14,508,589	(\$2,096,256)
Facility Schools Unit and Board line item - RF	317,665	317,665	272,974	(44,691)
Total - both line items	\$16,922,510	\$16,922,510	\$14,781,563	(\$2,140,947)
Cash Funds (SEF)	16,604,845	16,604,845	14,508,589	(2,096,256)
Reappropriated Funds	317,665	317,665	272,974	(44,691)

ANALYSIS:

Background – Facility Schools: While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.¹⁰ In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.¹¹
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide average per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide statewide base per pupil funding times 1.73 in an effort to increase funding for facility schools.

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

- Developing and maintaining a list of approved facility schools.
- Making recommendations concerning curriculum standards and graduation standards.
- Maintaining information and records for students who receive educational services from approved facility schools.
- Communicating and collaborating with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

¹⁰ Pursuant to Section 22-54-129 (1) (f), C.R.S., “state programs” include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

¹¹ Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

The annual Long Bill includes two line items related to facility schools:

- The Facility Schools Funding line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. Under current law, as adjusted by S.B. 13-260, facility schools receive statewide *base* per pupil funding amount times 1.73; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.
- The Facility Schools Unit and Facility Schools Board line item supports the Facility Schools Unit and Board. Statute authorizes the Department to withhold up to 2.0 percent of the amount payable to each approved facility school to cover the costs of the Unit and the Board. The reappropriated funds supporting this line item are transferred from the Facility School Funding line item.

FY 2017-18 Facility School-related Funding: The Department’s FY 2017-18 budget request assumes (continuation) funding for both facility school line items, with no change from the FY 2016-17 appropriation. The request did not include revised estimates of the two variables that determine the necessary amount of funding: the facility school pupil count and the per pupil funding amount for facility schools. However, the Department has now provided updated estimates for both variables:

- *Pupil count:* Based on actual pupil counts to date in FY 2016-17, the Department is now projecting an *average* facility school student FTE count of 1,256 in FY 2017-18, a reduction of 229 FTE (15.4 percent) from the estimate of 1,485 FTE underlying the FY 2016-17 appropriation. A reduction in the estimated pupil count decreases the appropriation required to support facility schools.
- *Per pupil funding amount:* Facility school per pupil funding is calculated as the *statewide base per pupil amount* times 1.73. As discussed above with R1 (Total Program Increase), Amendment 23 requires the statewide base per pupil funding amount to increase by the rate of inflation each year. Given the actual inflation rate from CY 2016 (2.8 percent), statewide base per pupil funding will increase from \$6,367.90 in FY 2016-17 to \$6,546.20 in FY 2017-18. Per Pupil Facility School funding increases from \$11,016.47 in FY 2016-17 to \$11,324.93 (an increase of \$308.46).

As a result, while the per pupil amount is increasing, the decrease in the estimated pupil count *reduces* the estimated appropriation necessary to support facility schools in FY 2017-18. As shown in the following table, estimated payments to facility schools decrease by \$2,135,346 from FY 2016-17 to FY 2017-18. Consistent with prior years, staff has included a “buffer” to account for potential fluctuations in placement and attendance. The FY 2016-17 included 1.5 percent of estimated payments. For FY 2017-18, staff is recommending increasing the cushion to 2.0 percent because of inherent uncertainty regarding the reduction in pupil counts.

Thus, staff recommends a total appropriation of \$14,508,599 cash funds from the State Education Fund for the Facility School Funding line item in FY 2017-18, including the following anticipated transfers to the Colorado School for the Deaf and the Blind (\$1,619,000) and the Mental Health Institute at Pueblo (\$153,189).

FACILITY SCHOOL FUNDING: FY 2017-18			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 STAFF REC.	CHANGE FROM FY 2016-17 APPROP.
Projected Average Facility Schools FTE	1,485	1,256	(229)
Multiplied by: Statewide Base Per Pupil Funding for FY 2017-18 X 1.73	\$11,016.47	\$11,324.93	\$308.46
Total Estimated Facility School payments	\$16,359,453	\$14,224,107	(\$2,135,346)
Plus: Additional Funding (1.5 percent in FY 2016-17 and 2.0 percent in FY 2017-18) to account for placement and attendance fluctuations	245,392	284,482	39,090
Recommendation for Facility School Funding line item	\$16,604,845	\$14,508,589	(\$2,096,256)
Estimated portion of the above amount transferred to state agencies:			
<i>Department of Education: Colorado School for the Deaf and the Blind</i>	\$1,575,894	\$1,619,000	\$43,106
<i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>	\$153,189	\$153,189	\$0

Reducing the appropriation for Facility School Funding inherently reduces the 2.0 percent withholding amount to support the Facility Schools Unit and Facility Schools Board line item. As shown in the following table, staff recommends a total appropriation of \$272,974 reappropriated funds for the Facility Schools Unit and Facility Schools Board line item for FY 2017-18.

FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD FUNDING: FY 2017-18			
DESCRIPTION	FY 2016-17 APPROPRIATION	FY 2017-18 STAFF REC.	CHANGE FROM FY 2016-17 APPROP.
Total Facility Schools Funding	\$16,604,845	\$14,508,589	(\$2,096,256)
2.0 Percent withholding pursuant to Section 22-2-408 (2), C.R.S.	\$332,097	\$290,172	(\$41,925)
Minus Facility Schools Unit Leased Space	(14,432)	(17,198)	(2,766)
Total Recommendation for Facility Schools Unit and Facility Schools Board line item - RF	\$317,665	\$272,974	(\$44,691)
Department November 1, 2016 Request		\$317,665	
Recommended Change from Department Request		(\$44,691)	

➔ STAFF-INITIATED: CONTINGENCY RESERVE FUND ANNUALIZATION

REQUEST: The Department did not officially request any changes to “refill” the Contingency Reserve Fund following the distribution of funds to eligible school districts in FY 2016-17. The Department’s request seeks a continuation appropriation of \$1.0 million cash funds from the Contingency Reserve Fund but does not account for the use of funds in the current year.

RECOMMENDATION: In order to replenish the balance of the Contingency Reserve Fund and ensure that funds are available in case of need in FY 2017-18, staff recommends that the Committee approve an appropriation of \$2.0 million total funds for the Contingency Reserve Fund line item. The recommendation includes \$1.0 million General Fund appropriated to the Contingency Reserve Fund and \$1.0 million reappropriated funds spending authority to allow the Department and the State Board of Education to access the funds if necessary during the fiscal year.

ANALYSIS: As discussed during the FY 2016-17 supplemental process and approved by the General Assembly with S.B. 17-160 (Department of Education Supplemental), the Department expects to spend all of the available fund balance in the Contingency Reserve Fund in FY 2016-17 (see the FY 2016-17 JBC Staff Supplemental Document for the Department of Education for a detailed

discussion of the Contingency Reserve Fund and the Department’s anticipated use of the fund in FY 2016-17).

Because the Department expects to fully spend the available fund balance in the current year, making \$1.0 million available in the Contingency Reserve Fund for FY 2017-18 (as requested by the Department and recommended by staff) will require the General Assembly to replenish the fund balance. Therefore, staff recommends an appropriation of \$1.0 million General Fund to replenish the fund balance and \$1.0 million reappropriated funds to provide spending authority for the Department to utilize the funds if the need arises. The recommendation does not include any cash funds spending authority for FY 2017-18 because staff does not anticipate any available cash fund balance. The following table shows the revised FY 2016-17 appropriation, the Department’s FY 2017-18 request, and the staff recommendation for the Contingency Reserve Fund line item.

FY 2017-18 Contingency Reserve Fund Recommendation			
	FY 2016-17 Revised Approp.	FY 2017-18 Request	FY 2017-18 Staff Rec.
Total Funds	<u>\$1,235,956</u>	<u>\$1,000,000</u>	<u>\$2,000,000</u>
General Fund	63,863	0	1,000,000
Cash Funds	1,108,230	1,000,000	0
Reappropriated Funds	63,863	0	1,000,000

Please note that although the recommended appropriation reflects \$2.0 million in total funding, the Department will only have \$1.0 million available for distribution to eligible districts (the continuation funding amount).

LINE ITEM DETAIL - ASSISTANCE TO PUBLIC SCHOOLS

(A) PUBLIC SCHOOL FINANCE

ADMINISTRATION

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

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

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

STATUTORY AUTHORITY: Sections 22-2-112 and 22-2-113, C.R.S.

REQUEST: The Department requests an appropriation of \$1,836,514 total funds. The request includes an increase of \$59,957 cash funds from the Public Education Fund to support professional development provided by the Colorado Preschool Program, supported by a voluntary tax checkoff authorized in S.B. 11-109 (Public Education Fund Tax Checkoff). The FY 2016-17 appropriation includes \$72,025 cash funds for that purpose.

RECOMMENDATION: Staff recommends approving an appropriation of \$1,764,489 total funds. The recommendation is \$72,025 cash funds below the request because of a technical correction to the appropriation from the Public Education Fund (from the tax checkoff) to eliminate the \$72,025 provided in FY 2016-17 and to substitute the \$59,957 requested by the Department.

In its performance plans under the SMART Act, the Department evaluates the performance of the School Finance Unit based on the accuracy of annual payments to school districts. According to the Department's January 2017 Performance Evaluation, for the past two years (FY 2014-15 and FY 2015-16) the Department has averaged 99.9 percent error-free distributions each year. The following table shows the recommended changes from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, ADMINISTRATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$1,776,557	\$0	\$155,354	\$1,621,203	17.9
TOTAL	\$1,776,557	\$0	\$155,354	\$1,621,203	17.9
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$1,776,557	\$0	\$155,354	\$1,621,203	17.9
Continue CPP tax checkoff funding	59,957	0	59,957	0	0.0
Annualize prior year budget actions	(72,025)	0	(72,025)	0	0.0
TOTAL	\$1,764,489	\$0	\$143,286	\$1,621,203	17.9
INCREASE/(DECREASE)	(\$12,068)	\$0	(\$12,068)	\$0	0.0
Percentage Change	(0.7%)	n/a	(7.8%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$1,836,514	\$0	\$215,311	\$1,621,203	17.9
Request Above/(Below)					
Recommendation	\$72,025	\$0	\$72,025	\$0	0.0

STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING

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

share of funding. A detailed discussion of this line item is above, with the discussion of R1/BA1 (Increase Total Program).

STATUTORY AUTHORITY: Section 22-54-101, et seq., C.R.S.

REQUEST: As discussed above with R1 and BA1, the Department's request for school finance for FY 2017-18 would increase the state share of districts' total program funding by \$148.4 million total funds above the FY 2016-17 appropriation. The request is based on the Office of State Planning and Budgeting's (OSPB's) December 2016 forecast of the inflation rate for CY 2016 (a projection of 2.7 percent, as compared to the actual rate of 2.8 percent) and incorporates projections of: the funded pupil count, the at-risk pupil count, and available local revenues. As adjusted by BA1, the request would:

- Increase total program funding by a total of \$206.7 million above the FY 2016-17 level as adjusted by S.B. 17-173 (including increases of \$148.4 million in the state share and \$58.3 million in the local share of funding).
- Increase the General Fund appropriation for the state share by \$261.2 million above the FY 2016-17 adjusted appropriation. The request includes a proposal to reduce the Homestead Property Tax Exemption by 50.0 percent in FY 2017-18 to make \$62.7 General Fund available to support a portion of the requested increase in FY 2017-18.
- Decrease the cash funds appropriation from the State Education Fund by \$168.0 million below the FY 2016-17 adjusted appropriation based on OSPB's projection of available revenues.
- Increase the cash funds appropriation from the State Public School Fund by \$13.3 million based on projections of available revenues, including a legislative proposal to transfer \$15.0 million cash funds from the Public School Capital Construction Assistance Program (which supports the B.E.S.T. Program) to the State Public School Fund for appropriation for school finance in FY 2017-18.
- Appropriate \$41.9 million cash funds from the Marijuana Tax Cash Fund to support total program in FY 2017-18. The request includes a legislative proposal to increase the special sales tax on marijuana to support the proposed appropriation.
- Increase the dollar value of the negative factor by \$47.8 million, from \$828.3 million (11.5 percent) in FY 2016-17 to \$876.1 million (11.8 percent) in FY 2017-18. The request does not specify a targeted negative factor in FY 2017-18 or subsequent years.

RECOMMENDATION: As discussed above with request R1/BA1 (Total Program Increase), based on current law staff recommends approving an appropriation of \$4,353,087,959 total funds (including \$3,974,299,281 General Fund) for FY 2017-18. The recommendation includes an increase of \$383,084,381 General Fund above the FY 2016-17 appropriation because, as required by current law, the recommendation maintains the negative factor as a constant dollar amount (\$828,282,474) from FY 2016-17 to FY 2017-18. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$4,115,002,841	\$3,591,655,995	\$523,346,846	0.0
HB 16-1422 (School Finance)	\$124,664	\$0	\$124,664	0.0
Other legislation	\$0	(\$441,095)	\$441,095	0.0
TOTAL	\$4,115,127,505	\$3,591,214,900	\$523,912,605	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$4,115,127,505	\$3,591,214,900	\$523,912,605	0.0
R1/BA1 Total program increase	237,960,454	383,084,381	(145,123,927)	0.0
TOTAL	\$4,353,087,959	\$3,974,299,281	\$378,788,678	0.0
INCREASE/(DECREASE)	\$237,960,454	\$383,084,381	(\$145,123,927)	0.0
Percentage Change	5.8%	10.7%	(27.7%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$4,221,660,559	\$3,852,020,653	\$369,639,906	0.0
Request Above/(Below) Recommendation	(\$131,427,400)	(\$122,278,628)	(\$9,148,772)	0.0

HOLD-HARMLESS FULL-DAY KINDERGARTEN FUNDING

Current law [Section 22-28-104 (2) (a) (III), C.R.S.] authorizes a total of 28,360 half-day preschool slots for the Colorado Preschool Program (CPP) for FY 2014-15, including 8,200 slots for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. Pursuant to H.B. 08-1388, schools can no longer use standard (non-ECARE) CPP slots to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, H.B. 08-1388 included a "hold harmless" provision [Section 22-54-130, C.R.S.]. Thus, these 60 districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP.

STATUTORY AUTHORITY: Section 22-28-104 (2) (a) (III), C.R.S.

REQUEST: The Department requests \$8,118,022 cash funds from the State Education fund for FY 2017-18. The request includes an increase of \$195,536 above the FY 2016-17 appropriation associated with requests R1 and BA1 (discussed above).

RECOMMENDATION: Based on current law, staff recommends an appropriation of \$8,183,726 cash funds from the State Education Fund (an increase of \$257,290 above the FY 2016-17 appropriation) to provide the estimated amount necessary to fund this line item under staff's recommendation for school finance in FY 2017-18. As discussed in prior years, staff continues to argue that this statute creates ongoing state obligations based on a relatively arbitrary point in time (districts that used CPP slots for full-day kindergarten students in FY 2007-08). However, given that the statute remains in place, staff recommends continuing to fund the line item based on current law. The following table shows the recommended change from the FY 2016-17 appropriation as adjusted by S.B. 17-173.

ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, HOLD-HARMLESS FULL-DAY KINDERGARTEN FUNDING				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$7,922,486	\$0	\$7,922,486	0.0
SB 17-173 (Mid-year School Finance)	\$3,950	\$0	\$3,950	0.0
TOTAL	\$7,926,436	\$0	\$7,926,436	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$7,926,436	\$0	\$7,926,436	0.0
R1/BA1 Total program increase	257,290	0	257,290	0.0
TOTAL	\$8,183,726	\$0	\$8,183,726	0.0
INCREASE/(DECREASE)	\$257,290	\$0	\$257,290	0.0
Percentage Change	3.2%	n/a	3.2%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$65,704)	\$0	(\$65,704)	0.0

DISTRICT PER PUPIL REIMBURSEMENT FOR JUVENILES HELD IN JAIL

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

This line item has historically provided funding for two types of expenses:

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

STATUTORY AUTHORITY: Section 22-32-141, C.R.S.

REQUEST: The Department requests continuation level funding (\$10,000 cash funds from the State Education Fund) for school district reimbursements in FY 2017-18. The General Assembly reduced the appropriation from \$100,000 in FY 2012-13 to \$25,000 in FY 2013-14 and \$10,000 in FY 2016-17 because: (1) usage in recent years was well below the previous appropriation; and (2) two bills enacted in the 2012 Session (H.B. 12-1139 and H.B. 12-1271) appeared likely to further reduce the number of juveniles held in adult jails.

RECOMMENDATION: Staff recommends approving the request. The Department has had no expenditures from this line item since FY 2011-12, and the appropriation may no longer be necessary. However, because the reimbursement statute remains in place, staff recommends appropriating the requested continuation funding to provide flexibility in the event that the Department receives a request. Any unspent moneys will remain in the State Education Fund.

AT-RISK SUPPLEMENTAL AID

House Bill 12-1345 created a program to provide supplemental aid to qualifying school districts and charter schools. The bill provided an appropriation of \$3,839,627 cash funds from the State Education Fund in FY 2012-13. The Committee added this line item to the FY 2013-14 Long Bill and appropriated the same amount as in FY 2012-13. In FY 2014-15, the General Assembly increased the appropriation to \$5,094,358 cash funds from the State Education Fund in an effort to fully fund the statutory calculation.

STATUTORY AUTHORITY: Section 22-30.5-112.2, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5,094,358 cash funds from the State Education Fund, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The funding necessary to fully cover this program in FY 2017-18 is uncertain, as a precise estimate of the funding required in FY 2017-18 is not available.

AT-RISK PER PUPIL ADDITIONAL FUNDING

Created in S.B. 15-267 (School Finance) and first funded in FY 2015-16, this line item provides additional funding to school districts and Institute charter schools for at-risk pupils. The program provides funding on a per pupil basis, calculated as \$5.0 million divided by the number of at-risk pupils statewide for the applicable budget year. In order to support the program, S.B. 15-267 increased the transfer of interest and income earned on the Public School (Permanent) Fund to the State Public School Fund by \$5.0 million per year (see Section 22-41-102 (3) (e), C.R.S.) and dedicated that funding to the At-risk Per Pupil Additional Funding program beginning in FY 2015-16. The bill sets the \$5.0 million level of funding in statute and directs the General Assembly to appropriate that amount of funding for the program each year beginning in FY 2015-16.

STATUTORY AUTHORITY: Section 22-54-136, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5.0 million cash funds from the State Public School Fund (from interest and income earned on the Permanent Fund that is transferred to the State Public School Fund), with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with current law as enacted in S.B. 15-267. That bill permanently increased transfers of interest and income earned on the Permanent Fund to the State Public School Fund and directs that the funds be used for this program.

SMALL RURAL DISTRICTS ADDITIONAL FUNDING

House Bill 15-1321 (Flexibility and Funding for Rural School Districts) appropriates \$10.0 million cash funds from the State Education Fund in FY 2015-16 to provide one-time funding (on a per pupil basis) to small rural districts (with fewer than 1,000 students) and eligible charter schools. The bill provides the funding on a one-time basis, directs recipient districts and schools to use the funding for non-recurring expenses, and repeals the program effective July 1, 2016.

STATUTORY AUTHORITY: Section 22-54-137, C.R.S.

REQUEST: The program repealed at the end of FY 2015-16 and the Department is not requesting any funding for this purpose for FY 2017-18. The appropriation in H.B. 15-1321 is clearly one-time in nature and the bill repeals the relevant section of statute as of July 1, 2016. As a result, the program no longer exists under current law and any effort to fund the program in FY 2017-18 would require additional legislation.

RECOMMENDATION: Staff recommends approving the request (for no funding).

(B) CATEGORICAL PROGRAMS

(I) DISTRICT PROGRAMS REQUIRED BY STATUTE

SPECIAL EDUCATION PROGRAMS FOR CHILDREN WITH DISABILITIES

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

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children¹²), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

¹² Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

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

- **"Tier A"**: Administrative units receive \$1,250 for each child with a disability who was reported on the prior year special education count.
- **"Tier B"**: Administrative units receive an additional \$6,000 per student for a percentage of the children reported on the prior year special education count with the following disabilities: intellectual disability; serious emotional disability; hearing impairment, including deafness; vision impairment, including blindness; deaf-blindness; autism spectrum disorders; traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation.
- **"Tier C"**: Administrative units receive grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. These grants are distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.
- **Child Find**: Administrative units receive funds to offset the costs incurred in conducting child find activities under Part C of IDEA for children who are less than three years of age (e.g., screening and evaluation of children with disabilities from birth through two years of age). The total dollar amount allocated for this purpose increases each year based on the lesser of the rate of inflation or the annual percentage change in state funding for special education services, and the number of children evaluated by administrative units in the preceding budget year.
- **"Educational Orphans"**: Up to \$500,000 is used to reimburse administrative units for excess costs paid to eligible facilities within the unit's boundaries for "educational orphans", those students with disabilities: (a) for whom parental rights have been relinquished or terminated; (b) the parents of whom are incarcerated or cannot be located; (c) the parents of whom reside out of the state but the Department of Human Services has placed such children within the administrative unit; or (d) who are legally emancipated.

STATUTORY AUTHORITY: Sections 22-20-114 and 114.5, C.R.S.

REQUEST: The Department's request for FY 2017-18 includes a total of \$171.4 million state funds (including \$71.6 million General Fund and \$99.9 million cash funds from the State Education Fund), an increase of \$4.3 million (2.6 percent) in state funding. The Department's request also reflects \$191,090 reappropriated funds and 1.0 FTE from funds transferred from the Department of Labor and Employment, Division of Vocational Rehabilitation, and \$155.4 million in federal funds that are anticipated to be available to reimburse administrative units and support 62.0 federally-funded Department FTE. The request includes the following increases above the FY 2016-17 appropriation:

- \$4,301,695 cash funds from the State Education Fund (a 2.6 percent increase in state funding) to provide the inflationary increase required by Amendment 23 (request R2, discussed above).
- \$87,047 reappropriated funds to reflect anticipated an anticipated increase in the transfer from the Department of Labor and Employment, Division of Vocational Rehabilitation.

RECOMMENDATION: Staff recommends reflecting a total appropriation of \$327,205,053, including \$71,572,347 General Fund; \$100,019,617 cash funds from the State Education Fund (a 2.7 percent

annual increase in *state* funding associated with the inflationary increase required by Amendment 23); \$191,090 reappropriated funds; and \$155,421,999 federal funds. Staff also recommends reflecting the requested 63.0 FTE. The recommendation includes the following changes from the FY 2016-17 appropriation:

- An increase of \$4,454,042 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2).
- An increase of \$87,047 reappropriated funds to reflect anticipated transfers from the Department of Labor and Employment.

The following table shows the recommended changes from the FY 2016-17 appropriation for the Special Education Programs for Children with Disabilities categorical program.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, SPECIAL EDUCATION - CHILDREN WITH DISABILITIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$322,663,964	\$71,572,347	\$95,565,575	\$104,043	\$155,421,999	63.0
TOTAL	\$322,663,964	\$71,572,347	\$95,565,575	\$104,043	\$155,421,999	63.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$322,663,964	\$71,572,347	\$95,565,575	\$104,043	\$155,421,999	63.0
R2 Categorical programs increase	4,454,042	0	4,454,042	0	0	0.0
Reflect anticipated funds transfers	87,047	0	0	87,047	0	0.0
Fund source adjustments	0	0	0	0	0	0.0
TOTAL	\$327,205,053	\$71,572,347	\$100,019,617	\$191,090	\$155,421,999	63.0
INCREASE/(DECREASE)	\$4,541,089	\$0	\$4,454,042	\$87,047	\$0	0.0
Percentage Change	1.4%	0.0%	4.7%	83.7%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$152,347)	\$0	(\$152,347)	\$0	\$0	0.0

ENGLISH LANGUAGE PROFICIENCY PROGRAM

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

Some federal funding is available for such programs, and, with the enactment of H.B. 14-1298 (School Finance), the State now provides assistance to districts through three mechanisms. First, districts receive "at-risk" funding through the School Finance Act for some students with limited English proficiency. Second, districts receive funding through the English Language Proficiency Act (ELPA) categorical program for students with limited English proficiency. As enacted in H.B. 14-1298, Section 22-24-104 (2) (a), C.R.S., limits state ELPA funding to a maximum of five years per

student (prior to FY 2014-15, statute limited payments to no more than two years per student). Third, beginning in FY 2014-15, districts receive additional funding (a total of \$27.0 million in FY 2014-15) through the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298.

Section 22-24-104 (3), C.R.S., requires the Department to allocate the categorical program funding in two parts:

- Three-quarters of the amount appropriated provides funding to districts serving students who: (a) speak languages other than English and do not comprehend or speak English; or (b) students who comprehend or speak some English, but whose primary comprehension or speech is in a language other than English. Annual per eligible student funding for these students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.
- The remaining 25 percent of the amount appropriated is distributed to districts that serve students who comprehend and speak English and one or more other languages but whose English language development and comprehension is either: (1) at or below the district mean or below the mean or equivalent on a nationally standardized test; or (2) below the acceptable proficiency level based on the instrument or technique developed and approved by the Department. Annual per eligible student funding for these students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

STATUTORY AUTHORITY: Section 22-24-106, C.R.S.

REQUEST: The Department’s FY 2017-18 request seeks \$31.5 million total funds, including \$20.2 million state funds (including \$3.1 million General Fund and \$17.1 million cash funds from the State Education Fund) and 11.2 million federal funds. The request reflects continuation of 4.6 federally funded FTE. The request includes the following increase above the FY 2016-17 appropriation:

- \$1,447,225 cash funds from the State Education Fund associated with request R2 (discussed above) to provide the inflationary increase required by Amendment 23. The request represents an increase of 7.7 percent in state funding.

RECOMMENDATION: Staff recommends a total appropriation of \$31,521,469, including \$3,101,598 General Fund and \$17,181,450 cash funds from the State Education Fund, an increase of \$1,497,264 (7.7 percent) in state funding. Staff recommends reflecting \$11,238,421 federal funds and 4.6 federally funded FTE in this line item. The recommendation includes an increase of \$1,497,264 cash funds from the State Education Fund associated with the inflationary increase required by Amendment 23 (request R2). The following table shows the recommended change from the FY 2016-17 appropriation for the English Language Proficiency Program.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, ENGLISH LANGUAGE PROFICIENCY PROGRAM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION					

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, ENGLISH LANGUAGE PROFICIENCY PROGRAM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
HB 16-1405 (Long Bill)	\$30,024,205	\$3,101,598	\$15,684,186	\$11,238,421	4.6
TOTAL	\$30,024,205	\$3,101,598	\$15,684,186	\$11,238,421	4.6
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$30,024,205	\$3,101,598	\$15,684,186	\$11,238,421	4.6
R2 Categorical programs increase	1,497,264	0	1,497,264	0	0.0
TOTAL	\$31,521,469	\$3,101,598	\$17,181,450	\$11,238,421	4.6
INCREASE/(DECREASE)	\$1,497,264	\$0	\$1,497,264	\$0	0.0
Percentage Change	5.0%	0.0%	9.5%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$31,471,430	\$3,101,598	\$17,131,411	\$11,238,421	4.6
Request Above/(Below) Recommendation	(\$50,039)	\$0	(\$50,039)	\$0	0.0

(II) OTHER CATEGORICAL PROGRAMS

PUBLIC SCHOOL TRANSPORTATION

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that one of Colorado's 178 school districts (San Juan – Silverton) does not provide transportation services. Statewide, over 43 percent of students are transported. School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 60 million miles each year.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Eight districts have received voter approval to levy separate mills to generate additional local revenues.¹³ Currently, ten districts report that they are collecting fees from individuals for transporting students to and from school.¹⁴ In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

¹³ Districts include: Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

¹⁴ Districts collecting fees include: Adams – Adams 12 Five Star, Adams - Brighton, Douglas, El Paso – Academy, El Paso – Lewis Palmer, El Paso - Falcon, Jefferson, Rio Blanco – Rangely, Summit, and Teller – Woodland Park.

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

STATUTORY AUTHORITY: Section 22-51-104, C.R.S.

REQUEST: The Department’s FY 2017-18 request includes a total of \$58,052,338, including \$57,602,338 in state funding (a 2.5 percent increase in state funding) and 2.0 FTE and a continuation appropriation of \$450,000 cash funds from the State Public School Transportation Fund, which consists of money recovered by the Department when it identifies a transportation-related overpayment to a district. The requested appropriation from the State public School Transportation Fund would allow the Department to re-distribute money recovered in the current fiscal year in FY 2017-18. The request includes the following increase above the FY 2016-17 appropriation:

- \$1,394,435 cash funds from the State Education Fund to provide inflationary an inflationary increase required by Amendment 23 (request R2).

RECOMMENDATION: Staff recommends a total appropriation of \$58,101,722 and 2.0 FTE. The recommendation includes \$36,922,227 General Fund, \$20,729,495 cash funds from the State Education Fund, and \$450,000 cash funds from the State Public School Transportation Fund, representing a 2.5 percent increase in state funding. The recommendation includes an increase of \$1,443,819 cash funds from the State Education Fund associated with request R2 (discussed above) to provide the inflationary increase required by Amendment 23. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, PUBLIC SCHOOL TRANSPORTATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$56,657,903	\$36,922,227	\$19,735,676	2.0
TOTAL	\$56,657,903	\$36,922,227	\$19,735,676	2.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$56,657,903	\$36,922,227	\$19,735,676	2.0
R2 Categorical programs increase	1,443,819	0	1,443,819	0.0
TOTAL	\$58,101,722	\$36,922,227	\$21,179,495	2.0
INCREASE/(DECREASE)	\$1,443,819	\$0	\$1,443,819	0.0
Percentage Change	2.5%	0.0%	7.3%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below)				
Recommendation	(\$49,384)	\$0	(\$49,384)	0.0

TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION

The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.]. The state funds are distributed to school districts to partially reimburse costs related to personnel, books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250.

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

STATUTORY AUTHORITY: Section 23-8-102, C.R.S.

REQUEST: The Department requests a total of \$26.1 million in state funding, including \$17,792,850 General Fund and \$8,353,669 cash funds from the State Education Fund, for FY 2017-18 (a 2.0 percent increase).

RECOMMENDATION: Staff recommends a total appropriation of \$26,164,481 state funds, including \$17,792,850 General Fund and \$8,371,631 cash funds from the State Education Fund (a 2.0 percent increase in state funding). The recommendation reflects an increase of \$525,118 cash funds from the State Education Fund associated with request R2. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$25,639,363	\$17,792,850	\$7,846,513	0.0
TOTAL	\$25,639,363	\$17,792,850	\$7,846,513	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$25,639,363	\$17,792,850	\$7,846,513	0.0
R2 Categorical programs increase	525,118	0	525,118	0.0
TOTAL	\$26,164,481	\$17,792,850	\$8,371,631	0.0
INCREASE/(DECREASE)	\$525,118	\$0	\$525,118	0.0
Percentage Change	2.0%	0.0%	6.7%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$26,146,519	\$17,792,850	\$8,353,669	0.0

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Request Above/(Below) Recommendation	(\$17,962)	\$0	(\$17,962)	0.0

SPECIAL EDUCATION PROGRAMS FOR GIFTED AND TALENTED CHILDREN

The state *Exceptional Children's Educational Act* defines a gifted child as one whose "aptitude or competence in abilities and talents and potential for accomplishments in one or more domains, as defined by state board rule, are so outstanding that he or she requires special provisions to meet his or her educational needs" [see Section 22-20-202 (11), C.R.S.]. Pursuant to Section 22-20-204, C.R.S. (as amended by H.B. 14-1102 (Gifted Education Programs), each administrative unit is required to adopt and implement a program to identify and serve gifted children. The plan must be implementable within the local, state, and federal resources available for gifted education programs. State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

State distributions may be used for universal screening of students, employing a gifted education coordinator, teacher salaries for appropriately licensed and endorsed personnel, programming options and counseling related to serving gifted children, materials used in serving gifted children, professional development for personnel who serve gifted children, and direct administrative costs incurred in implementing the gifted education program. In order to receive funding, an administrative unit (district, multi-district administrative unit, or board of cooperative service) must submit a comprehensive program plan and annual proposed budget for gifted education identification, programming, personnel, and accountability. The Department uses the appropriation: (a) for administrative unit per pupil distributions; (b) for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school/rural districts; (c) to support ten regional grants for gifted education consultants and professional development; and (d) for state administration.

STATUTORY AUTHORITY: Section 22-26-101, C.R.S.

REQUEST: The Department requests a total of \$12,335,740 in state funding, including \$5,500,000 General Fund and \$6,835,740 cash funds from the State Education Fund (a 1.4 percent annual increase) and 1.5 FTE in FY 2017-18. The request includes an increase of \$166,415 cash funds from the State Education Fund associated with request R2.

RECOMMENDATION: Staff recommends a total appropriation of \$12,355,324 and 1.5 FTE, including \$5,500,000 General Fund and \$6,855,524 cash funds from the State Education Fund (a 1.5 percent increase in state funding). The recommendation includes an increase of \$186,199 cash funds from the State Education Fund associated with request R2 (discussed above). The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, CATEGORICAL PROGRAMS, SPECIAL EDUCATION PROGRAMS FOR GIFTED AND TALENTED CHILDREN				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$12,169,325	\$5,500,000	\$6,669,325	1.5
TOTAL	\$12,169,325	\$5,500,000	\$6,669,325	1.5
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$12,169,325	\$5,500,000	\$6,669,325	1.5
R2 Categorical programs increase	186,199	0	186,199	0.0
TOTAL	\$12,355,524	\$5,500,000	\$6,855,524	1.5
INCREASE/(DECREASE)	\$186,199	\$0	\$186,199	0.0
Percentage Change	1.5%	0.0%	2.8%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$19,784)	\$0	(\$19,784)	0.0

EXPULSED AND AT-RISK STUDENT SERVICES GRANT PROGRAM

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

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

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

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

For FY 2009-10, the General Assembly increased funding for this program by approximately \$1.0 million. The Department approved funding for 19 new sites from a total of 50 applicants. The Department also increased funding for seven existing sites (by a total of \$635,700) for the purpose

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

STATUTORY AUTHORITY: Sections 22-33-205 and 22-38-101 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$7,493,560 state funds (including \$5,788,807 General Fund and \$1,704,753 cash funds from the State Education Fund) and 1.0 FTE in FY 2017-18, with no change from the FY 2016-17 appropriation. Consistent with prior years, the request does not include an inflationary increase associated with request R2.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2017-18.

SMALL ATTENDANCE CENTER AID

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

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. From FY 1998-99 through FY 2007-08, the appropriation for this line item was sufficient to reimburse eligible districts for the full amount statutorily allowed. For FY 2008-09 through FY 2014-15, the appropriation fell short of full funding. For FY 2015-16, the General Assembly increased funding for the program by \$117,171 cash funds from the State Education Fund in order to fully fund the estimated need as of FY 2014-15. The following table details the allocation of small attendance center aid for FY 2016-17. On average, eligible schools a receiving an additional \$1,451 per pupil in FY 2016-17.

Small Attendance Center Aid: FY 2016-17					
School District	School	16-17 Enrollment	Full Funding Per Formula	Amount Distributed	Distribution per FTE
Dolores	Rico Elementary	3.1	\$7,246	\$6,786	\$2,189
Gunnison	Marble Charter School	35.9	105,167	98,484	2,743
Huerfano	Gardner School	105.3	114,021	106,776	1,014
La Plata - Durango	Fort Lewis Mesa Elementary	133.3	123,876	116,004	870
Larimer - Poudre	Red Feather Elementary	39.6	112,661	105,502	2,664
Logan - Valley	Caliche Jr./Sr. High	125.0	123,010	115,193	922
Mesa - Mesa Valley	Gateway School	24.6	77,694	72,757	2,958
Moffat	Maybell Charter School	12.2	41,424	38,792	3,180
Montrose - West					
End	Paradox Valley Charter School	54.4	81,603	76,418	1,471
Park	Guffey Community Charter School	28.3	80,047	74,960	2,649

Small Attendance Center Aid: FY 2016-17					
School District	School	16-17 Enrollment	Full Funding Per Formula	Amount Distributed	Distribution per FTE
Park	Lake George Charter School	93.9	132,300	123,893	1,319
Pueblo 70	Beulah School	86.4	150,553	140,986	1,632
Totals		742.0	\$1,149,600	\$1,076,550	\$1,451

STATUTORY AUTHORITY: Section 22-54-122, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,076,550 in state funds (including \$787,645 General Fund and \$288,905 cash funds from the State Education Fund), with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. Consistent with prior years, the recommendation does not provide an inflationary increase for Small Attendance Center Aid.

COMPREHENSIVE HEALTH EDUCATION

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

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education works with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education allocates available funds. Fiscal year 2016-17 is the first year of a three-year grant cycle for both the comprehensive health education programs and the local student wellness programs.

STATUTORY AUTHORITY: Section 22-25-101, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,005,396 in state funds (including \$300,000 General Fund and \$705,396 cash funds from the State Education Fund) and 1.0 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

(C) GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE

(I) HEALTH AND NUTRITION

Background Information - Federal School Lunch Program: The National School Lunch Program provides low cost or free meals (breakfast, lunch, and after school snacks) to children. Public or non-profit

private schools and residential child care institutions that participate in the program receive federal cash subsidies and donated commodities from the U.S. Department of Agriculture for each meal served. In return, they must serve meals that meet federal nutrition requirements, and they must offer free or reduced price meals to eligible children based on the following eligibility criteria:

- *Free* meals: Families with incomes below 130% of the federal poverty level (e.g., \$31,590 for a family of four in FY 2016-17) are eligible.
- *Reduced price* meals: Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$31,591 and \$44,955 for a family of four in FY 2016-17) are eligible.

Federal per meal reimbursements differ depending on whether the meal was served to a child who is eligible for free, reduced, or "full" price meals. For example, for school breakfasts, most schools currently receive \$1.71 for each free meal served, \$1.41 for each reduced price meal served, and \$0.29 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the Department of Education administers a multitude of school nutrition programs, the largest being the National School Lunch and Breakfast Program, and operates the programs through agreements with local school food authorities (usually school districts). Families are asked to complete a meal application to determine eligibility for free or reduced price meals. This information is confidential and is not shared with any other state or local agencies unless allowed by federal regulation. In FY 2016-17, per the October 1 pupil count, a total of 314,840 children are eligible for free meals, and another 68,521 children are eligible for reduced price meals. The percentage of students who are eligible for *free* meals is used as a factor to determine the level of per pupil funding for each school district, so districts have a financial incentive to encourage families to complete these forms even if they do not plan to participate in the school’s lunch or breakfast program.

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

DATA CONCERNING NATIONAL SCHOOL LUNCH PROGRAM IN COLORADO					
	FY 13-14 ACTUAL	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ACTUAL*	FY 17-18 ESTIMATE
Children <i>eligible</i> for free meals	305,172	305,362	309,995	312,801	317,561
<i>Annual % Change</i>	2.7%	0.1%	1.5%	0.9%	1.5%
Children <i>eligible</i> for reduced price meals	62,850	64,419	66,083	68,302	69,870
<i>Annual % Change</i>	1.8%	2.5%	2.6%	3.4%	2.3%
Children eligible for free or reduced price meals	368,022	369,781	376,078	381,103	387,430
Percent of children eligible for reduced price meals who <i>participate</i> in lunch program	61.2%	62.1%	61.0%	63.0%	63.0%
Percent of children eligible for reduced price meals who <i>participate</i> in breakfast program	34.6%	36.6%	35.9%	37.9%	37.9%

* Note: The eligible counts are actuals from the October 2016 Pupil Count. The participation percentages are estimates from prior year.

FEDERAL NUTRITION PROGRAM

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

STATUTORY AUTHORITY: Federal nutrition program statutes.

REQUEST: The Department requests a continuation appropriation of \$156,554,412 total funds (including \$88,564 General Fund and \$156,465,848 federal funds) and 9.0 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. As discussed above, it is staff's understanding that the state funding in this line item is required to comply with federal maintenance of effort requirements.

STATE MATCH FOR FEDERAL SCHOOL LUNCH PROGRAM

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

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

STATUTORY AUTHORITY: Section 22-54-123, C.R.S.

REQUEST: The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2017-18, unchanged from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the Department’s request. Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the state revenue matching requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It is possible that the State would risk the loss of about \$18 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- interest and investment income earned on the Public School (Permanent) Fund that is credited to the State Public School Fund.

CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM

Pursuant to S.B. 08-123 [Section 22-82.9-101 et seq., C.R.S.], the Child Nutrition School Lunch Protection Program provides state funding to reimburse school districts for each lunch served to a child in kindergarten through fifth grade¹⁵ who is eligible for a reduced price meal. Using the same data collection system that is used to claim federal meal reimbursements, the Department calculates the amount of state funding each district is eligible to receive through this program based on the number of lunches served to eligible children.

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

DATA CONCERNING DISTRICTS' SCHOOL LUNCH PROGRAMS AND THE CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM				
	FY 13-14 ACTUAL	FY 14-15 ACTUAL*	FY 15-16 ACTUAL	FY 16-17 ESTIMATE
Total number of reduced priced lunches served (all grade levels)	6,113,084	6,335,687	6,019,387	6,139,775
Number of above meals for which state reimbursement is available	1,817,321	3,758,860	3,601,922	3,618,802
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	11,775	22,308	19,942	21,287
Child Nutrition School Lunch Protection Program Expenditures	\$726,913	\$1,536,142	\$1,473,360	\$1,480,746
<i>Annual percent change</i>	<i>2.4%</i>	<i>111.3%</i>	<i>-4.1%</i>	<i>0.5%</i>

* Note: HB 14-1156 Eligibility Age for the School Lunch Protection Program expanded the Program from PK-2nd grade to PK-5th grade.

As amended by S.B. 15-235 (Increasing Cap on Appropriation for School Lunch Protection Program), the act requires that "the General Assembly shall annually appropriate by separate line item in the annual general appropriation bill an amount of not less than \$850,000 and not more than \$2.5 million to the Department to allow school districts to provide lunches at no charge for children in kindergarten through fifth grade participating in the school lunch program who would otherwise be required to pay a reduced price for lunch." The act authorizes the Department to spend up to 2.0 percent of appropriated moneys for administrative costs (*e.g.*, \$50,000 for a \$2.5 million appropriation).

STATUTORY AUTHORITY: Section 22-82.9-101 et seq., C.R.S.

¹⁵ Prior to FY 2014-15, statute limited the program to kindergarten through second grade. However, H.B. 14-1156 (Eligibility Age School Lunch Protection Program) expanded the program to include kindergarten through fifth grade in FY 2014-15 and subsequent years.

REQUEST: The Department requests continuation funding of \$1,661,258 total funds (including \$811,258 General Fund and \$850,000 cash funds from the State Education Fund) for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which appears to be sufficient to support the program’s anticipated expenditures in FY 2016-17.

START SMART NUTRITION PROGRAM FUND AND START SMART NUTRITION PROGRAM

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

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

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

DATA CONCERNING DISTRICTS' SCHOOL BREAKFAST PROGRAMS AND THE START SMART NUTRITION PROGRAM					
	FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ESTIMATE
Number of <i>school districts</i> that offer a school breakfast program	166	172	173	172	170
Number of <i>schools</i> that offer a school breakfast program	1,325	1,298	1,368	1,393	1,419
Number of reduced price breakfasts served (and reimbursed by State)	2,727,002	2,842,184	3,190,503	3,049,063	3,110,044
Estimated number of students who benefit from Start Smart subsidy	18,705	19,035	19,519	23,724	25,886
Start Smart expenditures	\$815,877	\$854,978	\$967,724	\$941,877	\$984,180
<i>Annual percent change</i>	7.0%	4.2%	13.1%	-2.7%	1.2%

STATUTORY AUTHORITY: Section 22-82.7-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of \$900,000 General Fund to the Start Smart Nutrition Program Fund in FY 2017-18, an increase of \$200,000 to annualize a reduction made in FY 2016-17. The request also includes a total appropriation of \$1,300,000 (including \$900,000 reappropriated funds and \$400,000 cash funds) to support the Start Smart Nutrition Program in FY 2017-18.

RECOMMENDATION: Staff recommends approving the request. The General Assembly reduced the General Fund appropriation in FY 2016-17 to the Start Smart Nutrition Program Fund in order to allow the Department to utilize excess fund balance. The FY 2016-17 appropriation anticipated a need to increase General Fund appropriations again in FY 2017-18. As detailed in the following table, the Department expects the requested level of funding to be sufficient to support anticipated expenditures in FY 2017-18.

START SMART NUTRITION PROGRAM FUND					
	FY 13-14 ACTUAL	FY 14-15 ACTUAL	FY 15-16 ACTUAL	FY 16-17 ESTIMATE*	FY 17-18 ESTIMATE
Beginning Fund Balance	\$114,433	\$63,946	\$200,662	\$638,019	\$358,539
General Fund Appropriation to the Cash Fund	800,000	1,097,983	1,370,721	700,000	900,000
Interest Earnings	3,881	6,182	4,675	4,700	4,701
Unrealized Gain/Loss	610	275	3,838	0	0
Program Expenditures	(854,978)	(967,724)	(941,877)	(984,180)	(1,032,648)
Ending Fund Balance	\$63,946	\$200,662	\$638,019	\$358,539	\$230,592
Spending Authority (Annual Appropriation from the Cash Fund)	\$914,000	\$1,136,983	\$1,422,998	\$1,100,000	\$1,300,000
Appropriation Exceeds/(Falls Short of) Expenditures	\$59,632	\$169,534	\$484,959	\$150,412	\$267,352

BREAKFAST AFTER THE BELL

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

STATUTORY AUTHORITY: Sections 22-82.8-101 through 104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$29,412,780 total funds (including \$23,524 General Fund and \$29,389,256 federal funds) and 0.3 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The vast majority of funding for this line item is from federal funds that are reflected in the Long Bill for informational purposes only. Staff recommends continuing to reflect the continuation funding amount in the FY 2017-18 Long Bill.

S.B. 97-101 PUBLIC SCHOOL HEALTH SERVICES

Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative educational services (BOCES), and state K-12 educational institutions are authorized to be

reimbursed through Medicaid for health care services¹⁶ provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

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

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

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. Since FY 2006-07, the appropriation to the Department of Education has only reflected the federal Medicaid funds that are used by the Department of Education to administer the program.

STATUTORY AUTHORITY: Section 25.5-5-318, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$170,979 reappropriated funds and 1.4 FTE to reflect anticipated revenues from the Department of Health Care Policy and Financing.

RECOMMENDATION: Staff recommends approving the request. The following table shows the recommended change from the FY 2016-17 appropriation.

¹⁶ Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, S.B. 97-101 PUBLIC SCHOOL HEALTH SERVICES				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$154,008	\$0	\$154,008	1.4
TOTAL	\$154,008	\$0	\$154,008	1.4
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$154,008	\$0	\$154,008	1.4
Reflect anticipated funds transfers	16,971	0	16,971	0.0
TOTAL	\$170,979	\$0	\$170,979	1.4
INCREASE/(DECREASE)	\$16,971	\$0	\$16,971	0.0
Percentage Change	11.0%	n/a	11.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Health Professionals Grant Program authorized in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Pursuant to Sections 22-96-101 through 105, C.R.S., the program is intended to enhance the presence of school health professionals (generally school nurses) in secondary schools throughout the State to facilitate better screening, education, and referral care for secondary school students with substance abuse and other behavioral health needs. Local education providers apply for grants under the program. As outlined in Section 22-96-103, C.R.S., the program is intended to provide funding for the following purposes:

- To increase the presence of school health professionals in secondary schools to provide substance abuse and behavioral health care to secondary school students;
- To provide training and resources for school staff on the implementation of evidence-based programs for substance abuse prevention education for all secondary school students; and
- To allow school health professionals to connect secondary school students at risk for substance abuse with services provided by community-based organizations for treatment and counseling.

STATUTORY AUTHORITY: Sections 22-96-101 through 105, C.R.S.

REQUEST: The Department requests an appropriation of \$11,923,726 cash funds from the Marijuana Tax Cash Fund and 4.0 FTE for FY 2017-18. The request includes an increase of \$9,642,893 cash funds and 3.0 FTE associated with request R7 (School Health Professionals Grant Program, discussed above).

RECOMMENDATION: Staff recommends approving an appropriation of \$11,923,783 cash funds from the Marijuana Tax Cash Fund and 4.0 FTE for FY 2017-18. As discussed above with R7 (School Health Professionals Grant Program), the recommendation includes an increase of \$9,642,950 cash funds and 3.0 FTE associated with request R7 based on the assumption that the General Assembly intends to continue to fund the purposes identified as priority uses for the Marijuana Tax Cash Fund

in FY 2017-18 rather than use the balance of the Marijuana Tax Cash Fund for budget balancing purposes. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$2,280,833	\$0	\$2,280,833	1.0
TOTAL	\$2,280,833	\$0	\$2,280,833	1.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,280,833	\$0	\$2,280,833	1.0
R7 School health professionals grant program	9,642,950	0	9,642,950	3.0
TOTAL	\$11,923,783		\$11,923,783	4.0
INCREASE/(DECREASE)	\$9,642,950	\$0	\$9,642,950	3.0
Percentage Change	422.8%	0.0%	422.8%	300.0%
FY 2017-18 EXECUTIVE REQUEST	\$11,923,726	\$0	\$11,923,726	4.0
Request Above/(Below) Recommendation	(\$57)		(\$57)	0.0

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line item for FY 2017-18. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

SCHOOL CARDIOPULMONARY RESUSCITATION AND AUTOMATED DEFIBRILLATOR TRAINING PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Program created in H.B. 14-1276 (Grant Program to Train High School Students in CPR). House Bill 14-1276: (1) created a grant program to support CPR and automated defibrillator training programs for high school students; (2) transferred \$250,000 General Fund to the School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund (created in the bill) to support the program and appropriated \$250,000 cash funds from the new cash fund to support grants in FY 2014-15. The bill did not include transfers to the cash fund in subsequent years and was silent with respect to funding beyond FY 2014-15. The FY 2015-16 appropriation depleted the available funding and the program did not receive an appropriation in FY 2016-17.

(II) CAPITAL CONSTRUCTION

Background Information - Building Excellent Schools Today (B.E.S.T.) Program. House Bill 08-1335 replaced the capital construction financial assistance programs that were established in response to the *Giardino* lawsuit with the B.E.S.T. program. The B.E.S.T. program was designed to increase the amount of state financial assistance provided and allow projects to be completed more quickly. Rather than relying on annual General Fund appropriations, the B.E.S.T. program is supported by

royalty and rental income earned on state trust lands, interest earned on the Public School Fund, lottery proceeds, and (beginning in FY 2013-14) up to \$40.0 million per year in recreational marijuana excise tax revenues pursuant to Amendment 64 and Proposition AA. Under current law, the following moneys are annually credited to the Public School Capital Construction Assistance (PSCCA) Fund:

- 50 percent of the gross amount of revenues from income and mineral royalties derived from state public school lands, or more if required to make lease payments under the terms of lease-purchase agreements (\$65.8 million in FY 2015-16);
- all local matching moneys for COP projects (\$16.4 million in FY 2015-16);
- lottery proceeds that would otherwise be transferred to the General Fund (\$8.1 million in FY 2015-16);
- recreational marijuana excise tax revenues (\$40.0 million in FY 2015-16)¹⁷; and
- interest and investment income earned on the PSCCA Fund (\$2.6 million in FY 2015-16).

With the enactment of S.B. 16-035 (The Public School Fund), the General Assembly authorized additional deposits into the PSCCA Fund beginning in FY 2017-18. The bill broadens the allowable investment options for the Public School (Permanent Fund), which generates interest to support education. Under S.B. 16-035, interest and income earned on the Permanent Fund over and above the \$21.0 million already distributed under current law will be deposited into the PSCCA Fund, up to a limit of \$10.0 million in FY 2017-18 and \$20.0 million in FY 2018-19 and subsequent years.

With the enactment of S.B. 14-112, moneys in the PSCCA Fund are subject to appropriation for: (a) direct and indirect administrative costs incurred by the PSCCA Division and Board (including the financial assistance priority assessment); (b) lease payments required for lease-purchase agreements; and (c) cash grants to support construction projects (prior to FY 2014-15, moneys for cash grants were continuously appropriated to the Department).

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

- (a) establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs;
- (b) conduct or contract for a financial assistance priority assessment of public school facilities throughout the state (published in 2010 and currently being updated);
- (c) prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and
- (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board.

¹⁷ In FY 2015-16, the Public School Capital Construction Assistance Fund also received a one-time deposit of \$40.0 million in marijuana *sales* tax revenues as a result of Proposition BB (2015).

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

In FY 2015-16, the General Assembly added significant funding and FTE to the Division of Public School Capital Construction Assistance to support the B.E.S.T. program. The increases include \$2.7 million cash funds in one-time funding to support a contract to update the program's priority assessment database and train program staff in facility assessment and \$509,311 cash funds and 6.0 FTE to add an in-house assessment team to continually update and maintain the program priority assessment database.

DIVISION OF PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE

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

STATUTORY AUTHORITY: Section 22-43.7-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,382,625 cash funds from the Public School Capital Construction Assistance Fund and 15.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2017-18.

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD – LEASE PAYMENTS

This line item provides spending authority to make payments as required by lease-purchase agreements. Prior to FY 2016-17, statute capped annual total lease payments (including state and local revenues) at \$80.0 million and limited the State's share to no more than \$40 million. As discussed above with the related staff initiated item (SI BEST Annualization Correction), S.B. 16-072 increased the cap on total lease payments to \$90.0 million (up to \$45 million state share) in FY 2016-17 and \$100.0 million (up to \$50 million state share) in FY 2017-18. The bill also raised the cap to \$110 million (\$55 million state share) in FY 2018-19 and \$120 million (60 million state share) in FY 2019-20 and subsequent years.

Pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements is subject to annual appropriation by the General Assembly.

STATUTORY AUTHORITY: Section 22-43.7-104 (3), C.R.S.

REQUEST: The Department requests an appropriation of \$65.0 million cash funds from the Public School Capital Construction Assistance Fund to support B.E.S.T. COP payments in FY 2017-18. The request includes a reduction of \$5.0 million from the final FY 2016-17 appropriation based on the Department's proposed annualization of S.B. 16-072. (As discussed above, JBC staff and the Department agree that the requested reduction is a technical error)

RECOMMENDATION: Staff recommends an appropriation of \$75.0 million cash funds from the Public School Capital Construction Assistance Fund for FY 2017-18. As discussed above (SI BEST Annualization Correction), the recommendation is \$10.0 million above the request to correct a technical error in the Department's request and to align with the B.E.S.T. Program's anticipated expenditures in FY 2017-18. The following table shows the recommended changes from the FY 2016-17 appropriation (second table).

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD - LEASE PAYMENTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$65,000,000	\$0	\$65,000,000	0.0
Other legislation	\$5,000,000	\$0	\$5,000,000	0.0
TOTAL	\$70,000,000	\$0	\$70,000,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$70,000,000	\$0	\$70,000,000	0.0
SI BEST SB 16-072 annualization correction	10,000,000	0	10,000,000	0.0
Annualize prior year legislation	(5,000,000)	0	(5,000,000)	0.0
TOTAL	\$75,000,000	\$0	\$75,000,000	0.0
INCREASE/(DECREASE)	\$5,000,000	\$0	\$5,000,000	0.0
Percentage Change	7.1%	n/a	7.1%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$65,000,000	\$0	\$65,000,000	0.0
Request Above/(Below) Recommendation	(\$10,000,000)	\$0	(\$10,000,000)	0.0

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD – CASH GRANTS

The General Assembly added this line item to the FY 2014-15 Long Bill to appropriate funds to support the B.E.S.T. Program's cash grants. As discussed above, prior to FY 2014-15, moneys for B.E.S.T. cash grants were continuously appropriated to the Department. However, the enactment of S.B. 14-112 made the program's cash grants subject to annual appropriation by the General Assembly.

STATUTORY AUTHORITY: Section 22-43.7-104, C.R.S.

REQUEST: The Department's November 2016 budget request seeks a continuation appropriation of \$70.0 million cash funds from the Public School Capital Construction Assistance Fund for B.E.S.T. cash grants in FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which aligns with the program’s anticipated expenditures in FY 2017-18.

FINANCIAL ASSISTANCE PRIORITY ASSESSMENT

This line item provides the funding necessary to conduct the financial assistance priority assessment of public school facilities throughout the state as required by Section 22-43.7-108, C.R.S. Pursuant to Section 22-43.7-104 (3), C.R.S., subject to annual appropriation, the Department may expend moneys in the PSCCA Fund to pay the costs of contracting for the financial assistance priority assessment. The Department contracted with Parsons (an assessment, design, and construction consultant) for the original assessment. In FY 2015-16, the General Assembly provided an additional \$2.7 million in one-time funding to: (1) reconfigure and adjust the priority assessment database; and (2) train the new assessment staff added to the Division of Public School Capital Construction Assistance through FY 2015-16 R7.

STATUTORY AUTHORITY: Section 22-43.7-108, C.R.S.

REQUEST: The Department requests an appropriation of \$200,000 cash funds from the Public School Capital Construction Assistance Fund, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends an appropriation of \$150,000 cash funds from the Public School Capital Construction Assistance Fund for FY 2017-18, a reduction of \$50,000 from the FY 2016-17 appropriation and from the Department’s request for FY 2017-18. The recommendation aligns with the Department’s projected expenditures for FY 2017-18. Staff notes that the original FY 2015-16 decision item anticipated that ongoing spending for this line item would return to \$50,000 per year after the investment of \$2.7 million in FY 2015-16. However, the Department’s contract spreads hosting costs out over time and has come in under the initial budget estimates. Thus, staff recommends maintaining an ongoing appropriation of \$150,000 per year to support the Department’s contract for the Priority Assessment Database. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FINANCIAL ASSISTANCE PRIORITY ASSESSMENT				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$200,000	\$0	\$200,000	0.0
TOTAL	\$200,000	\$0	\$200,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$200,000	\$0	\$200,000	0.0
Annualize prior year budget actions	(50,000)	0	(50,000)	0.0
TOTAL	\$150,000	\$0	\$150,000	0.0
INCREASE/(DECREASE)	(\$50,000)	\$0	(\$50,000)	0.0
Percentage Change	(25.0%)	n/a	(25.0%)	n/a
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$50,000	\$0	\$50,000	0.0

STATE AID FOR CHARTER SCHOOL FACILITIES

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

Subsequently, the General Assembly modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute [see Section 22-54-124 (3) (a) (III) (A), C.R.S.]. Second, with the exception of a charter school that operates within a state facility, any charter school with "capital construction costs" is eligible to receive funding. Money appropriated each year is allocated among charter schools on a per pupil basis, except that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools receive. With the enactment of H.B. 14-1292 (Student Success Act), the General Assembly made the following changes to funding for the program:

- Increased the appropriation from the State Education Fund from \$7.0 million in FY 2013-14 to \$13.5 million in FY 2014-15 and required an increase to \$20.0 million in FY 2015-16 and subsequent years; and
- Authorized additional funding for charter school capital construction from marijuana excise tax revenues. Beginning July 1, 2014, the bill directs the State Treasurer to deposit 12.5 percent of marijuana excise tax moneys deposited into the Public School Capital Construction Assistance Fund (PSCCAF) into the Charter School Facilities Assistance Account within the PSCCAF. Moneys in the account are subject to annual appropriation by the General Assembly. Consistent with the Committee's policy to spend prior year marijuana revenues, the Department intends to spend moneys deposited into the Charter School Facilities Assistance Account in the year *after* the moneys are collected. Thus, the Department intends to distribute revenues collected in FY 2015-16 to charter schools in FY 2016-17. Based on an estimated \$34.0 million in marijuana excise tax revenues in FY 2015-16, the Department anticipates a transfer of roughly \$4.0 million to the Charter School Facilities Assistance Account to be available for charter school construction in FY 2016-17.

STATUTORY AUTHORITY: Section 22-54-124 (3) (a) (III) (A), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$25.0 million cash funds (including \$20.0 million from the State Education Fund and \$5.0 million from the Charter School Facilities Assistance Account, originally from marijuana excise taxes), with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request which is consistent with current law. The following table shows a history of per pupil funding amounts for this line item from FY 2005-06 through the FY 2017-18 recommendation.

STATE FUNDING FOR CHARTER SCHOOL CAPITAL CONSTRUCTION COSTS				
FISCAL YEAR	TOTAL APPROPRIATION	TOTAL FUNDING PER PUPIL FOR ELIGIBLE SCHOOLS A/	STATE EDUCATION FUND APPROP.	DEDICATED MARIJUANA EXCISE TAX FUNDING C/
2005-06	\$5,000,000	\$145.09	\$5,000,000	
2006-07	7,800,000	201.17	7,800,000	
2007-08	5,000,000	115.77	5,000,000	
2008-09 b/	5,135,000	107.47	5,135,000	
2009-10	5,000,000	97.64	5,000,000	
2010-11	5,000,000	90.06	5,000,000	
2011-12	5,000,000	78.98	5,000,000	
2012-13	6,000,000	87.67	6,000,000	
2013-14	7,000,000	94.40	7,000,000	
2014-15	13,500,000	169.29	13,500,000	
2015-16	22,000,000	258.48	20,000,000	2,000,000
2016-17	25,000,000	278.02	20,000,000	5,000,000
2017-18 estimate	25,000,000	260.90	20,000,000	5,000,000

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

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

c/ Based on estimate of 12.5 percent of marijuana excise tax revenues credited to the Public School Capital Construction Assistance Fund in the preceding fiscal year.

Based on self-reported enrollment projections for FY 2017-18 and estimated marijuana excise tax revenues from FY 2016-17 (to be spent in FY 2017-18), Department staff estimates that this appropriation would provide about \$261 per student FTE (with charter schools in district facilities receiving about \$130 per FTE).

(III) READING AND LITERACY

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

House Bill 12-1238 (READ Act) eliminated the Read-to-Achieve Program and replaced it with the Early Literacy Program. Current law provides two fund sources for the Early Literacy Program:

- \$34.0 million per year transferred from the State Education Fund to the Early Literacy Fund, beginning in FY 2014-15 (as increased by H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance).
- \$4.4 million (in FY 2016-17) appropriated directly from the Marijuana Tax Cash Fund to support the Early Literacy Competitive Grant Program. Prior to the enactment of H.B. 16-1408 (Cash Fund Allocations for Health-related Programs), these funds were from tobacco litigation settlement moneys that had previously supported the Read-to-Achieve Program. However, H.B. 16-1408 eliminated the transfer of tobacco settlement money to the Early Literacy Fund and instead directly supports the Early Literacy competitive Grant Program with marijuana excise tax funds.

Continuing the levels of funding from FY 2016-17, staff thus anticipates a total of \$38,378,678 in “new” revenues to be available for early literacy activities in FY 2017-18 (as shown in the following table).

EARLY LITERACY PROGRAM FUND SOURCES IN FY 2016-17	
DESCRIPTION	REVENUE ESTIMATE
<i>Projected Funds Available</i>	
Marijuana Tax Cash Fund Appropriation	\$4,378,678
State Education Fund Moneys Transferred to Early Literacy Fund	34,000,000
Projected Early Literacy Program Funding	\$38,378,678

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

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

EARLY LITERACY COMPETITIVE GRANT PROGRAM

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

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

Following the enactment of H.B. 16-1408 (discussed above), the funds for this item are largely from the Marijuana Tax Cash Fund. However, because statute directs the Department to spend more than \$5.0 million on activities included in this line item, State Education Fund moneys transferred to the Early Literacy Fund will also support some of the activities in this line item.

STATUTORY AUTHORITY: Section 22-7-1210 (4), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$5,197,604 cash funds (including \$4,378,678 from the Marijuana Tax Cash Fund and \$818,926 from the Early Literacy Fund) and 8.0 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies for FY 2017-18. In compliance with the direction in Section 22-7-1210 (4) (b), C.R.S., staff’s recommendation includes:

- \$4.0 million for the competitive grant program required by the bill;
- \$1.0 million and 7.0 FTE to support regional professional development activities required by the bill; and
- \$197,604 and 1.0 FTE for program administration (representing 0.5 percent of the total \$38.4 million recommended appropriation from the Early Literacy Fund).

EARLY LITERACY PROGRAM PER PUPIL INTERVENTION FUNDING

Created in FY 2014-15, this line item reflects funding to be distributed to local education providers based on the statutory formula for early literacy per pupil intervention funding. The FY 2013-14 Long Bill supported this line item with interest income earned on the Public School (Permanent) Fund transferred to the Early Literacy Fund. However, S.B. 13-260 (School Finance) eliminated the annual transfer of interest earned on the Permanent Fund and instead transferred \$16.0 million from the State Education Fund to the Early Literacy Fund to support the Early Literacy Program in FY 2013-14. The enactment of H.B. 14-1292 (Student Success Act) and H.B. 14-1298 (School Finance) increased the annual transfer from the State Education Fund to the Early Literacy Fund by \$18.0 million (for a total transfer of \$34.0 million) in FY 2014-15 and subsequent years.

The following table shows READ Act assessment results and per pupil funding amounts for FY 2015-16 and FY 2016-17.

EARLY LITERACY PER PUPIL INTERVENTION FUNDING FOR FY 2014-15 AND FY 2015-16						
GRADE	NUMBER OF STUDENTS READ ACT TESTED IN 2015	NUMBER IDENTIFIED WITH SRD IN 2015 (FUNDED FY 2015-16)	2015 PERCENT WITH SRD	NUMBER OF STUDENTS READ ACT TESTED IN 2016	NUMBER IDENTIFIED WITH SRD IN 2016 (FUNDED FY 2016-17)	2016 PERCENT WITH SRD
Half-day Kindergarten	16,815	1,045	6.2%	14,657	1,125	7.7%
Full-day Kindergarten	47,395	3,081	6.5%	47,892	4,065	8.5%
Grade 1	67,065	11,338	16.9%	65,813	11,318	17.2%
Grade 2	66,915	10,317	15.4%	67,308	10,976	16.3%
Grade 3	66,117	10,639	16.1%	67,208	11,530	17.2%
Total	264,307	36,420	13.8%	262,878	39,014	14.8%
Total Intervention Funding		\$32,587,969			\$33,047,438	
Per Pupil Allocation		\$894.78			\$847.07	

STATUTORY AUTHORITY: Section 22-7-1210 (4) (b) (IV), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$33,242,424 cash funds from the Early Literacy Fund (transferred from the State Education Fund pursuant to Section 22-7-1210 (1) (d), C.R.S.) and 1.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2017-18.

EARLY LITERACY ASSESSMENT TOOL PROGRAM

The General Assembly added this line item to the FY 2014-15 Long Bill to provide ongoing support for the Early Literacy Assessment Tool (ELAT) Program originally created in H.B. 12-1345 (2012 School Finance Bill). The READ Act (H.B. 12-1238) requires public school teachers in kindergarten through third grade to administer an interim assessment to all students to determine whether children are on track to reach grade level reading proficiency. Students identified as significantly below grade level must take a diagnostic assessment to determine specific areas of need for reading improvement. Teachers then use the assessment data to develop a collaborative intervention plan (READ Plan) with the child’s parents.

Associated with the early literacy assessment requirements in the READ Act, House Bill 12-1345 required the Department to issue a competitive request for proposals to procure an Early Literacy Assessment Tool (ELAT) for districts’ use and appropriated \$3.0 million cash funds from the State Education Fund to procure the tool. For participating districts, the use of the ELAT defrays assessment costs that would otherwise be required by the READ Act; districts may choose between seven state-approved assessments for READ Act implementation (one of which is the ELAT) but must pay for tools other than the ELAT. The ELAT provision (Section 22-2-141, C.R.S.) requires the ELAT software to, at a minimum:

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

The Department transitioned from the diagnostic assessment that the state provided in FY 2013-14 (“Burst”) to the “DIBELS Deep” diagnostic assessment in FY 2014-15 (the program used both assessments in FY 2014-15 but transitioned fully to DIBELS Deep in FY 2015-16).

The Department has contracted with Amplify to supply the ELAT, and participation has grown each year in terms of districts, schools, and students using the system (see table below). Since its inception in FY 2013-14, participation has grown from 123 districts (plus the State Charter School Institute), covering 417 schools and approximately 90,500 students to 138 districts (plus the State charter School Institute), covering 576 schools and more than 132,000 students in FY 2016-17.

EARLY LITERACY ASSESSMENT TOOL USAGE AND PARTICIPATION				
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Districts Participating*	124	127	133	138
Schools Participating	417	482	517	576
Students Covered	90,500	109,500	119,121	132,339

*Includes the State Charter School Institute

STATUTORY AUTHORITY: Section 22-2-141, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,987,226 cash funds from the State Education Fund, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Based on the Department's current estimates for FY 2017-18, staff recommends approving an appropriation of \$2,997,072 cash funds from the State Education Fund for FY 2017-18, an increase of \$9,846 above the FY 2016-17 appropriation. Based on current contract costs per student, which the Department is not expecting to change for FY 2017-18, the recommendation would allow for an increase of 1,422 students using the ELAT. The following tables show the basis of the staff recommendation for FY 2017-18 and the recommended change from the FY 2016-17 appropriation.

FY 2017-18 ELAT CONTRACT COST ESTIMATES			
	ESTIMATED NUMBER OF STUDENTS	COST PER STUDENT	TOTAL COST
Returning Students	130,814	\$21.50	\$2,812,501
New Students (Growth)	2,947	\$22.25	65,571
Subtotal - Per Student Contract Costs	133,761		\$2,878,072
Contract - Professional Development and Direct Support to Schools			\$119,000
Total Contract Costs			\$2,997,072

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, EARLY LITERACY ASSESSMENT TOOL PROGRAM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$2,987,226	\$0	\$2,987,226	0.0
TOTAL	\$2,987,226	\$0	\$2,987,226	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,987,226	\$0	\$2,987,226	0.0
Early Literacy Assessment Tool Adjustment	9,846	0	9,846	0.0
TOTAL	\$2,997,072	\$0	\$2,997,072	0.0
INCREASE/(DECREASE)	\$9,846	\$0	\$9,846	0.0
Percentage Change	0.3%	n/a	0.3%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$2,987,226	\$0	\$2,987,226	0.0
Request Above/(Below) Recommendation	(\$9,846)	\$0	(\$9,846)	0.0

Staff notes that the program has continued to show promising results in terms of improving the percentage of students reading at benchmark levels in each applicable grade (kindergarten through third). As shown in the following tables, schools using the system are seeing improvements at both mid-year and end-of-year checkpoints. Because the system provides the Department with access to data not provided by schools and districts that are not using the system, staff does not have comparable results in non-ELAT schools for comparative purposes.

FY 2016-17 MID-YEAR ELAT RESULTS						
GRADE	PERCENTAGE OF STUDENTS WELL BELOW			PERCENTAGE OF STUDENTS AT BENCHMARK		
	AUGUST	DECEMBER	CHANGE AUGUST TO DEC	AUGUST	DECEMBER	CHANGE AUGUST TO DEC
Kindergarten	28%	15%	-13%	53%	68%	15%
First	27%	23%	-4%	57%	66%	9%
Second	21%	20%	-1%	70%	71%	1%
Third	24%	20%	-4%	66%	68%	2%

FY 2015-16 FULL YEAR ELAT RESULTS								
GRADE	PERCENTAGE OF STUDENTS WELL BELOW BENCHMARK				PERCENTAGE OF STUDENTS AT BENCHMARK			
	AUGUST	DECEMBER	MAY	CHANGE - AUG TO MAY	AUGUST	DECEMBER	MAY	CHANGE - AUG TO MAY
Kindergarten	28%	14%	7%	-21%	53%	70%	82%	29%
First	25%	21%	17%	-8%	59%	68%	70%	11%
Second	21%	19%	15%	-6%	69%	72%	73%	4%
Third	23%	18%	15%	-8%	67%	71%	75%	8%

ADULT EDUCATION AND LITERACY GRANT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Adult Education and Literacy Grant Program created in H.B. 14-1085 (Adult Education and Literacy). The program provides funding to local education providers (including public and private schools, institutions of higher education, nonprofit community-based organizations, and other related agencies) that are members of workforce development partnerships that provide basic education to adults.

STATUTORY AUTHORITY: Section 22-10-104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$961,444 General Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intended for the program to be ongoing. The Department submitted an annual report on the program to the General Assembly in January 2017 discussing the performance of the FY 2015-16 grantees (the second year of operation of the program). The program's second year saw significant increases in enrollment (from a total of 393 students in grant-supported programs in FY 2014-15 to 1,351 students in FY 2015-16). Preliminary data also shows progress in educational/skill attainment for program participants. Staff will continue to work with the Department to monitor the program going forward.

(IV) PROFESSIONAL DEVELOPMENT AND INSTRUCTIONAL SUPPORT

CONTENT SPECIALISTS

This line item provides funding to support five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student

achievement: (1) mathematics; (2) science; (3) social studies (history, geography, civics, and economics); (4) arts (visual arts and music); and (5) achievement gaps.

STATUTORY AUTHORITY: Section 22-7-1005, C.R.S.

REQUEST: The Department requests an appropriation of \$810,740 cash funds from the State Education Fund and 5.0 FTE for FY 2017-18, including an increase of \$340,840 in one-time funding associated with request R4 (Academic Standards Revision, discussed above).

RECOMMENDATION: Staff recommends the request. The recommendation includes the requested increase of \$340,840 associated with request R4 (Academic Standards Revision, discussed above). Statute (Section 22-7-1005 (6), C.R.S.) requires the Department to review and update the statewide academic standards by the end of FY 2017-18, and the increase provides one-time funding to support the review and revision process. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, CONTENT SPECIALISTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$469,900	\$0	\$469,900	5.0
TOTAL	\$469,900	\$0	\$469,900	5.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$469,900	\$0	\$469,900	5.0
R4 Academic standards revision	340,840	0	340,840	0.0
TOTAL	\$810,740	\$0	\$810,740	5.0
INCREASE/(DECREASE)	\$340,840	\$0	\$340,840	0.0
Percentage Change	72.5%	n/a	72.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

SCHOOL BULLYING PREVENTION AND EDUCATION CASH FUND

The General Assembly created this line item in the FY 2016-17 Long Bill to support the School Bullying Prevention and Education Grant Program originally created in H.B. 11-1254 (Bullying in Schools). House Bill 11-1254 authorized the receipt of gifts, grants, and donations to support the program but did not provide state funding and the program did not receive any state funding prior to FY 2015-16.

House Bill 15-1367 (Retail Marijuana Taxes) included a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the School Bullying Prevention and Education Cash fund for FY 2015-16. The General Assembly continued to support the program in FY 2016-17 with an appropriation of \$900,000 cash funds from the Marijuana Tax Cash Fund into the School Bullying Prevention and Education Cash Fund; the appropriation included a one-time reduction (of \$1.1 million) from the \$2.0 million provided in FY 2015-16 to balance appropriations

from the Marijuana Tax Cash Fund. Because the School Bullying Prevention and Education Cash Fund is continuously appropriated to the Department, a second appropriation out of the cash fund is not necessary.

STATUTORY AUTHORITY: Sections 22-93-101 through 106, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,000,000 cash funds from the Marijuana Tax Cash Fund to the School Bullying Prevention and Education Cash Fund for FY 2017-18. The request includes an increase of \$1,100,000 to restore the funding reduced on a one-time basis in FY 2016-17.

RECOMMENDATION: Staff recommends approving the request. Like the Department, staff's understanding is that the reduction in FY 2016-17 was intended as a one-time reduction and that "annualizing" the program's funding would require the requested increase. The recommendation assumes that the General Assembly intends for the program's funding to be ongoing. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, SCHOOL BULLYING PREVENTION AND EDUCATION CASH FUND				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$900,000	\$0	\$900,000	0.0
TOTAL	\$900,000	\$0	\$900,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$900,000	\$0	\$900,000	0.0
Annualize prior year budget actions	1,100,000	0	1,100,000	0.0
TOTAL	\$2,000,000	\$0	\$2,000,000	0.0
INCREASE/(DECREASE)	\$1,100,000	\$0	\$1,100,000	0.0
Percentage Change	122.2%	n/a	122.2%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$2,000,000	\$0	\$2,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT

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

In FY 2009-10, this line item received a one-time increase of \$307,944 federal American Recovery and Reinvestment Act (ARRA) funds for the purposes of enhancing the State's competitiveness for federal Race-to-the-Top Grant awards; these moneys were expected to be spent in both FY 2009-10 and FY 2010-11.

The Department received a five-year competitive grant award of \$14.1 million through the U.S. Department of Education’s High School Graduation Initiative Program to begin in FY 2010-11. The Department used these funds to partner with 54 high needs high schools to implement dropout prevention and recovery projects. The goal of the project is to: develop sustainable, replicable models for dropout prevention and recovery; improve interim indicators; reduce the dropout rate; increase the student re-engagement rate; and, increase the graduation rate for high school students. The federal grant expired September 30, 2015. However, the Department received an extension allowing them to spend the remaining funds through September 1, 2016.

For FY 2015-16, H.B. 15-1367 (Retail Marijuana Taxes) included a contingent appropriation of \$2.0 million General Fund (from the Proposition AA Refund Account) into the Student Reengagement Grant Program Fund and reappropriated those funds to the Office of Dropout Prevention and Student Re-engagement to support the Student Re-engagement Grant Program. The voters’ passage of Proposition BB gave the Department access to those funds in FY 2015-16. For FY 2016-17, the General Assembly appropriated \$900,000 cash funds from the Marijuana Tax Cash Fund directly to the Office of Dropout Prevention and Student Reengagement; similar to the School Bullying Prevention and Education Cash Fund line item (discussed above), the FY 2016-17 appropriation included a one-time reduction of \$1.1 million to balance appropriations from the Marijuana Tax Cash Fund.

STATUTORY AUTHORITY: Section 22-14-109, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,117,578 total funds, including \$2,000,000 cash funds from the Marijuana Tax Cash Fund and \$117,578 federal funds to support the program in FY 2017-18. The request includes an increase of \$1.1 million cash funds above the FY 2016-17 appropriation to restore funding reduced on a one-time basis in FY 2016-17.

RECOMMENDATION: Staff recommends approving an appropriation of \$2,000,000 cash funds from the Marijuana Tax Cash Fund. The recommendation restores \$1.1 million cash funds as requested by the Department but is \$117,578 federal funds below the request. The Department has exhausted the federal funds available to the program, and those funds are no longer available. The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$1,017,578	\$0	\$900,000	\$0	\$117,578	0.9
TOTAL	\$1,017,578	\$0	\$900,000	\$0	\$117,578	0.9
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$1,017,578	\$0	\$900,000	\$0	\$117,578	0.9
Annualize prior year budget actions	1,100,000	0	1,100,000	0	0	0.9
Federal funds true-up	(117,578)	0	0	0	(117,578)	(0.9)
TOTAL	\$2,000,000	\$0	\$2,000,000	\$0	\$0	0.9
INCREASE/(DECREASE)	\$982,422	\$0	\$1,100,000	\$0	(\$117,578)	0.0
Percentage Change	96.5%	n/a	122.2%	n/a	(100.0%)	0.0%

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, OFFICE OF DROPOUT PREVENTION AND STUDENT REENGAGEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 EXECUTIVE REQUEST	\$2,117,578	\$0	\$2,000,000	\$0	\$117,578	0.9
Request Above/(Below) Recommendation	\$117,578	\$0	\$0	\$0	\$117,578	0.0

STIPENDS FOR NATIONALLY BOARD CERTIFIED TEACHERS

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

House Bill 12-1261 included an appropriation of \$604,800 cash funds from the State Education Fund based on an estimate of the number of eligible teachers in low-performing, high needs schools. Under the bill, if appropriations are insufficient to provide stipends to all qualified teachers, then the Department only provides the increased stipends to teachers in low-performing, high needs schools. In FY 2013-14, the General Assembly appropriated \$1,617,600 cash funds from the State Education Fund to provide stipends to eligible teachers outside of low-performing, high needs schools. The FY 2014-15 Long Bill reduced the appropriation to \$1,580,800 based on actual utilization of the program.

STATUTORY AUTHORITY: Section 22-2-504, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,384,000 cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The use of this program has proven somewhat challenging to forecast, and the recommendation carries forward the original estimates of use for FY 2016-17. Staff and the Department agree that the current appropriation appears to be adequate for FY 2017-18. Staff's recommendation assumes that the General Assembly intends to continue to fund stipends for all eligible teachers, including those outside of low-performing, high needs schools (as it has for FY 2013-14 through FY 2016-17). In contrast, providing stipends only to eligible teachers in low-performing, high needs schools (as the General Assembly did in FY 2012-13) would require an estimated \$264,000.

STIPENDS FOR NATIONALLY BOARD CERTIFIED EDUCATORS UNDER H.B. 12-1261				
	FY 2015-16 ACTUAL**	FY 2016-17 ESTIMATE/APPROP	FY 2106-17 CURRENT ESTIMATE AS OF 2/17/17	FY 2017-18 ESTIMATE
National Board Certified Educators in Low-Performing, High Needs Schools*	50	55	53	55
Stipend per Educator	\$4,800	\$4,800	\$4,800	\$4,800
Total Payment for Educators in Low-Performing, High Needs Schools**	\$224,272	\$264,000	\$233,454	\$264,000

STIPENDS FOR NATIONALLY BOARD CERTIFIED EDUCATORS UNDER H.B. 12-1261				
	FY 2015-16 ACTUAL**	FY 2016-17 ESTIMATE/APPROP	FY 2106-17 CURRENT ESTIMATE AS OF 2/17/17	FY 2017-18 ESTIMATE
National Board Certified Educators in Other Schools	619	700	583	700
Stipend Per Educator	\$1,600	\$1,600	\$1,600	\$1,600
Total Estimated Payment for Educators in Other Schools	\$965,224	\$1,120,000	\$898,480	\$1,120,000
Total National Board Certified Educators	669	755	636	755
Total Estimated Payment for <i>All</i> National Board Certified Educators**	\$1,189,496	\$1,384,000	\$1,131,934	\$1,384,000

*The schools are not categorized until December each year and the listed schools change each year. As a result, the number of educators in such schools is inherently a projection. In 2017, this was pushed back until January, which has made forecasting more challenging.

**Stipends are pro-rated for those who are less than 1.0 FTE. Statute allows for pro-rated stipends, so these figures may be lower than simple multiplication would imply.

QUALITY TEACHER RECRUITMENT PROGRAM

The General Assembly added this line item to the FY 2014-15 Long Bill to support appropriations for the Quality Teacher Recruitment Program created in S.B. 13-260 (School Finance). Section 22-94-102, C.R.S., directs the Department to contract with organizations working with school districts and boards of cooperative educational services (BOCES) to recruit, select, train, and retain highly qualified teachers in areas that have historically had difficulty attracting and retaining such teachers.

In December 2013, the Department selected the Public Education Business Coalition (PEBC) and Teach for America (TFA-Colorado) as grant recipients. The grant provided each organization \$1,470,000 per year for the two year grant period (FY 2013-14 and FY 2014-15) and expected each program to place teachers by the start of the 2014-15 school year. Under the Grant, the Department expected PEBC to place 65 teachers in the following 14 school districts: Adams 12, Alamosa, Aurora, Brighton, Center, Crowley, Durango, East Otero, Huerfano, Ignacio, Jefferson County, Monte Vista, Montezuma-Cortez, and North Conejos. The Department expected TFA to place 95 teachers in the following three districts: Denver, Harrison School District 2, and Pueblo City Schools.

Section 22-94-103, C.R.S., requires the vendors conducting the program to submit annual reports to the Department and requires the Department to contract with a third party to conduct annual evaluations of the program. The Department has contracted with OMNI Research to evaluate the program, and OMNI has submitted three reports on the program (September 2014, September 2015, and September 2016). The following table shows each organization’s actual placements for the 2014-15 school year relative to the expectations in the grant, as well as the average cost per placement based on the August 2015 OMNI report. Please note that the school districts receiving placements pay the salaries of any placed teachers. Thus, the costs shown in the following table cover recruiting and training costs but do *not* include salaries for the teachers.

QUALITY TEACHER RECRUITMENT PROGRAM FY 2014-15 PLACEMENT DATA			
	TFA-COLORADO	PEBC	TOTAL
Targeted Placements	\$95	\$65	160
Teachers placed in a high-need district in 2014-15	74 (78%)	56 (86%)	130
Teachers remaining in the program through 2014-15	69	52	121
Teachers remaining in program that meet "highly qualified" requirements	69	47*	116
Number of districts served	3	12	15
Number of schools served	38	30	68
Number of students served	4,869	4,246	
<i>Placed as Teacher of Record</i>	65	8	73
<i>Placed as Resident</i>	0	47	47
Total Grant Amount (over 2 years)	\$2,940,000	\$2,940,000	\$5,880,000
State Cost per Actual Placement (over 2 years)*	\$42,608.70	\$56,538	\$48,595

*Five PEBC teachers were placed in non-core content areas (physical education) and not included in "highly qualified" calculations. As a result, 100% of the eligible teachers met the requirements.

**Note that statute requires the vendors to match the state funding so the total costs per placement (including external funds) are double these amount.

The September 2016 OMNI report included data on the programs' placement of a second cohort of teachers for the 2015-16 school year, as well as retention information from the first cohort of teachers placed in FY 2014-15. Both organizations improved relative to their targeted number of placements, and TFA-Colorado exceeded its targeted number of initial placements for FY 2015-16.

QUALITY TEACHER RECRUITMENT PROGRAM FY 2015-16 PLACEMENT DATA			
	TFA-COLORADO	PEBC	TOTAL
Targeted Placements (new teachers for FY 2015-16)	58	65	123
Total teachers recruited	103	74	130
Recruited teachers not placed	(8)	0	
Placed in a non-grant partner district	(4)	(5)	
Total teachers placed	91	69	160
<i>Placed as Teacher of Record</i>	91	7	98
<i>Placed as Resident</i>	N/A	62	62
Did not complete first year in program	(8)	(6)	(14)
Teachers remaining in grant partner district at end of FY 2015-16	83	63	146

Please note that the TFA-Colorado program places all teachers as the "teacher of record" in the first year of the program and requires a two year commitment from recruits. In contrast, PEBC has placed the majority of recruits as "residents" in mentor teacher classrooms for the first year. The PEBC participants will become teachers of record in the second year and have made a five year commitment to the program (including the residency year).

STATUTORY AUTHORITY: Section 22-94-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$3.0 million cash funds from the State Education Fund in FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request for FY 2017-18. Staff notes that both organizations fell somewhat short of the placements anticipated in the grant for FY 2014-15 but performance (at least as measured by the number of placements) improved for the second cohort placed for FY 2015-16. Both organizations found rural placements to be particularly challenging and

have implemented changes to improve their processes for rural placements. Over two years the program has, however, placed a total of roughly 265 teachers in schools and districts that have struggled to recruit teachers. Given the cost of recruiting and placing the teachers, staff recommends that the Committee consider both performance and retention information in evaluating the value of the program going forward. To date, the data available for both metrics is limited at best simply because of the recent implementation of the program as well as ongoing changes in systems used to measure educator effectiveness.

EDUCATOR PERCEPTION

The General Assembly added this line item to the FY 2014-15 Long Bill to provide \$100,000 General Fund to support the administration of the biennial Teaching, Empowering, Leading, and Learning (TELL) Survey which surveys school-based educators statewide to assess teaching conditions.

House Bill 08-1384 (Retention of Qualified Educators) authorized the Department to conduct a biennial survey of teaching and learning conditions. The goal of the bill and program is to survey every school-based licensed educator regarding their perceptions of teaching and learning conditions to provide insights for policy decisions at the school, local district, and state levels. The Department has worked with a variety of partners to administer the survey. According to the tellcolorado.org website, the Department has partnered with the New Teacher Center, the Colorado Association of School Boards (CASB), the Colorado Association of School Executives (CASE), the Colorado League of Charter Schools, the American Federation of Teachers (Colorado), and the Colorado Education Association. The Department is administering the survey for the fifth time in FY 2016-17, although previous administrations were largely supported by alternative fund sources.

STATUTORY AUTHORITY: Section 22-2-503, C.R.S.

REQUEST: Because the survey is administered every other year, the Department’s request does not include any funding for the survey in FY 2017-18. However, as discussed above (SI Educator Perception Roll-forward), the Department has informally sought roll-forward spending authority to utilize up to \$73,500 of the FY 2016-17 appropriation in FY 2017-18 to administer the survey originally anticipated in FY 2016-17.

RECOMMENDATION: Staff recommends approving the request for no funding (eliminating the line item) in the FY 2017-18 Long Bill. As discussed above, staff also recommends approving a Long Bill “add-on” to allow the Department to spend \$73,500 of the FY 2016-17 appropriation in FY 2017-18. The following table shows the change to eliminate the appropriation in FY 2017-18.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, EDUCATOR PERCEPTION			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$100,000	\$100,000	0.0
TOTAL	\$100,000	\$100,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$100,000	\$100,000	0.0

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, EDUCATOR PERCEPTION			
	TOTAL FUNDS	GENERAL FUND	FTE
Annualize prior year budget actions	(100,000)	(100,000)	0.0
TOTAL	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$100,000)	(\$100,000)	0.0
Percentage Change	(100.0%)	(100.0%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

ENGLISH LANGUAGE LEARNERS TECHNICAL ASSISTANCE

The General Assembly added this line item to the FY 2014-15 Long Bill to support additional technical assistance staff related to English language learners (ELLs). The line item supports staff providing technical assistance to local education providers to improve services for ELL students statewide.

STATUTORY AUTHORITY: Section 22-24-106, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$373,245 total funds (including \$321,448 General Fund and \$51,797 cash funds from the State Education Fund) and 5.0 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The Department has used these funds to provide a series of professional development opportunities in FY 2014-15 and FY 2015-16 and to provide one-on-one support to school districts as needed and requested. The Department has worked to target the professional development opportunities based on the needs of school and district personnel to both improve understanding of requirements related to ELL services and deliver effective practices to support improved services. It is still too early to assess the impact of the additional technical assistance but staff will continue to work with the Department to evaluate progress going forward.

ENGLISH LANGUAGE PROFICIENCY ACT EXCELLENCE AWARDS PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Proficiency Act Excellence Award Program created in H.B. 14-1298 (School Finance). Created in Section 22-24-107, C.R.S., the program awards grants to local education providers and charter schools that achieve the highest growth and academic achievement for English language learners (ELLs) and the highest academic achievement for ELLs who transition out of the English Language Proficiency Program. The Department has awarded grants to ten school districts and ten charter schools in each of the first two years of implementation (FY 2014-15 and FY 2015-16). The Department expects to provide awards to ten school districts and ten charter schools in FY 2016-17 as well.

STATUTORY AUTHORITY: Section 22-24-107, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$500,000 cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. It is still too early to assess the impact of the Excellence Awards Program. However, the Department reports that additional schools and districts have contacted the Department seeking information on the selection criteria and the requirements to receive awards. Based on the anecdotal data available, the program may provide an additional incentive for schools and districts to seek out best practices that could improve achievement.

ENGLISH LANGUAGE LEARNERS PROFESSIONAL DEVELOPMENT AND STUDENT SUPPORT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the English Language Learners Professional Development and Student Support Program created in H.B. 14-1298 (School Finance). House Bill 14-1298 repeals and reenacts the English Language Proficiency Act and creates the Professional Development and Student Support Program to allocate moneys to local education providers to offset costs incurred in complying with the English Language Proficiency Act. House Bill 14-1298 appropriated \$27.0 million to support the program in FY 2014-15, and the General Assembly has provided that amount in each subsequent year. The program is created outside of the English Language Proficiency Program categorical program but distributes funds on a per pupil basis using the same calculation as the reenacted categorical program:

- 75 percent (\$20.25 million) for ELLs who do not comprehend or speak English or who comprehend and speak some English, but whose primary language is something other than English. With 103,937 students in this category in FY 2016-17, that equates to \$194.83 per pupil.
- 25 percent (\$6.75 million) for ELLs who comprehend and speak English, but whose proficiency is below acceptable levels. With 23,023 students in this category in FY 2016-17, that amount equates to \$293.19 per pupil.

STATUTORY AUTHORITY: Section 22-24-108, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$27.0 million cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. With two complete years of implementation (FY 2014-15 and FY 2015-16), the Department has been unable to evaluate the impact of the additional per pupil funding on services provided to ELL students. The transition from the TCAP assessments to the new statewide (CMAS) assessments has further complicated the Department's ability to measure growth among all students, including ELLs. However, given the legal obligations and persistent achievement gaps associated with ELL students, staff recommends maintaining funding for this program and hopes for an improved ability to evaluate the impact of the program going forward.

ADVANCED PLACEMENT INCENTIVES PILOT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the Advanced Placement Incentives Pilot Program created in H.B. 14-1118 (Advanced Placement Incentives Pilot Program). The program is intended to expand access to advanced placement (AP) courses in rural schools, and particularly for low income students. Only school districts that the Department identifies as rural may participate, and the bill caps participation in the pilot program at 475 students. The bill specifies requirements for schools and districts to participate.

The program provides eligible local education providers \$500 per student that completes an AP course and takes the AP exam. Participating schools or districts may use the funds to: (1) implement school-wide or district-wide AP programs; (2) provide professional development to administrators regarding the content required in non-AP classes to help students prepare for success in AP courses; (3) pay AP exam fees for students participating in the federal school lunch program, provided the fees are not paid with other federal grant moneys; and (4) provide teachers and mentors of AP courses with bonus payments of \$50 for each student who completes an AP course and takes the corresponding exam (up to a maximum of \$2,000 per teacher per year).

STATUTORY AUTHORITY: Sections 22-95-101 through 104, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$260,931 cash funds from the State Education Fund and 0.3 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which aligns with the Committee's common policies. The Department utilized nearly the entire appropriation in FY 2014-15 and FY 2015-16. Based on the first year of implementation (FY 2014-15), the Department provided promising results from the 15 school districts served that year, including the following changes relative to the prior year:

- A 17 percent increase in the number of students participating in AP courses;
- A 23 percent increase in the number of AP exams taken (meaning that an increasing percentage of students taking AP courses are also taking the exam);
- A 31 percent increase in AP exams passed; and
- A 35 percent increase in AP exams passed for Hispanic students.

According to the Department, three school districts began AP programs in 2015 as a result of the incentives. While the data do not allow for an inference of direct causation, the results thus far appear to be promising.

SCHOOL TURNAROUND LEADERS DEVELOPMENT PROGRAM

The General Assembly added this line item to the FY 2015-16 Long Bill to support the School Turnaround Leaders Development Program created in S.B. 14-124 (School Turnaround Leaders Development Program). The program, first funded with \$2.0 million cash funds from the State Education Fund in FY 2014-15, requires the Department to contract with providers of high-quality turnaround leadership development programs and award grants to school districts throughout the

State to develop school leaders with the skills and competencies required to turn around low-performing schools.

STATUTORY AUTHORITY: Section 22-13-103, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,000,991 cash funds from the State Education Fund and 1.2 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line items for FY 2016-17. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

ENGLISH LANGUAGE PROFICIENCY ACT EXCELLENCE AWARDS FUND

The FY 2014-15 appropriation (in H.B. 14-1298) included an appropriation of \$500,000 cash funds from the State Education Fund into the English Language Proficiency Act Excellence Awards Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund. However, S.B. 15-108 (Direct Appropriations for CDE Programs) eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary to support the English Language Proficiency Act Excellence Awards Program.

ENGLISH LANGUAGE LEARNERS PROFESSIONAL DEVELOPMENT AND STUDENT SUPPORT FUND

Similar to the English Language Proficiency Act Excellence Awards Fund (above), the FY 2014-15 appropriation (in H.B. 14-1298) included an appropriation of \$27.0 million cash funds from the State Education Fund into the English Language Learners Professional Development and Student Support Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund to support the program. However, S.B. 15-108 eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary.

SCHOOL TURNAROUND LEADERS DEVELOPMENT FUND

Similar to the two previous line items, the FY 2014-15 appropriation (in S.B. 14-124) included an appropriation of \$2.0 million cash funds from the State Education Fund into the School Turnaround Leaders Development Fund (created in the bill) and an appropriation of that amount of reappropriated funds out of the cash fund to support the program. However, S.B. 15-108 eliminates the dual line item structure for this program, allowing for direct appropriations of State Education Fund moneys to support the program in FY 2015-16 and subsequent years. As a result, the line item is no longer necessary.

(V) FACILITY SCHOOLS

While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs.¹⁸ In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding.¹⁹
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department for statewide average per pupil revenues times 1.33, and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs. In 2013, the General Assembly modified this provision to provide statewide base per pupil funding times 1.73 in an effort to increase funding for facility schools.

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

- Developing and maintaining a list of approved facility schools.
- Making recommendations concerning curriculum standards and graduation standards.
- Maintaining information and records for students who receive educational services from approved facility schools.
- Communicating and collaborating with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities.

FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD

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

STATUTORY AUTHORITY: Sections 22-2-401 through 22-2-408, C.R.S.

¹⁸ Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan. Because the State has closed the facility at Fort Logan, the School for the Deaf and the Blind and the Colorado Mental Health Institute at Pueblo are the only remaining state programs.

¹⁹ Districts continue to include students who reside in a facility or group home and attend a district school in their October count for purposes of funding. Further, students in "out-of-district" placements who attend public school are included in the pupil count of the district of attendance.

REQUEST: The Department requests a continuation appropriation of \$317,665 reappropriated funds and 3.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving an appropriation of \$272,974 reappropriated funds and 3.0 FTE to align with the statutory direction that the Department withhold 2.0 percent of the amount payable to each facility school to offset the costs of the Facility Schools Unit and the Facility Schools Board (see Section 22-2-408 (2), C.R.S.). The recommendation aligns the appropriation with that statutory direction. The recommendation includes the following changes from the FY 2016-17 appropriation: (1) a reduction of \$41,925 based on the decreased estimates of student counts for FY 2017-18 (SI Facility School Adjustments, discussed above); and (2) a reduction of \$2,766 to reflect increasing leased space costs for the Facility Schools Unit (those funds are instead reflected in the Department’s Leased Space line item). The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$317,665	\$0	\$317,665	3.0
TOTAL	\$317,665	\$0	\$317,665	3.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$317,665	\$0	\$317,665	3.0
SI Facility schools adjustment	(41,925)	0	(41,925)	0.0
Centrally appropriated line items	(2,766)	0	(2,766)	0.0
TOTAL	\$272,974	\$0	\$272,974	3.0
INCREASE/(DECREASE)	(\$44,691)	\$0	(\$44,691)	0.0
Percentage Change	(14.1%)	n/a	(14.1%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$317,665	\$0	\$317,665	3.0
Request Above/(Below) Recommendation	\$44,691	\$0	\$44,691	0.0

FACILITY SCHOOLS FUNDING

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

STATUTORY AUTHORITY: Section 22-54-129, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$16,604,845 cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving an appropriation of \$14,508,589 cash funds from the State Education Fund for FY 2017-18. This amount represents a decrease of \$2,096,256 from the FY 2016-17 appropriation (and from the Department’s request) because the Department has reduced the anticipated pupil count for FY 2017-18, relative to the estimates used in the FY 2016-17 appropriation. There are currently 47 facility schools and two state programs that receive funding through this line item. These programs are allowed to receive reimbursement for each child in attendance for up to 235 days each year. Based on current law (as adjusted by S.B. 15-267), with statewide base per pupil funding at \$6,546.20, these programs will receive up to \$11,324.93 per child per year (\$6,546.20 X 1.73) for FY 2017-18 (or \$48.19 per student per school day). While the Mental Health Institutes and most facility schools provide year-round education programs; the Colorado School for the Deaf and the Blind and a few facility schools do not provide year-round educational programs. The following table provides an estimate of the amount of funding required for this line item for FY 2017-18, and the portions that will be transferred to other state agencies.

Facility School Funding: FY 2017-18	
Description	Updated Estimates
Projected Average Facility Schools FTE	1,256
Multiplied by: Statewide Base Per Pupil Funding for FY 2017-18 X 1.73	\$11,324.93
Total Estimated Facility School payments	\$14,224,107
Plus: Additional Funding (approximately 2.0 percent) to account for placement and attendance fluctuations	284,482
Recommendation for Facility School Funding line item	\$14,508,589
Estimated portion of the above amount transferred to state agencies:	
<i>Department of Education: Colorado School for the Deaf and the Blind</i>	1,619,100
<i>Department of Human Services: Mental Health Institutes (Pueblo only)</i>	153,189

As in prior years, the staff recommendation leaves a cushion to cover potential increases in the number of students placed in facility schools and school attendance fluctuations. In prior years, staff has assumed a cushion of 1.5 percent; given the magnitude of the decrease in funding for FY 2017-18, staff has increased the buffer to 2.0 percent for FY 2017-18. Please note that because the facility school funding formula in Section 22-54-129, C.R.S., now uses statewide *base* per pupil funding as the basis of the formula, total funding for facility schools no longer changes based on adjustments to the school finance formula that do not affect base per pupil funding. Prior to FY 2013-14, if separate legislation changed statewide *average* per pupil funding, facility school funding changed as well. Those adjustments are no longer necessary.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding from this line item for educational programs.

- \$1,619,000 to the Colorado School for the Deaf and the Blind (CSDB), School Operations.
- \$153,189 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes, for the Mental Health Institute at Pueblo.

The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, FACILITY SCHOOL FUNDING				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$16,604,845	\$0	\$16,604,845	0.0
TOTAL	\$16,604,845	\$0	\$16,604,845	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$16,604,845	\$0	\$16,604,845	0.0
SI Facility schools adjustment	(2,096,256)	0	(2,096,256)	0.0
TOTAL	\$14,508,589	\$0	\$14,508,589	0.0
INCREASE/(DECREASE)	(\$2,096,256)	\$0	(\$2,096,256)	0.0
Percentage Change	(12.6%)	n/a	(12.6%)	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$2,096,256	\$0	\$2,096,256	0.0

(VI) OTHER ASSISTANCE

APPROPRIATED SPONSORED PROGRAMS

This line item reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences, some grant funds, and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

STATUTORY AUTHORITY: Sections 22-2-117 and 22-30.5-101, C.R.S. Various federal statutes.

REQUEST: The Department requests an appropriation of \$278,175,453 (including \$2,702,223 cash funds, \$1,195,100 reappropriated funds, and \$274,278,130 federal funds) and 68.7 FTE for FY 2017-18. The request includes a reduction of \$3,436,307 reappropriated funds transferred from the Department of Human Services. The reduced funds are federal funds in the Department of Human Services (originally from the Child Care Defense Fund) and the reduction aligns the appropriation with anticipated transfers.

RECOMMENDATION: Staff recommends approving the request which is consistent with the Committee’s common policies. The following table shows the estimated components of the FY 2017-18 appropriation for Appropriated Sponsored Programs.

APPROPRIATED SPONSORED PROGRAMS: FY 2017-18 ESTIMATES		
DISTRIBUTION	REQUEST AND STAFF RECOMMENDATION	
	AMOUNT	FTE
<i>Cash Funds:</i>		
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0
Kaiser Foundation	509,332	1.0
Growing Readers Library Grant	268,279	0.0
Misc. Grants under \$100k	163,615	0.0
Allowance for Additional Grants	950,997	0.0
Subtotal: Cash Funds	\$2,702,223	1.0
<i>Reappropriated Funds:</i>		
Federal Child Care Block Grant Funds transferred from the Department of Human Services	\$1,195,100	6.0
Subtotal: Reappropriated Funds	\$1,195,100	6.0
<i>Federal Funds:</i>		
Title I Programs	\$207,397,525	27.7
Title II Programs	29,692,065	10.5
After School Learning Centers	12,502,652	5.0
Charter School Grants	10,465,179	4.0
Adult Education - WIA	7,041,872	8.0
Mathematics and Science Partnerships	2,205,159	1.0
Educate Homeless Children	880,554	1.3
Even Start	557,982	0.1
Byrd Scholarship Program	653,851	0.0
Coordinated School Health/ AIDS Prevention	72,969	2.1
Other	2,808,321	2.0
Subtotal: Federal Funds	\$274,278,130	61.7
Total	\$278,175,453	68.7

The following table shows the recommended change from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, APPROPRIATED SPONSORED PROGRAMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$281,611,760	\$0	\$2,702,223	\$4,631,407	\$274,278,130	68.7
TOTAL	\$281,611,760	\$0	\$2,702,223	\$4,631,407	\$274,278,130	68.7
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$281,611,760	\$0	\$2,702,223	\$4,631,407	\$274,278,130	68.7
Reflect anticipated funds transfers	(3,436,307)	0	0	(3,436,307)	0	0.0
TOTAL	\$278,175,453	\$0	\$2,702,223	\$1,195,100	\$274,278,130	68.7
INCREASE/(DECREASE)	(\$3,436,307)	\$0	\$0	(\$3,436,307)	\$0	0.0
Percentage Change	(1.2%)	n/a	0.0%	(74.2%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$278,175,453	\$0	\$2,702,223	\$1,195,100	\$274,278,130	68.7
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SCHOOL COUNSELOR CORPS GRANT PROGRAM

Established in 2008 [Section 22-91-101, *et seq.*, C.R.S.], this competitive grant program provides grants to school districts, boards of cooperative services, and charter schools to increase the availability of effective school-based counseling within middle and secondary schools. The stated goal of the program is to increase the state graduation rate and to increase the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. Subject to available appropriations, the State Board awards three-year grants based on statutory criteria²⁰. The State Board is required to give priority to schools at which the dropout rate exceeds the statewide average and/or the percentage of students eligible for free and reduced lunch exceed the statewide average. The Department is authorized to expend up to 2.0 percent of moneys annually appropriated for the Program to offset the costs incurred in implementing the program. This program is subject to available appropriations.

The General Assembly appropriated \$5.0 million cash funds from the State Education Fund annually for the first four years of the program's operation (FY 2010-11 through FY 2013-14). The General Assembly increased the appropriation by \$3.0 million (to a total of \$8.0 million) cash funds in FY 2014-15 and added \$2.0 million more (to a total of \$10.0 million) in FY 2015-16.

STATUTORY AUTHORITY: Section 22-91-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$10.0 million cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. Staff notes that the Department made significant changes to the program for FY 2013-14, including: (1) providing limited funding for the first year of the grant to support planning; (2) requiring reporting at the end of the planning year and using that reporting to determine whether to continue funding; (3) eliminating repeat funding for individual schools; and (4) increasing annual reporting and accountability required of grant recipients. Staff continues to support the Department's changes to the program and believes the additional reporting information and oversight by the Department will allow for a more informed evaluation of the program in future years. Staff also notes that the program has been recognized nationally as a best practice by the Reach Higher Initiative.

BOCES FUNDING PER SECTION 22-5-122, C.R.S.

The General Assembly created this program with an initial appropriation of \$1.3 million cash funds from the State Education Fund in H.B. 12-1345 to assist BOCES in working with partner districts

²⁰ These criteria include: the school's dropout rate, the percentage of students eligible for free or reduced price lunch, the percentage of students who graduate and enroll in postsecondary education within two years after graduating high school, whether the applicant has adopted or has committed to adopt national standards for school counselor responsibilities, and the likelihood that the recipient will continue to fund the increased level of school counseling services following the expiration of the grant.

to implement and meet the state's educational priorities. With the enactment of H.B. 14-1298 (School Finance), the General Assembly increased the appropriation by \$2.0 million (to a total of \$3.3 million) in FY 2014-15 and has maintained that level in subsequent years. The Department reports using funds to support the implementation of: educator effectiveness; accountability and improvement planning; standards and assessments; and early literacy efforts under H.B. 12-1238.

STATUTORY AUTHORITY: Section 25-2-122, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$3,308,255 cash funds from the State Education Fund and 1.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

CONTINGENCY RESERVE FUND

The Contingency Reserve Fund, created in Section 22-54-117 (1) (a), C.R.S., provides a fund source for the State Board of Education to assist school districts facing specific circumstances. Section 22-54-117 (1), C.R.S., authorizes the State Board to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I): financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II): financial emergencies caused by nonpayment of property taxes;
- (a) (III): revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV): unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V): unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI): unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII): unusual financial burden caused by a significant enrollment decline pursuant to a reorganization;
- (a) (VIII): beginning in FY 2016-17, unusual financial burden caused by a significant reduction in assessed value within a district whose state share of total program prior to the application of the negative factor was less than 0.5 percent of total program funding in the previous budget year and the reduction in assessed value is causing a negative factor reduction in the budget year; and
- (b): in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

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

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is

credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

STATUTORY AUTHORITY: Section 22-54-117, C.R.S.

REQUEST: The Department requests an appropriation of \$1.0 million cash funds from the Contingency Reserve Fund, equal to the original (2016 Session) FY 2016-17 appropriation. The request does not account for the anticipated depletion of the fund balance in the Contingency Reserve Fund in FY 2016-17.

RECOMMENDATION: Staff recommends an appropriation of \$2.0 million total funds, including \$1.0 million General Fund appropriated into the Contingency Reserve Fund and \$1.0 million reappropriated funds to provide spending authority to allow the Department to utilize the Contingency Reserve Fund as necessary. As discussed above (SI Contingency Reserve Backfill), the appropriation of General Fund is necessary in FY 2017-18 to replenish funds anticipated to be used in FY 2016-17. The following table shows the recommended change from the FY 2016-17 appropriation (as adjusted by S.B. 17-160).

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, CONTINGENCY RESERVE FUND					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$1,000,000	\$0	\$1,000,000	\$0	0.0
SB 17-160 (Supplemental Bill)	\$235,956	\$63,863	\$108,230	\$63,863	0.0
TOTAL	\$1,235,956	\$63,863	\$1,108,230	\$63,863	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$1,235,956	\$63,863	\$1,108,230	\$63,863	0.0
SI Contingency Reserve Backfill	2,000,000	1,000,000	0	1,000,000	0.0
Annualize SB 17-160 (Supplemental)	(1,235,956)	(63,863)	(1,108,230)	(63,863)	0.0
TOTAL	\$2,000,000	\$1,000,000	\$0	\$1,000,000	0.0
INCREASE/(DECREASE)	\$764,044	\$936,137	(\$1,108,230)	\$936,137	0.0
Percentage Change	61.8%	1,465.9%	(100.0%)	1,465.9%	0.0%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below)					
Recommendation	(\$1,000,000)	(\$1,000,000)	\$1,000,000	(\$1,000,000)	0.0

SUPPLEMENTAL ON-LINE EDUCATION SERVICES

Pursuant to H.B. 06-1008 [Section 22-5-119, C.R.S.], this program provides funding to ensure that supplemental on-line courses are affordable for school districts, BOCES, and charter schools. This line item provides funding to the Mountain BOCES to contract with a supplemental on-line course provider to offer on-line courses at a cost of no more than \$200 per student per semester course. This is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund.

For FY 2007-08 through FY 2015-16, the General Assembly annually appropriated \$480,000 cash funds for this purpose. The enactment of H.B. 16-1222 (Supplemental Online and Blended Learning Resources) increased the appropriation to \$960,000 in FY 2016-17. Beginning in FY 2015-16, the Mountain BOCES has changed providers for the Supplemental On-Line Education program, effective July 1, 2015. The Mountain BOCES is now contracting with two providers, Colorado Digital Learning Solutions and the Colorado Digital Board of Cooperative Educational Services (Digital BOCES)/eLearn Collaborative, to operate the program. The new contract is for a three year period (FY 2015-16 through FY 2017-18).

STATUTORY AUTHORITY: Section 22-5-119, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$960,000 cash funds from the State Public School Fund for FY 2017-18, with no change from the FY 2016-17 appropriation (as adjusted by H.B. 16-1222).

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies. Federal mineral lease revenues (which are deposited into the State Public School Fund) that are not appropriated for this purpose could instead be appropriated for the State Share of Districts’ Total Program Funding, thereby mitigating any reduction to school districts’ total program funding. However, staff sees this program model as a cost-effective way to ensure that schools – particularly rural school districts – are able to purchase on-line courses to supplement their course offerings and help students comply with higher education admission guidelines. Staff is aware of concerns with the prior operation of the program and supports the Mountain BOCES’s change in providers. Staff recommends that the General Assembly and the Department continue an increased level of oversight of this program. The following table summarizes the recommended appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, SUPPLEMENTAL ON-LINE EDUCATION SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$480,000	\$0	\$480,000	0.0
Other legislation	\$480,000	\$0	\$480,000	0.0
TOTAL	\$960,000	\$0	\$960,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$960,000	\$0	\$960,000	0.0
TOTAL	\$960,000	\$0	\$960,000	0.0
Percentage Change	0.0%	n/a	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

Through H.B. 08-1317 [see Sections 22-90-101 and 24-60-3401, C.R.S.], the General Assembly approved and ratified and authorized the Governor to enter into the Interstate Compact on Educational Opportunity for Military Children on behalf of the State. This compact was developed by the Council of State Governments. The Military Interstate Children's Compact Commission (MIC3) is a separate, non-profit entity based in Lexington, Kentucky. All 50 states have now adopted the Compact. Member states agree, as part of the Compact, to pay an annual assessment to cover the cost of the operations and activities of the Commission.

The Compact is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The Compact provides for uniform treatment of military children transferring between school districts and states. Specifically, the Compact addresses the following issues facing children of active duty service members, of members who die on active duty, and of veterans:

- *Enrollment* - educational records, immunizations, and kindergarten and 1st grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar coursework has been completed; flexibility in accepting state exit and end-of-course exams, national achievement tests, or alternative testing in lieu of graduation testing requirements; and allowing a student to receive a diploma from a sending school district

STATUTORY AUTHORITY: Sections 22-90-101 and 24-60-3401, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$20,619 cash funds from the State Education Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. In prior years, staff has adjusted the request based on input from the Commission's staff. However, staff has been unable to obtain a more accurate dues amount for FY 2017-18 and recommends maintaining the current appropriation.

COLLEGE AND CAREER READINESS

The General Assembly added this line item to the FY 2014-15 Long Bill to provide additional technical assistance associated with college and career readiness reforms. Specifically, the Department requested of the creation of the line item to increase assistance related to individual career and academic plans (ICAPs), new statewide graduation guidelines, concurrent enrollment programs, and the implementation of school and district innovation status.

STATUTORY AUTHORITY: Section 22-2-136, C.R.S.

REQUEST: The Department requests an appropriation of \$260,884 General Fund and 2.9 FTE for FY 2017-18. The request includes the following changes from the FY 2016-17 appropriation:

- An increase of \$79,739 General Fund and 0.9 FTE associated with request R3 (Concurrent Enrollment, discussed above).
- A decrease of \$43,896 General Fund and 0.5 FTE to reflect the relocation of the appropriation from H.B. 16-1429 (Alternate Education Campus Criteria and Pilot Program) from this line item to the Longitudinal Analyses of Student Assessment Results line item.

RECOMMENDATION: Staff recommends a total appropriation of \$250,021 General Fund and 2.9 FTE for FY 2017-18, including an increase of \$68,876 General Fund and 0.9 FTE associated with request R3 (Concurrent Enrollment, discussed above) and the requested decrease of \$43,896 to reflect the appropriation from H.B. 16-1429 in the Longitudinal Analyses of Student Assessment Results line item. The following table shows the recommended changes from the FY 2016-17 appropriation.

ASSISTANCE TO PUBLIC SCHOOLS, GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE, COLLEGE AND CAREER READINESS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$181,145	\$181,145	2.0
Other legislation	\$43,896	\$43,896	0.5
TOTAL	\$225,041	\$225,041	2.5
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$225,041	\$225,041	2.5
R3 Concurrent enrollment	68,876	68,876	0.9
Other technical adjustments	(43,896)	(43,896)	(0.5)
TOTAL	\$250,021	\$250,021	2.9
INCREASE/(DECREASE)	\$24,980	\$24,980	0.4
Percentage Change	11.1%	11.1%	16.0%
FY 2017-18 EXECUTIVE REQUEST			
Request Above/(Below) Recommendation	\$10,863	\$10,863	0.0

COLORADO STUDENT LEADERS INSTITUTE

Senate Bill 15-290 (Colorado Student Leaders Institute) creates the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. The program will operate for four weeks each summer on the campus of an institution of higher education for FY 2015-16 through FY 2018-19. The bill creates an executive governing board for the institute, sets conditions for the board's composition and selection and sets minimum standards for program curriculum and activities. The bill limits participation to 100 students annually. The bill authorizes appropriations from the State Education Fund to support the program. The bill appropriated \$218,825 cash funds from the State Education Fund to the Department of Education for FY 2015-16 and reappropriated that amount to the Office of the Lieutenant Governor (along with 1.0 FTE) to operate the program. The General Assembly continued that level of funding in the FY 2016-17 Long Bill.

STATUTORY AUTHORITY: Section 22-44.3-103, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$218,825 cash funds from the State Education Fund (to be reappropriated to the Office of the Lieutenant Governor) for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the requirement in S.B. 15-290 to support the program through FY 2018-19.

CAREER DEVELOPMENT SUCCESS PILOT PROGRAM (New Line Item Recommended)

The Department is requesting the creation of this line item for the FY 2017-18 Long Bill to support the Career Development Success Pilot Program created in H.B. 16-1289 (Incentives to Complete Career Development Courses). The bill establishes the program on a pilot basis, for FY 2017-18 and FY 2018-19 to provide financial incentives for participating school districts and charter schools to encourage high school students to enroll in and successfully complete qualified industry certificate programs, internship or pre-apprenticeship programs, and advanced placement courses. Beginning in FY 2017-18, the bill authorizes participating districts and charter schools to receive up to \$1,000 for each pupil who, in the preceding fiscal year, successfully completed a qualified program. The bill requires the General Assembly to appropriate \$1.0 million annually for incentive payments in FY 2017-18 and FY 2018-19.

STATUTORY AUTHORITY: Section 22-54-138, C.R.S.

REQUEST: The Department requests an appropriation of \$1.0 million General Fund for FY 2017-18, as required by H.B. 16-1289.

RECOMMENDATION: Staff recommends approving the request based on the requirement in H.B. 16-1289.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line item for FY 2016-17. However, the line item remains in the numbers pages at the end of this document because of funding provided in prior years.

MINORITY TEACHER STUDY STRATEGY REPORT

House Bill 14-1175 (Minority K-12 Teachers Study) provided \$50,000 in one-time funding in FY 2014-15 for the Department to study and develop strategies to improve the recruitment, preparation, and retention of high quality minority teachers. The study was completed in 2014 and no funding is necessary.

(D) INDIRECT COST ASSESSMENT

INDIRECT COST ASSESSMENT

This line item reflects indirect cost assessments for the various subdivisions and line items in the Assistance to Public Schools division. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

STATUTORY AUTHORITY: Section 24-31-101 and 102, C.R.S.

REQUEST: The Department requests an appropriation of \$3,049,865 total funds based on the Department’s proposed indirect cost allocation plan for FYU 2017-18.

RECOMMENDATION: Staff recommends approving the request. However, staff also requests permission to revise the amount if necessary based on the Committee’s subsequent common policy decisions. The following table compares the FY 2016-17 appropriation and the current staff recommendation for FY 2017-18.

ASSISTANCE TO PUBLIC SCHOOLS, INDIRECT COST ASSESSMENT, INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$2,308,966	\$0	\$25,000	\$55,571	\$2,228,395	0.0
TOTAL	\$2,308,966	\$0	\$25,000	\$55,571	\$2,228,395	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$2,308,966	\$0	\$25,000	\$55,571	\$2,228,395	0.0
Indirect cost assessment adjustments	740,899	0	0	0	740,899	0.0
TOTAL	\$3,049,865	\$0	\$25,000	\$55,571	\$2,969,294	0.0
INCREASE/(DECREASE)	\$740,899	\$0	\$0	\$0	\$740,899	0.0
Percentage Change	32.1%	n/a	0.0%	0.0%	33.2%	n/a
FY 2017-18 EXECUTIVE REQUEST	\$3,049,865	\$0	\$25,000	\$55,571	\$2,969,294	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(3) LIBRARY PROGRAMS

Background Information: Public libraries are managed and operated locally based on revenues raised from local sources.²¹ The State provides no direct state funding to libraries other than those provided through the State Grants to Publicly-Supported Libraries program and has no authority over public library operations. However, the Commissioner of Education is designated as the ex officio State Librarian, and the State Library is a division within the Department of Education. The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to promote and coordinate the sharing of resources and cooperative relationships among all Colorado libraries to reduce costs at the local level;
- to ensure equal access to information for all Coloradans;
- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

The State Library provides technical support, professional development, and resource sharing opportunities for publicly-supported libraries throughout the state. The State Library cooperatively manages the Colorado Virtual Library, a statewide, Internet-based library network that provides several services to Colorado residents:

- a statewide interlibrary loan system;
- Colorado Online Libraries - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- development of digital infrastructure for improved access to state and local digitized materials and other electronic resources.

The State Library also provides development services for public libraries, school libraries, and institutional libraries in adult and youth correctional facilities and state veterans hospitals. Services to

²¹ Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 113 public library jurisdictions with 251 public library buildings. The jurisdictions include two rural bookmobile services classified as separate jurisdictions. Local libraries are funded through property, sales, and specific ownership tax revenues, as well as grants, donations, and fine revenues. Most public library jurisdictions serve rural populations, with 84 percent (95 jurisdictions) serving populations under 50,000, and 42 percent (47 jurisdictions) serving fewer than 5,000 people. In addition to the typical items checked out, Colorado's libraries provide a variety of additional services, including: summer reading programs for children (99 percent); general computer skills training (73 percent); free Wi-Fi access (97 percent); and programs to assist with access and use of online government services (56 percent), including a joint program with Colorado Parks and Wildlife to provide an educational backpack for families and free state parks pass for checkout (100 percent participation).

public and school libraries include support of early literacy activities and summer reading programs. The State Library also operates the State Publications Library (which provides free access to state government documents) and the Colorado Talking Book Library (which provides free materials to individuals who are unable to read standard print material). Finally, the State Library provides research and statistical information to support policy-making, budgeting, planning, and evaluation activities for libraries and library agencies at the local, regional, state, and federal levels.

The following table summarizes the staff recommendation for the Library Programs division.

LIBRARY PROGRAMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 Appropriation						
HB 16-1405 (Long Bill)	\$8,602,274	\$4,824,022	\$273,860	\$360,000	\$3,144,392	38.1
TOTAL	\$8,602,274	\$4,824,022	\$273,860	\$360,000	\$3,144,392	38.1
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$8,602,274	\$4,824,022	\$273,860	\$360,000	\$3,144,392	38.1
TOTAL	\$8,602,274	\$4,824,022	\$273,860	\$360,000	\$3,144,392	38.1
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS - LIBRARY PROGRAMS (NONE)

The Executive Branch did not submit any decision items for this division.

LINE ITEM DETAIL - LIBRARY PROGRAMS

ADMINISTRATION

This line item provides state funding and staff for the general administration of library programs and the provision of library services.

STATUTORY AUTHORITY: Section 24-90-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,077,426 total funds (including \$823,566 General Fund and \$253,860 cash funds) and 14.3 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2017-18. The State Library effectively uses a relatively small amount of state funding to leverage federal funding, reduce public library costs, and ensure equal access to information for underserved and vulnerable populations.

FEDERAL LIBRARY FUNDING

This line item reflects federal funding that is anticipated to be available for library programs, and the Department staff who are supported by such funds. The federal funds supporting this line item are shown in the Long Bill for informational purposes only.

STATUTORY AUTHORITY: 22 U.S.C. 72

REQUEST: The Department requests a continuation appropriation of \$3,089,065 federal funds and 23.8 FTE, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. As noted above, the appropriation is reflected in the Long Bill for informational purposes only.

COLORADO LIBRARY CONSORTIUM

The Colorado Library Consortium is a statewide library cooperative that was formed as a successor to the seven regional library systems that existed prior to significant state funding reductions in 2003.²² The Consortium supports publicly-funded libraries statewide by:

- Expediting the discovery, selection, and delivery of information and materials to library patrons (including courier services).
- Administering a cooperative purchasing program (negotiating significant discounts on books and other library materials).
- Providing and supporting learning opportunities for ongoing professional development to improve library services.
- Identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$2.0 million annual budget consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$775,000), AspenCat integrated library system fees (\$147,000), book recycling (\$30,000), continuing education fees (\$14,600), and other miscellaneous sources such as grants and cooperative projects. The number of materials transported on the statewide courier system has increased more than 50 percent since 2010, to nearly 3 million items annually. Participation in the union AspenCat catalog, serving primarily small, rural public and school libraries, has grown 163 percent since 2013, to more than 100 libraries, with more than 1.4 million items in the shared collection.

STATUTORY AUTHORITY: Section 24-90-105, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1.0 million General Fund, with no change from the FY 2016-17 appropriation.

²² The FY 2002-03 Long Bill included \$7.5 million General Fund support for library programs (other than state staff). The Governor vetoed appropriations totaling \$4.5 million, and these appropriations were further reduced in FY 2003-04 to \$359,796.

RECOMMENDATION: Staff recommends approving the request. This appropriation ensures that the Consortium can offer public libraries a cooperative purchasing program and a statewide courier service at a reasonable cost, reducing public library expenses and facilitating resource sharing.

COLORADO VIRTUAL LIBRARY

Pursuant to Section 24-90-302 et seq., C.R.S., the State Librarian is responsible for providing electronic resources through libraries to all Colorado residents, to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases;
- digitized collections of Colorado resources;
- indexes and full text database products;
- an interlibrary loan system facilitating resource sharing throughout Colorado; and
- other services associated with providing computer-based library resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. This line item provides funding for ongoing operations, including contract technical staff for operations and programming, contract training and user support, annual hardware and software maintenance fees, leased space, database archiving services, backup tapes, and Internet connectivity.

STATUTORY AUTHORITY: Section 24-90-302, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$379,796 total funds (including \$359,796 General Fund) for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

COLORADO TALKING BOOK LIBRARY, BUILDING MAINTENANCE, AND UTILITY EXPENSES

Background Information: The Colorado Talking Book Library is part of a national library program providing Braille, audio, and large-print books for individuals of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931. The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building.

The Library operates in a cost-effective manner. State funds currently support a portion of the operating expenses and some staff, the balance is supported through federal funds, The Friends of the Colorado Talking Book Library, and volunteers. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and some supplies, Braille and recorded books and magazines. The value the existing inventory of materials and equipment provided by NLS is valued at over \$6.4 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons.

In addition to supporting a portion of the Talking Book Library staff and operating expenses (through the Administration line item), this appropriation covers the library's maintenance and utility expenses.

STATUTORY AUTHORITY: Section 24-90-105 (1) (e), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$90,660 General Fund, with no change from the FY 2016-17 appropriation. (The General Assembly increased the appropriation for this line item by \$20,000 General Fund in FY 2016-17.)

RECOMMENDATION: Staff recommends approving the request. The Talking Book Library provides essential services for the blind and visually impaired, at relatively little cost to the State.

READING SERVICES FOR THE BLIND

Background Information: Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharge on each telephone access line to cover the following costs:

- the PUC's costs of developing, implementing, and administering telecommunications relay services (not to exceed 3.0 percent of the total costs);
- the cost to local exchange companies of imposing and collecting the surcharge; and
- the costs of providers rendering telecommunications relay services.

The PUC adjusts this surcharge annually, when necessary. Moneys collected by the local exchange companies are credited to the Colorado Disabled Telephone Users Fund. These moneys are currently authorized to be utilized by three different departments. Specifically, the General Assembly is required to make the following annual appropriations from the Fund (FY 2016-17 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$144,138);
- to the Reading Services for the Blind Cash Fund, for use by the State Librarian in support of privately operated reading services for the blind (\$360,000); and
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$1,012,818).

Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding appropriations appear in the other relevant state agencies' budgets. Moneys in the

Fund not used for the above purposes are continuously appropriated to the PUC for the reimbursement of providers who render telecommunications services (estimated to be \$1,900,542 in the FY 2015-16 Long Bill).

This line item authorizes the Department of Education to spend moneys in the Reading Services for the Blind Cash Fund for the provision of reading services for the blind. The Department annually spends a portion of the funds to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The services provided by AINC are also made available through the internet, telephone, and podcasts. Prior to FY 2012-13, the General Assembly had allocated \$200,000 per year to the AINC. The FY 2012-13 Long Bill increased the AINC allocation to \$300,000, and the FY 2014-15 Long Bill added \$10,000 for a total of \$310,000 in FY 2014-15. The FY 2015-16 Long Bill appropriated an additional \$50,000 General Fund, for a total of \$360,000 in support for AINC in FY 2015-16, and the General Assembly continued that level of funding for FY 2016-17.

The remaining \$50,000 is used to purchase services from the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by email. Newslines services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newslines service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newslines services. The CTBL is able to sign patrons up for the Newslines service through their existing database.

STATUTORY AUTHORITY: Section 24-90-105.5, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$410,000 total funds (including \$50,000 General Fund and \$360,000 cash funds) for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intends to continue to provide the current level of funding.

STATE GRANTS TO PUBLICLY-SUPPORTED LIBRARIES PROGRAM

Senate Bill 00-085 created the State Grants to Publicly-Supported Libraries Program to provide funds to enable public libraries, school libraries, and academic libraries to purchase educational resources that they would otherwise be unable to afford. The bill created the State Grants to Publicly-Supported Libraries Fund, which consists of any moneys appropriated by the General Assembly and any other moneys collected by the State Librarian for such purpose. Statute (Section 24-90-407 (2), C.R.S.) allows the Department to spend up to 2.5 percent of the appropriation to administer the program. Because of the structure in statute, the appropriation historically consisted of two line items: one to appropriate General Fund into the cash fund and one providing spending authority from the cash fund. The enactment of S.B. 15-108 (Direct Appropriations for CDE Programs) eliminated the dual appropriation structure for this program, allowing for a direct appropriation from the General Fund to support the program.

The program first operated for FY 2000-01 and FY 2001-02. The Governor vetoed the appropriations to the program for FY 2002-03, and the program remained 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. In FY 2015-16, the General Assembly appropriated an additional \$500,000 General Fund, for a total appropriation of \$2.5 million. Since FY 2014-15, the Long Bill has included a footnote indicating the General Assembly's intent that the funds be used to support efforts to improve early literacy.

The program has awarded \$2,452,400 to 315 grantees statewide (representing 96.6 percent of 326 potential applicants) in FY 2016-17, 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. The Department has used the additional \$500,000 provided in FY 2015-16 to increase the base amount for every grant recipient by \$500 (from \$3,000 in FY 2014-15 to \$3,500 in subsequent years).

The Department reports that grantees are using the funds to: launch new e-book resources for parents and families, create new collections for toddler story time, buy online resources, and enhance collections related to early childhood development and other topics associated with early literacy and educational materials.

STATUTORY AUTHORITY: Sections 24-90-401 through 408, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$2,500,000 General Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request based on the assumption that the General Assembly intends to continue to support the program.

INDIRECT COST ASSESSMENT

This line item reflects indirect cost assessments associated with Library Programs. The Department uses the funds collected to offset General Fund that would otherwise be required in the Management and Administration division for General Department and Program Administration and a variety of centrally appropriated line items.

STATUTORY AUTHORITY: Section 24-31-101 and 102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$55,327 federal funds, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The indirect cost assessment for Library Programs is fixed based on the federal grantor's limitation on the amount of grant funding used for administration purposes. Thus, there will be no change from the FY 2016-17 appropriation.

LINE ITEMS SHOWN IN THE NUMBERS PAGES BECAUSE OF PRIOR YEAR FUNDING

The Department is not requesting, and staff is not recommending, funding for the following line items for FY 2016-17. However, the line items remain in the numbers pages at the end of this document because of funding provided in prior years.

STATE GRANTS TO PUBLICLY –SUPPORTED LIBRARIES FUND

Under the previous structure of the program, the General Assembly used this line item to appropriate General Fund into the program's cash fund and then used the next line item to support the program (with reappropriated funds). As discussed above, the enactment of S.B. 15-108 allows for the direct appropriation of General Fund to support the program and eliminates the need for this line item.

(4) SCHOOL FOR THE DEAF AND THE BLIND

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

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

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

- Assessment and identification of educational needs;
- Special curricula;
- Equipment and materials;
- Supplemental related services;
- Special short-term programs;
- Program planning and staff development;
- Programs for parents, families, and the public; and

- Research and development to promote improved educational programs and services.

Enrollment. As summarized in the table below, the CSDB had an on-campus enrollment of 199 students (ages 3 to 21) in the 2015-16 school year, a decrease of 21 students from the 2014-15 school year. The CSDB's total enrollment was 511 students for the 2015-16 school year, including 312 children under age three. That total enrollment included 428 deaf/hard of hearing children and 83 blind/visually impaired children. Compared to FY 2014-15, the CSDB's total enrollment decreased by 41 students (7.4 percent). Of the total number of students receiving on-campus services, 78 resided at the CSDB (returning home on weekends) and the remaining 121 students only attended classes during the day.

Of the total number of students enrolled, 335 were infants, preschool students, attending classes part-time in local public schools, or in the community-based transition program, and were thus not eligible for per pupil funding. As a result, the CSDB only received per pupil revenue for 176 students. The CSDB indicates that the per pupil operating revenue covered about 10 percent of the average costs per student (including both residential and non-residential students).

COLORADO SCHOOL FOR THE DEAF AND THE BLIND: FY 2015-16 ENROLLMENT						
DESCRIPTION	CHILDREN UNDER 3		ON-CAMPUS STUDENTS		TOTAL ENROLLMENT	
	NUMBER	ANNUAL % CHANGE	NUMBER	ANNUAL % CHANGE	NUMBER	ANNUAL % CHANGE
Deaf/ Hearing Impaired	287	-4.7%	141	-7.2%	428	-5.5%
Blind/ Visually Impaired	25	-19.4%	58	-14.7%	83	-16.2%
Total Enrollment	312	-6.0%	199	-9.5%	511	-7.4%
Number of Residential Students	0	0.0%	78	-3.7%	78	-3.7%
Number of FTE for Whom Facility School Funding is Received	0	0.0%	176	-9.7%	176	-9.7%
<i>Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts</i>	0.0%		88.4%		34.4%	

In addition, the CSDB provides in-home support services for eligible children under age five and their families across the state. The CSDB reports that these programs served 387 children and their families in FY 2015-16.

The following table summarizes the staff recommendation for the Colorado School for the Deaf and the Blind.

SCHOOL FOR THE DEAF AND THE BLIND					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 Appropriation					
HB 16-1405 (Long Bill)	\$16,313,576	\$11,582,107	\$1,075,000	\$3,656,469	180.2
TOTAL	\$16,313,576	\$11,582,107	\$1,075,000	\$3,656,469	180.2
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$16,313,576	\$11,582,107	\$1,075,000	\$3,656,469	180.2
R6 CSDB teacher salary increase	50,070	50,070	0	0	0.0
Centrally appropriated line items	10,361	10,361	0	0	0.0
Annualize prior year budget actions	(95,106)	(95,106)	0	0	0.0

SCHOOL FOR THE DEAF AND THE BLIND					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Fund source adjustments	0	(43,206)	0	43,206	0.0
TOTAL	\$16,278,901	\$11,504,226	\$1,075,000	\$3,699,675	180.2
INCREASE/(DECREASE)	(\$34,675)	(\$77,881)	\$0	\$43,206	0.0
Percentage Change	(0.2%)	(0.7%)	0.0%	1.2%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$16,380,598	\$11,649,129	\$1,075,000	\$3,656,469	180.2
Request Above/(Below) Recommendation	\$101,697	\$144,903	\$0	(\$43,206)	0.0

DECISION ITEMS - SCHOOL FOR THE DEAF AND THE BLIND

→ R6 CSDB TEACHER SALARY INCREASE

REQUEST: The Department requests an increase of \$50,070 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 2016-17 (the CSDB salaries lag District 11 by one year), the request includes \$50,070 for experience step increases.

RECOMMENDATION: Staff recommends approving the request, which aligns with current law requiring the CSDB to provide salary increases in accordance with the District 11 salary schedule.

ANALYSIS: Section 22-80-106.5, C.R.S. (as amended by S.B. 14-168), requires that teachers employed by the CSDB be compensated “in accordance with the salary schedule adopted pursuant to section 22-63-401, as of January 1 of the preceding fiscal year by resolution of the board of education of the school district within the boundaries of which the main campus of the school is located and with the salary policies that the board of trustees adopts to implement the salary schedule.” For example, the FY 2016-17 appropriation for the CSDB includes a total increase of \$229,685, made up of two separate components: (1) a net increase of \$127,988 to reflect the placement of teachers on the revised District 11 salary schedule *for FY 2015-16*; and (2) an increase of \$101,697 to support a one-time 4.0 percent across the board pay increase in alignment with an increase provided by District 11 for FY 2015-16.

In FY 2016-17, District 11 modified its salary schedule to provide experience “step” increases for teachers, and the Department’s request applies those step increases to the CSDB’s teachers for FY 2017-18.

LINE ITEM DETAIL - SCHOOL FOR THE DEAF AND THE BLIND

(A) SCHOOL OPERATIONS

PERSONAL SERVICES

This line item provides funding for most School employees and for certain professional and temporary services.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests an appropriation of \$10,624,781 total funds (including \$9,013,887 General Fund and \$1,610,894 reappropriated funds) and 153.1 FTE for FY 2017-18. The request includes the following increases above the FY 2016-17 appropriation:

- \$50,070 General Fund associated with request R6 (CSDB Teacher salary Increases, discussed above).
- \$6,591 General Fund to annualize salary survey increases provided in FY 2016-17.

RECOMMENDATION: Staff recommends an appropriation of \$10,523,084 total funds (including \$8,957,226 General Fund) and 153.1 FTE for FY 2017-18. The recommendation includes the requested increase associated with request R6 (CSDB Teacher Salary Increases, discussed above) and to annualize FY 2016-17 salary survey increases. Changes from the request include: (1) a reduction of \$101,697 General Fund to eliminate one-time funding provided for CSDB teacher salary bonuses through FY 2016-17 R4 (the Department and CSDB agree that the reduction is appropriate as the funding was one-time in nature); and (2) a reduction of \$43,206 General Fund that is offset by an equal increase in reappropriated funds to reflect anticipated transfers from the Facility School Funding line item.

Staff notes that the General Assembly provided significant additional funding in FY 2015-16 as part of the decision item to improve implementation of the CSDB Strategic Plan, including resources to support a 10-day extension of the CSDB school year. Given that FY 2015-16 was the first year of implementation of the decision item, it is clearly too early to assess potential change in performance at the school. The school, and the JBC staff, will continue to monitor implementation and changes in performance going forward.

The following table shows the components of the staff recommendation relative to the FY 2015-16 appropriation.

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, PERSONAL SERVICES				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$10,568,120	\$8,957,226	\$1,610,894	153.1
TOTAL	\$10,568,120	\$8,957,226	\$1,610,894	153.1
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$10,568,120	\$8,957,226	\$1,610,894	153.1
R6 CSDB teacher salary increase	50,070	50,070	0	0.0
Fund source adjustments	0	(43,206)	43,206	0.0
Annualize prior year budget actions	(95,106)	(95,106)	0	0.0
TOTAL	\$10,523,084	\$8,868,984	\$1,654,100	153.1
INCREASE/(DECREASE)	(\$45,036)	(\$88,242)	\$43,206	0.0
Percentage Change	(0.4%)	(1.0%)	2.7%	0.0%

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, PERSONAL SERVICES				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 EXECUTIVE REQUEST	\$10,624,781	\$9,013,887	\$1,610,894	153.1
Request Above/(Below) Recommendation	\$101,697	\$144,903	(\$43,206)	0.0

Funding Sources. Prior to FY 2008-09, CSDB students were included in the pupil count of each student's home school district, and the Department transferred the statewide average per pupil operating revenue from the State Share of Districts' Total Program Funding line item to the CSDB for each eligible enrolled student. The CSDB now receives funds transferred from the Facility School Funding line item. Specifically, pursuant to the changes made in S.B. 13-260 (and discussed above in the Facility Schools section of this document) the CSDB receives statewide base per pupil funding times 1.73 to cover the costs of facilities that provide year-round educational services. This amount is translated into a daily rate, and the CSDB receives a daily rate for each child in attendance for up to 235 days each school year (with a 10-day extension to the CSDB school year approved by the General Assembly, the CSDB currently operates on a 184-day calendar).

Staff's calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

PROJECTED FY 2017-18 FACILITY SCHOOLS FUNDING FOR CSDB	
Projected statewide base per pupil funding (based on current law)	\$6,546.20
Facility school funding for year-round educational programs (1.73 x base PPR)	\$11,325
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$48.19
Estimated student-days billed by CSDB (average daily attendance (182.59 projected) x 184 instructional days)	33,597
Projected Transfer to CSDB (Daily rate x Student-days)	\$1,619,100

CSDB PERSONAL SERVICES - FUNDING SPLITS	
Total Recommended Funding	\$10,523,084
Less: Estimated Transfer from the Facility Schools Funding Line item	(\$1,619,100)
Less: Federal Nutritional Funds transferred from the Appropriated Sponsored Programs line item	(\$35,000)
General Fund portion of appropriation	\$8,868,984

EARLY INTERVENTION SERVICES

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

These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in

techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use of early literacy strategies, thereby easing the child's transition into public school.

STATUTORY AUTHORITY: Section 22-80-102 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,226,824 General Fund and 10.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies.

SHIFT DIFFERENTIAL

This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second or "swing" shift and 10.0 percent for third or "graveyard" shift). The school uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

STATUTORY AUTHORITY: Section 24-50-104 (1) (a), C.R.S.

REQUEST: The Department requests an appropriation of \$114,584 General Fund for FY 2017-18, including an increase of \$4,095 based on OSPB's common policy to provide 100.0 percent of the prior year's actual expenditures for shift differential.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies for FY 2017-18. The following table shows the recommended change from the FY 2016-17 appropriation.

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, SHIFT DIFFERENTIAL			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$110,489	\$110,489	0.0
TOTAL	\$110,489	\$110,489	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$110,489	\$110,489	0.0
Centrally appropriated line items	4,095	4,095	0.0
TOTAL	\$114,584	\$114,584	0.0
INCREASE/(DECREASE)			
Percentage Change	3.7%	3.7%	0.0%
FY 2017-18 EXECUTIVE REQUEST			
Request Above/(Below)	\$0	\$0	0.0

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, SHIFT DIFFERENTIAL			
	TOTAL FUNDS	GENERAL FUND	FTE
Recommendation			

OPERATING EXPENSES

This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay²³, custodial services, equipment rental, storage, dues and subscriptions, and printing.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$668,291 General Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policies.

VEHICLE LEASE PAYMENTS

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 14 vehicles²⁴ that are all utilized at the CSDB.

STATUTORY AUTHORITY: Section 24-30-1104 (2), C.R.S.

REQUEST: The Department requests an appropriation of \$22,963 General Fund pursuant to OSPB’s common policies.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee’s common policy for FY 2017-18. The following table shows the recommended change from the FY 2016-17 appropriation.

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, VEHICLE LEASE PAYMENTS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$16,697	\$16,697	0.0
TOTAL	\$16,697	\$16,697	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			

²³ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

²⁴ Currently, these vehicles include: seven vans, three sedans, two buses, and two trucks.

SCHOOL FOR THE DEAF AND THE BLIND, SCHOOL OPERATIONS, VEHICLE LEASE PAYMENTS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 Appropriation	\$16,697	\$16,697	0.0
Centrally appropriated line items	6,266	6,266	0.0
TOTAL	\$22,963	\$22,963	0.0
INCREASE/(DECREASE)	\$6,266	\$6,266	0.0
Percentage Change	37.5%	37.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$22,963	\$22,963	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

UTILITIES

This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

STATUTORY AUTHORITY: Section 22-80-101.5 et seq., C.R.S.

REQUEST: The Department requests a continuation appropriation of \$602,580 General Fund for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The Committee increased the appropriation for CSDB's utility expenses in FY 2014-15 and FY 2015-16 based on increasing costs. The Department's estimates indicate that the requested appropriation should be sufficient for FY 2017-18.

ALLOCATION OF STATE AND FEDERAL CATEGORICAL PROGRAM FUNDING

The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent years the CSDB has received allocations related to the English language proficiency program, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). These moneys are transferred from the various line items in the Assistance to Public Schools, Categorical Programs section of the Long Bill.

STATUTORY AUTHORITY: Section 22-20-103 et seq., C.R.S. (Special Education for Children with Disabilities).

REQUEST: The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. The disbursements of categorical funding are based on the CSDB's annual student count and, as a result, fluctuate some from year to

year. The recommendation is intended to allow the CSDB to receive and spend all categorical funding for which it is eligible. The continuation level of funding is appropriate.

MEDICAID REIMBURSEMENTS FOR PUBLIC SCHOOL HEALTH SERVICES

Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. Section 25.5-5-318 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

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

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

STATUTORY AUTHORITY: Section 22-80-102 (5), C.R.S.

REQUEST: The Department requests a continuation appropriation of \$403,244 reappropriated funds spending authority and 1.5 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request, which is consistent with the Committee's common policies. The recommendation is intended to allow the CSDB to receive and spend all of the Medicaid funding for which it is eligible.

(B) SPECIAL PURPOSE

FEES AND CONFERENCES

This line item provides spending authority for the Department to spend fees charged and received for various conferences or meetings held at the CSDB. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". This appropriation allows the CSDB to host conferences that benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. These fees offset additional custodial, maintenance, and security costs incurred. The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$120,000 cash funds for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. Staff recommends maintaining the appropriation at its current level despite the low levels of expenditures in recent years, as the recommendation is intended to allow the Department to receive and spend any fees earned.

OUTREACH SERVICES

The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of students' educational needs; special curricula; equipment and materials; supplemental related services; special short-term programs; program planning and staff development; programs for parents, families and the public; and research and development to promote improved educational programs and services. The reappropriated funds portion of this appropriation represents federal funds transferred from school districts for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting CSDB enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often, the districts themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.
- CSDB employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In FY 2009-10, this line item was increased by \$755,836 cash funds and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The outreach services include technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. In FY 2015-16, the General Assembly added an additional 0.8 FTE associated with FY 2015-16 R5 (CSDB Strategic Plan Implementation). The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,025,000 total funds (including \$755,000 cash funds and \$270,000 reappropriated funds) and 6.2 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request.

TUITION FROM OUT-OF-STATE STUDENTS

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

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

STATUTORY AUTHORITY: Section 22-80-110, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$200,000 cash funds spending authority for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. While the Department had not used the appropriation the past several years, CSDB currently has two out of state students (from Wyoming) in FY 2016-17 and is receiving tuition for both students. Staff recommends continuing the appropriation at its current level to allow the CSDB to serve any students deemed appropriate, which benefits both the student and the CSDB. The CSDB will only be able to spend funds actually received as tuition from out-of-state students.

GRANTS

This line item provides spending authority for the CSDB to receive various grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are appropriated through separate line items.

STATUTORY AUTHORITY: Section 22-80-102, C.R.S.

REQUEST: The Department requests a continuation appropriation of \$1,202,331 reappropriated funds and 9.0 FTE for FY 2017-18, with no change from the FY 2016-17 appropriation.

RECOMMENDATION: Staff recommends approving the request. Staff recommends maintaining the appropriation at its current level despite the low levels of expenditures in recent years, as the recommendation is intended to allow the Department to receive and spend any revenues received under the line item.

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **REINSTATING** the following footnote:

- N Department of Education, Assistance to Public Schools, Public School Finance, State share of Districts' Total Program Funding -- It is the intent of the General Assembly that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year FY 2017-18, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S.

COMMENT: Section 22-54-104 (5) (c) (III) (A), C.R.S., requires the Legislative Council Staff to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the study conducted in FY 2017-18 will impact funding requirements for FY 2018-19 and FY 2019-20.

Staff recommends **CONTINUING** the following footnotes:

- 5 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 2016-17~~ FY 2017-18. It is the intent of the General Assembly that the Department of Education be authorized to utilize up to ~~\$3,737,250~~ \$3,859,900 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 550 FTE participants funded at a rate of ~~\$6,795~~ \$7,018 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

COMMENT: House Bill 19-1319²⁵ 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: (1) increasing the percentage of students who participate in higher education, especially among low-income and traditionally under-served populations; (2) decreasing the number of high school dropouts; (3) decreasing the time required for a student to complete a postsecondary degree; (4) reducing state expenditures for public education; and (5) increasing the number of educational pathways available to students.

Similar to students participating in multi-district online programs and the Colorado Preschool Program, ASCENT students are counted and funded through the School Finance Act formula. However, the ASCENT Program is subject to available appropriations. As funding for ASCENT is calculated as part of school districts' total program funding, state

²⁵ See Section 22-35-108, C.R.S.

funding for ASCENT students is included within the State Share of Districts' Total Program Funding line item. This footnote thus provides the mechanism for the General Assembly to limit the appropriation for ASCENT.

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

In order to inform the General Assembly of the level of interest in the ASCENT Program, on September 1 local education providers submit an estimate of the number of current grade 12 seniors who will seek designation as ASCENT Program participants in the following fiscal year. The Department reports this data as part of its annual budget request. The Department has also requested that districts update ASCENT Program estimates in February, and the Department provides the updated estimates to the Joint Budget Committee. Ultimately, statute charges the State Board of Education with determining how many qualified students may be designated as ASCENT participants for the following school year, based on available appropriations and guidelines established by the State Board.

In the current year, a total of 434.5 FTE students are participating in the ASCENT Program. Based on historic use of the program, including in the current year, the Department expects 550 slots to be sufficient in FY 2017-18. In addition, please note that the enactment of S.B. 15-138 makes more funding available for ASCENT participants in FY 2017-18. That bill allows participating school districts to use funding for unused slots from the current year to support ASCENT slots in the following year. As a result, school districts have until the end of this fiscal year to encumber any funds associated with unused slots in FY 2016-17 to provide ASCENT slots in FY 2017-18, and that funding is in addition to the amounts assumed in the FY 2017-18 appropriation. Participating districts must remit any FY 2016-17 ASCENT funds remaining unencumbered by the end of the fiscal year to the Department. The Department will credit such funds to the State Public School Fund.

- 6 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 cost of FY 2019-20, whichever comes first. At project completion or the end of the three-year period, any unexpended balance reverts to the Public School Capital Construction Assistance Fund.

COMMENT: The General Assembly added this footnote to the FY 2015-16 Long Bill to allow the Department to spend cash grants provided through the B.E.S.T. Program over a three-year period in order to allow for project completion.

- 7 Department of Education, Library Programs, Reading Services for the Blind – This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that \$360,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$50,000 of this appropriation be used to

provide telephone access to digital transmissions of nationally published and produced materials.

COMMENT: The General Assembly has included this footnote in the Long Bill for several years to express the intent of the appropriation. The Department annually spends a portion of the appropriation (specified at \$360,000 in FY 2016-17 and in the recommendation for FY 2017-18) to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHz. AINC is working through cable associations with the cities to expand local coverage. The services provided by AINC are also made available through the internet, telephone, and podcasts.

The remaining \$50,000 is used to purchase services from the National Federation for the Blind (NFB) for its Newline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by e mail. Newline services now include television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newline service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newline services. The CTBL is able to sign patrons up for the Newline service through their existing database.

- 8 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 with the restoration of funding to this line item. Assuming that the footnote still reflects the General Assembly's intent for the line item, staff recommends continuing the footnote.

REQUESTS FOR INFORMATION

Staff recommends continuing and **CONTINUING AND MODIFYING** the following 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 ~~2015-16~~ 2016-17 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 ~~2014-15~~ 2015-16 and

actual district expenditures for each program in fiscal year ~~2014-15~~ 2015-16. 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 ~~2014-15~~ 2015-16 and actual district expenditures in fiscal year ~~2014-15~~ 2015-16.

COMMENT: This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs.

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding – The Department is requested to provide to the Joint Budget Committee, on or before November 1, ~~2016~~ 2017, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2015-16~~ 2016-17: (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: Funding for the Colorado Preschool Program (CPP) is included in the State Share of Districts' Total Program Funding line item. This request provides the Joint Budget Committee with data related to CPP, including the costs of the program, how many existing slots are being used to serve three-year-old children or to provide a full day of preschool to an individual child, and the adequacy of the number of authorized slots.

- 2 Department of Education, Assistance to Public Schools, Grant Programs, Distributions, and Other Assistance – The Department is requested to provide information to the Joint Budget Committee by November 1, ~~2016~~ 2017, 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 ~~2014-15~~ 2015-16 and ~~2015-16~~ 2016-17.

COMMENT: This request ensures that the Joint Budget Committee receives information about a distribution of state funds that occurs off-budget. Specifically, pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants. The above language requests data for both FY 2015-16 and FY 2016-17.

INDIRECT COST ASSESSMENTS

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

The Department of Education annually calculates two separate indirect cost rates, one affecting federal funds and another for cash funds. The Department’s indirect cost methodology is based on three components: an “*Indirect Cost Pool*”, an “*Indirect Cost Base*”, and an “*Indirect Cost Rate*”.

The Department calculates and negotiates the federal indirect cost rate with the U.S. Department of Education (USDE). In a change from prior years, the Department has negotiated a three-year fixed federal indirect cost rate with USDE based on an onsite audit by USDE. The Department calculates the federal rate based on the most recent year of actual expenditures. For example, actual expenditures from FY 2013-14 are the basis of the FY 2015-16 federal indirect rate of 9.9 percent, which will apply for FY 2015-16 through FY 2017-18. The Department calculates the federal rate as the indirect cost pool divided by the indirect cost base (as illustrated in the tables below) but must negotiate the final rate with USDE. Prior to FY 2015-16, this was an annual negotiation.

The Department bases the cash fund indirect cost rate on the approved federal rate, with some modifications. For example, the USDE prohibits the collection of indirect costs from contracts over \$25,000. For the cash fund rate, the Department adds the USDE exclusions back into the indirect cost pool to arrive at the cash fund indirect cost rate. The Department primarily applies the cash fund rate to the Educator Licensure Cash Fund but also applies the rate to private gifts, grants, and donations. Similar to the federal rate, the Department has now set a fixed cash fund rate of 11.5 percent for cash fund indirect cost recoveries for FY 2015-16 through FY 2017-18.

INDIRECT COST POOL

The *Indirect Cost Pool* is comprised of expenses in the Management and Administration Division, including expenses associated with the following line items: General Department and Program Administration, Health, Life, and Dental, Short-term Disability, S.B. 04-257 Amortization Equalization Disbursement, S.B. 06-235 Supplemental Amortization Equalization Disbursement, and Payment to Risk Management and Property Funds. The Department categorizes the indirect cost pool differently, however, based on the costs actually included in the pool for calculation purposes. **Table 1** (on the following page) outlines which *costs* are included in the department’s Indirect Cost Pool.

DIVISION/COST DESCRIPTION	FY 2013-14 ACTUAL
Statewide Indirect Costs for FY 2017-18	\$650,543
Management and Administration	
Human Resources	\$230,410
Accounting and Purchasing	926,480
Department Overhead	603,737
Sick and Annual Leave Payouts	369,532
Budget	397,599

TABLE 1: DEPARTMENT OF EDUCATION INDIRECT COST POOL	
DIVISION/COST DESCRIPTION	FY 2013-14 ACTUAL
Information Management	1,449,617
Total Departmental Indirect Cost Pool	\$3,977,375
Other Costs	
Depreciation	\$168,456
State Auditor	176,603
Carryforward undercollections from FY 2012-13	237,005
Total Other Costs	\$582,064
Total Indirect Cost Pool	\$5,209,982

INDIRECT COST BASE

The *Indirect Cost Base* is the denominator in the calculation of the federal indirect cost rate. The indirect cost base consists of Departmental salaries, fringe benefits, and operating expenses. The federal calculation excludes the items for which the USDE prohibits indirect cost collections and excludes departmental indirect costs. **Table 2** summarizes the department's indirect cost base using the FY 2013-14 actuals that provided the base for the current federal rate.

TABLE 2: DEPARTMENT OF EDUCATION INDIRECT COST BASE	
	FY 2013-14 ACTUAL
CDE salaries, fringe benefits, operating expenses	\$90,740,058
Less: Expenditures Excluded by USDE	(41,055,997)
Less: Departmental Indirect Costs	(3,977,375)
Total Indirect Cost Base	\$45,706,686

INDIRECT COST RATE

The federal *indirect cost rate* is calculated by dividing the indirect cost pool by the indirect cost base. **Table 3** illustrates how the Department calculates the federal indirect cost rate. However, as discussed above, the Department and USDE have negotiated a three-year rate of 9.9 percent (which is roughly 1.5 percent below the calculated rate).

TABLE 3: DEPARTMENT OF EDUCATION INDIRECT COST RATE	
FEDERAL RATE = INDIRECT COST POOL / DIRECT COST BASE	
DIVISION	FY 2013-14 ACTUAL
Indirect Cost Pool	\$5,209,982
Indirect Cost Base	45,706,686
Calculated Indirect Cost Base	11.4%
Negotiated Federal Rate (Actual Rate)	9.9%

The Department applies the federal indirect cost rate to all federally funded expenditures for salaries, fringe benefits, operating expenses, and travel costs. The USDE prohibits charging indirect costs to federal funds supporting contracts in excess of \$25,000, grant distributions to school districts and other recipients, and capital expenditures in excess of \$5,000. In addition, some federal programs impose indirect cost limits. For example, the Library Service and Technology Act (LSTA) grant

limits indirect cost recoveries to 4 percent, regardless of the negotiated indirect cost rate for other federal funds.

The Department also does not charge indirect costs to General Fund expenditures, some cash funded expenditures (most importantly those supported by the State Education Fund), or reappropriated fund expenditures.

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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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	<u>296,962</u>	<u>307,789</u>	<u>311,194</u>	<u>311,194</u>	<u>311,194</u>
FTE	1.8	1.3	2.0	2.0	2.0
General Fund	296,962	307,789	311,194	311,194	311,194
General Department and Program Administration	<u>3,919,761</u>	<u>4,110,736</u>	<u>4,252,945</u>	<u>4,252,945</u>	<u>4,252,945</u>
FTE	34.4	33.2	34.6	34.6	34.6
General Fund	1,715,092	1,763,782	1,792,802	1,792,802	1,792,802
Cash Funds	140,033	129,160	177,081	177,081	177,081
Reappropriated Funds	2,064,636	2,217,794	2,283,062	2,283,062	2,283,062
Office of Professional Services	<u>2,624,258</u>	<u>2,560,240</u>	<u>2,212,518</u>	<u>3,110,519</u>	<u>2,517,511</u>
FTE	24.8	24.6	25.0	25.0	25.0
Cash Funds	2,624,258	2,560,240	2,212,518	3,110,519	2,517,511

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Division of On-line Learning	<u>389,585</u>	<u>351,450</u>	<u>359,549</u>	<u>359,549</u>	<u>359,549</u>
FTE	3.3	2.8	3.3	3.3	3.3
General Fund	46,027	0	0	0	0
Cash Funds	343,558	351,450	359,549	359,549	359,549
Health, Life, and Dental	<u>3,559,982</u>	<u>4,740,929</u>	<u>4,834,978</u>	<u>5,228,147</u>	<u>5,180,585</u> *
General Fund	1,429,754	1,700,148	1,802,970	2,066,418	2,058,491
Cash Funds	193,063	565,607	653,174	674,204	634,569
Reappropriated Funds	284,788	508,433	429,949	455,053	455,053
Federal Funds	1,652,377	1,966,741	1,948,885	2,032,472	2,032,472
Short-term Disability	<u>74,195</u>	<u>88,638</u>	<u>77,458</u>	<u>80,933</u>	<u>80,489</u> *
General Fund	24,969	27,057	25,329	28,740	28,622
Cash Funds	3,851	11,949	11,387	11,192	10,866
Reappropriated Funds	6,412	9,944	8,124	8,757	8,757
Federal Funds	38,963	39,688	32,618	32,244	32,244
S.B. 04-257 Amortization Equalization Disbursement	<u>1,521,739</u>	<u>1,897,700</u>	<u>2,054,352</u>	<u>2,298,013</u>	<u>2,286,448</u> *
General Fund	514,962	581,811	675,152	819,361	816,369
Cash Funds	78,899	255,387	301,250	316,553	307,980
Reappropriated Funds	130,841	212,557	214,983	248,206	248,206
Federal Funds	797,037	847,945	862,967	913,893	913,893
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,426,627</u>	<u>1,833,003</u>	<u>2,032,954</u>	<u>2,297,982</u>	<u>2,286,448</u> *
General Fund	482,812	561,976	668,120	819,330	816,369
Cash Funds	73,967	246,680	298,112	316,553	307,980
Reappropriated Funds	122,626	205,310	212,744	248,206	248,206
Federal Funds	747,222	819,037	853,978	913,893	913,893

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Salary Survey	<u>1,054,844</u>	<u>425,241</u>	<u>6,591</u>	<u>1,248,516</u>	<u>1,248,516</u>
General Fund	368,711	140,890	6,591	448,226	448,226
Cash Funds	48,653	27,942	0	167,714	167,714
Reappropriated Funds	92,103	45,344	0	135,093	135,093
Federal Funds	545,377	211,065	0	497,483	497,483
Merit Pay	<u>353,938</u>	<u>376,729</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	119,477	119,026	0	0	0
Cash Funds	18,611	25,664	0	0	0
Reappropriated Funds	31,124	42,695	0	0	0
Federal Funds	184,726	189,344	0	0	0
Workers' Compensation	<u>383,251</u>	<u>435,200</u>	<u>506,964</u>	<u>519,385</u>	<u>506,676</u>
General Fund	242,122	166,333	193,794	198,544	226,318
Cash Funds	63,335	38,081	65,432	67,034	66,120
Reappropriated Funds	77,794	53,443	43,115	44,171	34,239
Federal Funds	0	177,343	204,623	209,636	179,999
Legal Services	<u>594,818</u>	<u>480,453</u>	<u>748,139</u>	<u>773,698</u>	<u>773,698</u> *
General Fund	262,271	264,318	435,519	447,231	447,231
Cash Funds	324,119	210,552	293,610	306,615	306,615
Reappropriated Funds	8,428	5,583	19,010	19,852	19,852
Administrative Law Judge Services	<u>154,350</u>	<u>177,671</u>	<u>224,252</u>	<u>256,136</u>	<u>252,579</u> *
Cash Funds	128,406	147,004	185,545	211,925	208,981
Reappropriated Funds	25,944	30,667	38,707	44,211	43,598
Payment to Risk Management and Property Funds	<u>75,598</u>	<u>79,031</u>	<u>108,806</u>	<u>136,970</u>	<u>152,910</u> *
General Fund	75,598	79,031	108,806	136,970	152,910

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Leased Space	0	<u>847,521</u>	<u>918,507</u>	<u>1,167,134</u>	<u>1,172,191</u>
General Fund	0	49,430	63,222	77,041	60,782
Cash Funds	0	94,708	168,459	211,172	224,762
Reappropriated Funds	0	12,389	20,213	32,820	17,198
Federal Funds	0	690,994	666,613	846,101	869,449
Capitol Complex Leased Space	<u>523,254</u>	<u>749,257</u>	<u>723,654</u>	<u>840,502</u>	<u>842,164</u>
General Fund	81,599	165,536	159,143	184,838	236,777
Cash Funds	64,691	89,544	83,204	96,640	113,045
Reappropriated Funds	102,924	125,859	115,415	134,051	152,358
Federal Funds	274,040	368,318	365,892	424,973	339,984
Reprinting and Distributing Laws Concerning					
Education	<u>30,082</u>	<u>32,424</u>	<u>35,480</u>	<u>35,480</u>	<u>35,480</u>
Cash Funds	30,082	32,424	35,480	35,480	35,480
SUBTOTAL - (A) Administration and Centrally-					
Appropriated Line Items	16,983,244	19,494,012	19,408,341	22,917,103	22,259,383
FTE	<u>64.3</u>	<u>61.9</u>	<u>64.9</u>	<u>64.9</u>	<u>64.9</u>
General Fund	5,660,356	5,927,127	6,242,642	7,330,695	7,396,091
Cash Funds	4,135,526	4,786,392	4,844,801	6,062,231	5,438,253
Reappropriated Funds	2,947,620	3,470,018	3,385,322	3,653,482	3,645,622
Federal Funds	4,239,742	5,310,475	4,935,576	5,870,695	5,779,417

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
(B) Information Technology					
Information Technology Services	<u>3,325,026</u>	<u>3,472,743</u>	<u>4,051,818</u>	<u>4,051,818</u>	<u>4,051,818</u>
FTE	20.4	23.4	28.2	28.2	28.2
General Fund	3,200,497	3,384,893	1,425,355	1,425,355	3,425,355
Cash Funds	0	0	2,000,000	2,000,000	0
Reappropriated Funds	124,529	87,850	626,463	626,463	626,463
CORE Operations	<u>256,674</u>	<u>281,533</u>	<u>404,260</u>	<u>223,689</u>	<u>236,105</u>
General Fund	94,769	78,863	107,278	84,936	89,650
Cash Funds	31,248	7,119	35,374	28,005	29,560
Reappropriated Funds	82,760	121,724	261,608	110,748	116,895
Federal Funds	47,897	73,827	0	0	0
Information Technology Asset Maintenance	<u>2,284,180</u>	<u>862,146</u>	<u>862,146</u>	<u>862,146</u>	<u>862,146</u>
General Fund	2,284,180	862,146	862,146	862,146	862,146
Disaster Recovery	<u>15,466</u>	<u>17,792</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>
General Fund	15,466	17,792	19,722	19,722	19,722
Payments to OIT	<u>630,337</u>	<u>734,984</u>	<u>340,453</u>	<u>805,405</u>	<u>805,405</u> *
General Fund	630,337	359,423	176,332	403,600	403,600
Cash Funds	0	0	0	12,249	12,249
Reappropriated Funds	0	375,561	164,121	389,556	389,556

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (B) Information Technology	6,511,683	5,369,198	5,678,399	5,962,780	5,975,196
<i>FTE</i>	20.4	23.4	28.2	28.2	28.2
General Fund	6,225,249	4,703,117	2,590,833	2,795,759	4,800,473
Cash Funds	31,248	7,119	2,035,374	2,040,254	41,809
Reappropriated Funds	207,289	585,135	1,052,192	1,126,767	1,132,914
Federal Funds	47,897	73,827	0	0	0

(C) Assessments and Data Analyses

Colorado Student Assessment Program	<u>27,719,932</u>	<u>28,213,207</u>	<u>33,152,288</u>	<u>33,112,688</u>	<u>33,113,277</u>
FTE	13.7	18.3	11.8	11.8	11.8
Cash Funds	21,975,949	22,396,850	26,268,932	26,229,332	26,229,332
Federal Funds	5,743,983	5,816,357	6,883,356	6,883,356	6,883,945
Federal Grant for State Assessments and Related					
Activities	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>	<u>2,247,224</u>
FTE	5.7	5.9	5.7	5.7	5.7
Federal Funds	2,247,224	2,247,224	2,247,224	2,247,224	2,247,224
Longitudinal Analyses of Student Assessment Results	<u>552,944</u>	<u>571,764</u>	<u>691,277</u>	<u>736,392</u>	<u>736,392</u>
FTE	2.7	2.4	3.6	4.1	4.1
General Fund	367,419	325,528	393,277	438,392	438,392
Cash Funds	185,525	246,236	298,000	298,000	298,000
Basic Skills Placement or Assessment Tests	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	0	0	50,000	50,000	50,000

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Preschool to Postsecondary Education Alignment	<u>673,018</u>	<u>590,655</u>	<u>630,153</u>	<u>630,153</u>	<u>630,153</u>
FTE	4.4	2.8	4.0	4.0	4.0
General Fund	93,913	7,232	35,400	35,400	35,400
Cash Funds	579,105	583,423	594,753	594,753	594,753
Educator Effectiveness Unit Administration	<u>547,543</u>	<u>1,314,102</u>	<u>1,865,610</u>	<u>1,865,610</u>	<u>1,865,610</u>
FTE	4.7	8.4	12.5	12.5	12.5
General Fund	432,718	1,203,898	1,736,357	1,736,357	1,736,357
Cash Funds	114,825	110,204	129,253	129,253	129,253
Educator Effectiveness Implementation	<u>8,253,294</u>	<u>2,018,622</u>	<u>1,200,000</u>	<u>0</u>	<u>0</u>
FTE	16.5	0.0	4.0	0.0	0.0
Cash Funds	3,650,011	0	0	0	0
Federal Funds	4,603,283	2,018,622	1,200,000	0	0
Accountability and Improvement Planning	<u>1,676,936</u>	<u>1,757,947</u>	<u>1,732,237</u>	<u>1,732,237</u>	<u>1,732,237</u>
FTE	3.7	3.7	11.4	11.4	11.4
General Fund	1,110,552	1,207,615	1,181,905	1,181,905	1,181,905
Federal Funds	566,384	550,332	550,332	550,332	550,332
SUBTOTAL - (C) Assessments and Data					
Analyses	41,670,891	36,713,521	41,568,789	40,374,304	40,374,893
FTE	<u>51.4</u>	<u>41.5</u>	<u>53.0</u>	<u>49.5</u>	<u>49.5</u>
General Fund	2,004,602	2,744,273	3,346,939	3,392,054	3,392,054
Cash Funds	26,505,415	23,336,713	27,340,938	27,301,338	27,301,338
Federal Funds	13,160,874	10,632,535	10,880,912	9,680,912	9,681,501

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management	<u>2,619,649</u>	<u>3,167,162</u>	<u>2,831,760</u>	<u>3,500,000</u>	<u>3,500,000</u>
FTE	11.5	11.4	11.7	11.7	11.7
Cash Funds	0	335,402	0	0	0
Reappropriated Funds	2,619,649	2,831,760	2,831,760	3,500,000	3,500,000
Institute Charter School Assistance Fund	<u>967,409</u>	<u>1,431,252</u>	<u>460,000</u>	<u>750,000</u>	<u>460,000</u>
Cash Funds	967,409	1,431,252	460,000	750,000	460,000
Other Transfers to Institute Charter Schools	<u>6,457,773</u>	<u>8,988,771</u>	<u>6,500,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
Cash Funds	2,834,794	5,365,792	0	0	0
Reappropriated Funds	3,622,979	3,622,979	6,500,000	9,000,000	9,000,000
Transfer of Federal Moneys to Institute Charter Schools	<u>7,583,203</u>	<u>5,972,652</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,600,000</u>
FTE	4.3	1.7	4.5	4.5	4.5
Reappropriated Funds	6,327,460	0	7,600,000	7,600,000	7,600,000
Federal Funds	1,255,743	5,972,652	0	0	0
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>214,782</u>	<u>192,836</u>	<u>227,505</u>	<u>227,505</u>	<u>227,505</u>
FTE	1.4	1.3	1.6	1.6	1.6
Reappropriated Funds	214,782	192,836	227,505	227,505	227,505

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (D) State Charter School Institute	17,842,816	19,752,673	17,619,265	21,077,505	20,787,505
<i>FTE</i>	<u>17.2</u>	<u>14.4</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
Cash Funds	3,802,203	7,132,446	460,000	750,000	460,000
Reappropriated Funds	12,784,870	6,647,575	17,159,265	20,327,505	20,327,505
Federal Funds	1,255,743	5,972,652	0	0	0
(E) Indirect Cost Assessment					
Indirect Cost Assessment	<u>528,192</u>	<u>617,191</u>	<u>549,469</u>	<u>732,153</u>	<u>732,153</u>
Cash Funds	301,950	355,325	321,464	428,322	428,322
Federal Funds	226,242	261,866	228,005	303,831	303,831
SUBTOTAL - (E) Indirect Cost Assessment	528,192	617,191	549,469	732,153	732,153
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	301,950	355,325	321,464	428,322	428,322
Federal Funds	226,242	261,866	228,005	303,831	303,831
TOTAL - (1) Management and Administration	83,536,826	81,946,595	84,824,263	91,063,845	90,129,130
<i>FTE</i>	<u>153.3</u>	<u>141.2</u>	<u>163.9</u>	<u>160.4</u>	<u>160.4</u>
General Fund	13,890,207	13,374,517	12,180,414	13,518,508	15,588,618
Cash Funds	34,776,342	35,617,995	35,002,577	36,582,145	33,669,722
Reappropriated Funds	15,939,779	10,702,728	21,596,779	25,107,754	25,106,041
Federal Funds	18,930,498	22,251,355	16,044,493	15,855,438	15,764,749

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(2) ASSISTANCE TO PUBLIC SCHOOLS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

(A) Public School Finance

Administration	<u>1,601,548</u>	<u>1,621,008</u>	<u>1,776,557</u>	<u>1,836,514</u>	<u>1,764,489</u> *
FTE	16.7	17.1	17.9	17.9	17.9
Cash Funds	84,266	81,027	155,354	215,311	143,286
Reappropriated Funds	1,517,282	1,539,981	1,621,203	1,621,203	1,621,203
State Share of Districts' Total Program Funding	<u>3,950,612,483</u>	<u>3,979,778,973</u>	<u>4,115,127,505</u>	<u>4,221,660,559</u>	<u>4,353,087,959</u> *
General Fund	3,184,047,461	3,299,295,175	2,717,379,900	2,978,185,653	3,100,464,281
General Fund Exempt	0	0	873,835,000	873,835,000	873,835,000
Cash Funds	766,565,022	680,483,798	523,912,605	369,639,906	378,788,678
Hold-harmless Full-day Kindergarten Funding	<u>7,471,409</u>	<u>7,778,615</u>	<u>7,926,436</u>	<u>8,118,022</u>	<u>8,183,726</u> *
Cash Funds	7,471,409	7,778,615	7,926,436	8,118,022	8,183,726
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Cash Funds	0	0	10,000	10,000	10,000
At-risk Supplemental Aid	<u>4,858,813</u>	<u>5,006,308</u>	<u>5,094,358</u>	<u>5,094,358</u>	<u>5,094,358</u>
Cash Funds	4,858,813	5,006,308	5,094,358	5,094,358	5,094,358
At-risk Per Pupil Additional Funding	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Cash Funds	0	5,000,000	5,000,000	5,000,000	5,000,000

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Small Rural Districts Additional Funding	0	<u>10,000,000</u>	0	0	0
Cash Funds	0	10,000,000	0	0	0
SUBTOTAL - (A) Public School Finance	3,964,544,253	4,009,184,904	4,134,934,856	4,241,719,453	4,373,140,532
<i>FTE</i>	<u>16.7</u>	<u>17.1</u>	<u>17.9</u>	<u>17.9</u>	<u>17.9</u>
General Fund	3,184,047,461	3,299,295,175	2,717,379,900	2,978,185,653	3,100,464,281
General Fund Exempt	0	0	873,835,000	873,835,000	873,835,000
Cash Funds	778,979,510	708,349,748	542,098,753	388,077,597	397,220,048
Reappropriated Funds	1,517,282	1,539,981	1,621,203	1,621,203	1,621,203

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	<u>319,534,626</u>	<u>338,537,983</u>	<u>322,663,964</u>	<u>327,052,706</u>	<u>327,205,053</u> *
FTE	79.5	83.9	63.0	63.0	63.0
General Fund	71,572,347	71,572,347	71,572,347	71,572,347	71,572,347
Cash Funds	89,409,439	93,663,058	95,565,575	99,867,270	100,019,617
Reappropriated Funds	0	0	104,043	191,090	191,090
Federal Funds	158,552,840	173,302,578	155,421,999	155,421,999	155,421,999
English Language Proficiency Program	<u>26,297,835</u>	<u>27,269,957</u>	<u>30,024,205</u>	<u>31,471,430</u>	<u>31,521,469</u> *
FTE	2.6	2.6	4.6	4.6	4.6
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	3,101,598
Cash Funds	13,637,547	15,041,326	15,684,186	17,131,411	17,181,450
Federal Funds	9,558,690	9,127,033	11,238,421	11,238,421	11,238,421

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (I) District Programs Required by					
Statute	345,832,461	365,807,940	352,688,169	358,524,136	358,726,522
<i>FTE</i>	<u>82.1</u>	<u>86.5</u>	<u>67.6</u>	<u>67.6</u>	<u>67.6</u>
General Fund	74,673,945	74,673,945	74,673,945	74,673,945	74,673,945
Cash Funds	103,046,986	108,704,384	111,249,761	116,998,681	117,201,067
Reappropriated Funds	0	0	104,043	191,090	191,090
Federal Funds	168,111,530	182,429,611	166,660,420	166,660,420	166,660,420
(II) Other Categorical Programs					
Public School Transportation	<u>55,779,222</u>	<u>58,321,985</u>	<u>56,657,903</u>	<u>58,052,338</u>	<u>58,101,722</u> *
<i>FTE</i>	2.0	2.0	2.0	2.0	2.0
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	36,922,227
Cash Funds	18,856,995	21,399,758	19,735,676	21,130,111	21,179,495
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education					
	<u>24,983,788</u>	<u>25,436,648</u>	<u>25,639,363</u>	<u>26,146,519</u>	<u>26,164,481</u> *
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	17,792,850
Cash Funds	7,190,938	7,643,798	7,846,513	8,353,669	8,371,631
Special Education Programs for Gifted and Talented Children					
	<u>11,860,181</u>	<u>12,023,342</u>	<u>12,169,325</u>	<u>12,335,740</u>	<u>12,355,524</u> *
<i>FTE</i>	2.7	2.4	1.5	1.5	1.5
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Cash Funds	6,360,181	6,523,342	6,669,325	6,835,740	6,855,524

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Expelled and At-risk Student Services Grant Program	<u>7,482,984</u>	<u>7,434,927</u>	<u>7,493,560</u>	<u>7,493,560</u>	<u>7,493,560</u>
FTE	1.1	1.3	1.0	1.0	1.0
General Fund	5,788,151	5,788,807	5,788,807	5,788,807	5,788,807
Cash Funds	1,694,833	1,646,120	1,704,753	1,704,753	1,704,753
Small Attendance Center Aid	<u>959,379</u>	<u>959,379</u>	<u>1,076,550</u>	<u>1,076,550</u>	<u>1,076,550</u>
General Fund	787,645	787,645	787,645	787,645	787,645
Cash Funds	171,734	171,734	288,905	288,905	288,905
Comprehensive Health Education	<u>1,004,978</u>	<u>972,961</u>	<u>1,005,396</u>	<u>1,005,396</u>	<u>1,005,396</u>
FTE	1.3	1.7	1.0	1.0	1.0
General Fund	300,000	300,000	300,000	300,000	300,000
Cash Funds	704,978	672,961	705,396	705,396	705,396
SUBTOTAL - (II) Other Categorical Programs	102,070,532	105,149,242	104,042,097	106,110,103	106,197,233
FTE	<u>7.1</u>	<u>7.4</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
General Fund	67,090,873	67,091,529	67,091,529	67,091,529	67,091,529
Cash Funds	34,979,659	38,057,713	36,950,568	39,018,574	39,105,704
SUBTOTAL - (B) Categorical Programs	447,902,993	470,957,182	456,730,266	464,634,239	464,923,755
FTE	<u>89.2</u>	<u>93.9</u>	<u>73.1</u>	<u>73.1</u>	<u>73.1</u>
General Fund	141,764,818	141,765,474	141,765,474	141,765,474	141,765,474
Cash Funds	138,026,645	146,762,097	148,200,329	156,017,255	156,306,771
Reappropriated Funds	0	0	104,043	191,090	191,090
Federal Funds	168,111,530	182,429,611	166,660,420	166,660,420	166,660,420

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
(C) Grant Programs, Distributions, and Other Assistance					
(I) Health and Nutrition					
Federal Nutrition Programs	<u>185,903,606</u>	<u>190,883,847</u>	<u>156,554,412</u>	<u>156,554,412</u>	<u>156,554,412</u>
FTE	14.4	15.4	9.0	9.0	9.0
General Fund	84,282	75,101	88,564	88,564	88,564
Federal Funds	185,819,324	190,808,746	156,465,848	156,465,848	156,465,848
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	2,472,644
Child Nutrition School Lunch Protection Program	<u>1,514,617</u>	<u>1,501,764 0.3</u>	<u>1,661,258</u>	<u>1,661,258</u>	<u>1,661,258</u>
General Fund	664,764	655,912	811,258	811,258	811,258
Cash Funds	849,853	845,852	850,000	850,000	850,000
Start Smart Nutrition Program Fund	<u>1,097,983</u>	<u>1,370,721</u>	<u>700,000</u>	<u>900,000</u>	<u>900,000</u>
General Fund	1,097,983	1,370,721	700,000	900,000	900,000
Start Smart Nutrition Program	<u>964,516</u>	<u>938,120</u>	<u>1,100,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
Cash Funds	39,000	52,509	400,000	400,000	400,000
Reappropriated Funds	925,516	885,611	700,000	900,000	900,000
Federal Funds	0	0	0	0	0
Breakfast After the Bell	<u>14,340,446</u>	<u>29,409,054</u>	<u>29,412,780</u>	<u>29,412,780</u>	<u>29,412,780</u>
FTE	0.3	0.1	0.3	0.3	0.3
General Fund	22,643	19,798	23,524	23,524	23,524
Reappropriated Funds	0	0	0	0	0
Federal Funds	14,317,803	29,389,256	29,389,256	29,389,256	29,389,256

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
S.B. 97-101 Public School Health Services	<u>160,335</u>	<u>153,845</u>	<u>154,008</u>	<u>170,979</u>	<u>170,979</u>
FTE	1.5	1.5	1.4	1.4	1.4
Reappropriated Funds	0	0	154,008	170,979	170,979
Federal Funds	160,335	153,845	0	0	0
School Health Professionals Grant Program	<u>2,407,056</u>	<u>2,229,507</u>	<u>2,280,833</u>	<u>11,923,726</u>	<u>11,923,783</u> *
FTE	1.0	0.3	1.0	4.0	4.0
Cash Funds	2,407,056	2,229,507	2,280,833	11,923,726	11,923,783
School Cardiopulmonary Resuscitation and Automated External Defibrillator Training Program	<u>183,631</u>	<u>2,201</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.3	0.0	0.0	0.0	0.0
Cash Funds	183,631	2,201	0	0	0
SUBTOTAL - (I) Health and Nutrition	209,044,834	228,961,703	194,335,935	204,395,799	204,395,856
FTE	<u>17.5</u>	<u>17.6</u>	<u>11.7</u>	<u>14.7</u>	<u>14.7</u>
General Fund	1,869,672	2,121,532	1,623,346	1,823,346	1,823,346
Cash Funds	5,952,184	5,602,713	6,003,477	15,646,370	15,646,427
Reappropriated Funds	925,516	885,611	854,008	1,070,979	1,070,979
Federal Funds	200,297,462	220,351,847	185,855,104	185,855,104	185,855,104

(II) Capital Construction

Division of Public School Capital Construction

Assistance	<u>725,917</u>	<u>664,344</u>	<u>1,382,625</u>	<u>1,382,625</u>	<u>1,382,625</u>
FTE	6.7	7.5	15.0	15.0	15.0
Cash Funds	725,917	664,344	1,382,625	1,382,625	1,382,625

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Public School Capital Construction Assistance Board					
- Lease Payments	<u>54,484,817</u>	<u>54,418,487</u>	<u>70,000,000</u>	<u>65,000,000</u>	<u>75,000,000</u>
Cash Funds	54,484,817	54,418,487	70,000,000	65,000,000	75,000,000
Public School Capital Construction Assistance Board					
- Cash Grants	<u>461,345</u>	<u>12,201,302</u>	<u>70,000,000</u>	<u>70,000,000</u>	<u>70,000,000</u>
Cash Funds	461,345	12,201,302	70,000,000	70,000,000	70,000,000
Financial Assistance Priority Assessment					
- Cash Funds	<u>28,500</u>	<u>785,247</u>	<u>200,000</u>	<u>200,000</u>	<u>150,000</u>
Cash Funds	28,500	785,247	200,000	200,000	150,000
State Aid for Charter School Facilities					
- Cash Funds	<u>13,500,000</u>	<u>22,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Cash Funds	13,500,000	22,000,000	25,000,000	25,000,000	25,000,000
SUBTOTAL - (II) Capital Construction	69,200,579	90,069,380	166,582,625	161,582,625	171,532,625
FTE	<u>6.7</u>	<u>7.5</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Cash Funds	69,200,579	90,069,380	166,582,625	161,582,625	171,532,625
(III) Reading and Literacy					
Early Literacy Competitive Grant Program					
FTE	<u>4,989,760</u>	<u>5,176,398</u>	<u>5,197,604</u>	<u>5,197,604</u>	<u>5,197,604</u>
Cash Funds	8.3	9.0	8.0	8.0	8.0
Cash Funds	4,989,760	5,176,398	5,197,604	5,197,604	5,197,604
Early Literacy Program Per Pupil Intervention					
Funding	<u>33,123,766</u>	<u>33,008,207</u>	<u>33,242,424</u>	<u>33,242,424</u>	<u>33,242,424</u>
FTE	1.0	0.0	1.0	1.0	1.0
Cash Funds	33,123,766	33,008,207	33,242,424	33,242,424	33,242,424

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Early Literacy Assessment Tool Program	<u>2,678,996</u>	<u>2,795,730</u>	<u>2,987,226</u>	<u>2,987,226</u>	<u>2,997,072</u>
Cash Funds	2,678,996	2,795,730	2,987,226	2,987,226	2,997,072
Adult Education and Literacy Grant Program	<u>949,197</u>	<u>946,471</u>	<u>961,444</u>	<u>961,444</u>	<u>961,444</u>
FTE	0.6	1.3	1.0	1.0	1.0
General Fund	0	0	961,444	961,444	961,444
Cash Funds	0	946,471	0	0	0
Reappropriated Funds	949,197	0	0	0	0
Adult Education and Literacy Grant Fund	<u>960,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	960,000	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (III) Reading and Literacy	42,701,719	41,926,806	42,388,698	42,388,698	42,398,544
FTE	<u>9.9</u>	<u>10.3</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
General Fund	960,000	0	961,444	961,444	961,444
Cash Funds	40,792,522	41,926,806	41,427,254	41,427,254	41,437,100
Reappropriated Funds	949,197	0	0	0	0
Federal Funds	0	0	0	0	0

(IV) Professional Development and Instructional Support

Content Specialists	<u>463,571</u>	<u>451,095</u>	<u>469,900</u>	<u>810,740</u>	<u>810,740</u> *
FTE	3.9	3.3	5.0	5.0	5.0
Cash Funds	463,571	451,095	469,900	810,740	810,740

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
School Bullying Prevention and Education Cash Fund	<u>0</u>	<u>2,000,000</u>	<u>900,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
General Fund	0	2,000,000	0	0	0
Cash Funds	0	0	900,000	2,000,000	2,000,000
Office of Dropout Prevention and Student Reengagement	<u>549,915</u>	<u>4,108,953</u>	<u>1,017,578</u>	<u>2,117,578</u>	<u>2,000,000</u>
FTE	3.2	0.0	0.9	0.9	0.9
General Fund	0	2,000,000	0	0	0
Cash Funds	0	0	900,000	2,000,000	2,000,000
Reappropriated Funds	0	1,991,375	0	0	0
Federal Funds	549,915	117,578	117,578	117,578	0
Stipends for Nationally Board Certified Teachers	<u>1,228,288</u>	<u>1,189,496</u>	<u>1,384,000</u>	<u>1,384,000</u>	<u>1,384,000</u>
Cash Funds	1,228,288	1,189,496	1,384,000	1,384,000	1,384,000
Quality Teacher Recruitment Program	<u>2,820,000</u>	<u>2,967,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Cash Funds	2,820,000	2,967,000	3,000,000	3,000,000	3,000,000
Educator Perception	<u>91,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
General Fund	91,000	0	100,000	0	0
English Language Learners Technical Assistance	<u>251,070</u>	<u>361,236</u>	<u>373,245</u>	<u>373,245</u>	<u>373,245</u>
FTE	2.2	4.6	5.0	5.0	5.0
General Fund	229,425	313,045	321,448	321,448	321,448
Cash Funds	21,645	48,191	51,797	51,797	51,797

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
English Language Proficiency Act Excellence Awards Program	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Cash Funds	0	500,000	500,000	500,000	500,000
Reappropriated Funds	500,000	0	0	0	0
English Language Learners Professional Development and Student Support Program	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>
Cash Funds	0	27,000,000	27,000,000	27,000,000	27,000,000
Reappropriated Funds	27,000,000	0	0	0	0
Advanced Placement Incentives Pilot Program	<u>260,312</u>	<u>259,522</u>	<u>260,931</u>	<u>260,931</u>	<u>260,931</u>
FTE	0.0	0.5	0.3	0.3	0.3
Cash Funds	260,312	259,522	260,931	260,931	260,931
School Turnaround Leaders Development Program	<u>1,986,663</u>	<u>1,999,150</u>	<u>2,000,991</u>	<u>2,000,991</u>	<u>2,000,991</u>
FTE	0.5	0.7	1.2	1.2	1.2
Cash Funds	0	1,999,150	2,000,991	2,000,991	2,000,991
Reappropriated Funds	1,986,663	0	0	0	0
English Language Proficiency Act Excellence Awards Fund	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	500,000	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
English Language Learners Professional Development and Student Support Fund	<u>27,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	27,000,000	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
School Turnaround Leaders Development Fund	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	2,000,000	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (IV) Professional Development and Instructional Support	64,650,819	40,836,452	37,006,645	39,447,485	39,329,907
<i>FTE</i>	<u>2.8</u>	<u>2.1</u>	<u>12.4</u>	<u>12.4</u>	<u>12.4</u>
General Fund	320,425	4,313,045	421,448	321,448	321,448
Cash Funds	34,293,816	34,414,454	36,467,619	39,008,459	39,008,459
Reappropriated Funds	29,486,663	1,991,375	0	0	0
Federal Funds	549,915	117,578	117,578	117,578	0
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	<u>263,109</u>	<u>192,917</u>	<u>317,665</u>	<u>317,665</u>	<u>272,974</u>
FTE	2.8	2.6	3.0	3.0	3.0
Reappropriated Funds	263,109	192,917	317,665	317,665	272,974
Facility School Funding	<u>14,117,114</u>	<u>14,013,515</u>	<u>16,604,845</u>	<u>16,604,845</u>	<u>14,508,589</u>
Cash Funds	14,117,114	14,013,515	16,604,845	16,604,845	14,508,589

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (V) Facility Schools	14,380,223	14,206,432	16,922,510	16,922,510	14,781,563
<i>FTE</i>	<u>2.8</u>	<u>2.6</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Cash Funds	14,117,114	14,013,515	16,604,845	16,604,845	14,508,589
Reappropriated Funds	263,109	192,917	317,665	317,665	272,974
(VI) Other Assistance					
Appropriated Sponsored Programs	<u>215,374,593</u>	<u>238,721,042</u>	<u>281,611,760</u>	<u>278,175,453</u>	<u>278,175,453</u>
<i>FTE</i>	85.5	71.9	68.7	68.7	68.7
Cash Funds	0	831,255	2,702,223	2,702,223	2,702,223
Reappropriated Funds	1,275,906	0	4,631,407	1,195,100	1,195,100
Federal Funds	214,098,687	237,889,787	274,278,130	274,278,130	274,278,130
School Counselor Corps Grant Program	<u>8,002,249</u>	<u>9,998,279</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
<i>FTE</i>	2.3	2.9	2.0	2.0	2.0
Cash Funds	8,002,249	9,998,279	10,000,000	10,000,000	10,000,000
BOCES Funding per Section 22-5-122, C.R.S.	<u>3,277,976</u>	<u>3,287,932</u>	<u>3,308,255</u>	<u>3,308,255</u>	<u>3,308,255</u>
<i>FTE</i>	0.8	0.8	1.0	1.0	1.0
Cash Funds	3,277,976	3,287,932	3,308,255	3,308,255	3,308,255
Contingency Reserve Fund	<u>0</u>	<u>0</u>	<u>1,235,956</u>	<u>1,000,000</u>	<u>2,000,000</u>
General Fund	0	0	63,863	0	1,000,000
Cash Funds	0	0	1,108,230	1,000,000	0
Reappropriated Funds	0	0	63,863	0	1,000,000
Supplemental On-line Education Services	<u>480,000</u>	<u>480,000</u>	<u>960,000</u>	<u>960,000</u>	<u>960,000</u>
Cash Funds	480,000	480,000	960,000	960,000	960,000

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Interstate Compact on Educational Opportunity for Military Children	<u>23,015</u>	<u>23,015</u>	<u>20,619</u>	<u>20,619</u>	<u>20,619</u>
Cash Funds	23,015	23,015	20,619	20,619	20,619
College and Career Readiness	<u>156,404</u>	<u>166,630</u>	<u>225,041</u>	<u>260,884</u>	<u>250,021</u> *
FTE	1.5	1.5	2.5	2.9	2.9
General Fund	156,404	166,630	225,041	260,884	250,021
Colorado Student Leaders Institute Pilot Program	<u>0</u>	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>
Cash Funds	0	218,825	218,825	218,825	218,825
Career Development Success Pilot Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	0	0	0	1,000,000	1,000,000
Minority Teacher Study Strategy Report	<u>48,875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	48,875	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (VI) Other Assistance	227,363,112	252,895,723	297,580,456	294,944,036	295,933,173
FTE	<u>90.1</u>	<u>77.1</u>	<u>74.2</u>	<u>74.6</u>	<u>74.6</u>
General Fund	205,279	166,630	288,904	1,260,884	2,250,021
Cash Funds	11,783,240	14,839,306	18,318,152	18,209,922	17,209,922
Reappropriated Funds	1,275,906	0	4,695,270	1,195,100	2,195,100
Federal Funds	214,098,687	237,889,787	274,278,130	274,278,130	274,278,130

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	627,341,286	668,896,496	754,816,869	759,681,153	768,371,668
<i>FTE</i>	<u>136.8</u>	<u>124.2</u>	<u>126.3</u>	<u>129.7</u>	<u>129.7</u>
General Fund	3,355,376	6,601,207	3,295,142	4,367,122	5,356,259
Cash Funds	176,139,455	200,866,174	285,403,972	292,479,475	299,343,122
Reappropriated Funds	32,900,391	3,069,903	5,866,943	2,583,744	3,539,053
Federal Funds	414,946,064	458,359,212	460,250,812	460,250,812	460,133,234
(D) Indirect Cost Assessment					
Indirect Cost Assessment	<u>2,057,248</u>	<u>2,529,155</u>	<u>2,308,966</u>	<u>3,049,865</u>	<u>3,049,865</u>
Cash Funds	25,000	25,000	25,000	25,000	25,000
Reappropriated Funds	55,571	55,571	55,571	55,571	55,571
Federal Funds	1,976,677	2,448,584	2,228,395	2,969,294	2,969,294
SUBTOTAL - (D) Indirect Cost Assessment	2,057,248	2,529,155	2,308,966	3,049,865	3,049,865
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	25,000	25,000	25,000	25,000	25,000
Reappropriated Funds	55,571	55,571	55,571	55,571	55,571
Federal Funds	1,976,677	2,448,584	2,228,395	2,969,294	2,969,294
TOTAL - (2) Assistance to Public Schools	5,041,845,780	5,151,567,737	5,348,790,957	5,469,084,710	5,609,485,820
<i>FTE</i>	<u>242.7</u>	<u>235.2</u>	<u>217.3</u>	<u>220.7</u>	<u>220.7</u>
General Fund	3,329,167,655	3,447,661,856	2,862,440,516	3,124,318,249	3,247,586,014
General Fund Exempt	0	0	873,835,000	873,835,000	873,835,000
Cash Funds	1,093,170,610	1,056,003,019	975,728,054	836,599,327	852,894,941
Reappropriated Funds	34,473,244	4,665,455	7,647,760	4,451,608	5,406,917
Federal Funds	585,034,271	643,237,407	629,139,627	629,880,526	629,762,948

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(3) LIBRARY PROGRAMS

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

Administration	<u>899,064</u>	<u>920,541</u>	<u>1,077,426</u>	<u>1,077,426</u>	<u>1,077,426</u>
FTE	12.1	10.1	14.3	14.3	14.3
General Fund	771,634	796,803	823,566	823,566	823,566
Cash Funds	127,430	123,738	253,860	253,860	253,860
Federal Library Funding	<u>2,722,826</u>	<u>2,761,501</u>	<u>3,089,065</u>	<u>3,089,065</u>	<u>3,089,065</u>
FTE	25.0	25.3	23.8	23.8	23.8
Federal Funds	2,722,826	2,761,501	3,089,065	3,089,065	3,089,065
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>359,796</u>	<u>353,628</u>	<u>379,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,796	353,628	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000	20,000
Colorado Talking Book Library, Building					
Maintenance and Utilities Expenses	<u>67,997</u>	<u>68,708</u>	<u>90,660</u>	<u>90,660</u>	<u>90,660</u>
General Fund	67,997	68,708	90,660	90,660	90,660
Reading Services for the Blind	<u>360,000</u>	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>
General Fund	0	50,000	50,000	50,000	50,000
Reappropriated Funds	360,000	360,000	360,000	360,000	360,000

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
State Grants to Publicly-Supported Libraries Program	<u>1,996,842</u>	<u>2,495,099</u> 0.5	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
General Fund	0	2,495,099	2,500,000	2,500,000	2,500,000
Reappropriated Funds	1,996,842	0	0	0	0
Indirect Cost Assessment	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>
Federal Funds	55,327	55,327	55,327	55,327	55,327
State Grants to Publicly-Supported Libraries Fund	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	2,000,000	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
TOTAL - (3) Library Programs	9,461,852	8,064,804	8,602,274	8,602,274	8,602,274
<i>FTE</i>	<u>37.1</u>	<u>35.9</u>	<u>38.1</u>	<u>38.1</u>	<u>38.1</u>
General Fund	4,199,427	4,764,238	4,824,022	4,824,022	4,824,022
Cash Funds	127,430	123,738	273,860	273,860	273,860
Reappropriated Funds	2,356,842	360,000	360,000	360,000	360,000
Federal Funds	2,778,153	2,816,828	3,144,392	3,144,392	3,144,392

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(4) SCHOOL FOR THE DEAF AND THE BLIND

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

(A) School Operations

Personal Services	<u>9,125,576</u>	<u>10,120,936</u>	<u>10,568,120</u>	<u>10,624,781</u>	<u>10,523,084</u> *
FTE	133.2	133.6	153.1	153.1	153.1
General Fund	7,619,941	8,580,073	8,957,226	9,013,887	8,868,984
Reappropriated Funds	1,505,635	1,540,863	1,610,894	1,610,894	1,654,100
Early Intervention Services	<u>1,015,041</u>	<u>1,185,635</u>	<u>1,226,824</u>	<u>1,226,824</u>	<u>1,226,824</u>
FTE	9.0	10.0	10.0	10.0	10.0
General Fund	1,015,041	1,185,635	1,226,824	1,226,824	1,226,824
Shift Differential	<u>98,800</u>	<u>110,479</u>	<u>110,489</u>	<u>114,584</u>	<u>114,584</u>
General Fund	98,800	110,479	110,489	114,584	114,584
Operating Expenses	<u>417,261</u>	<u>724,989</u>	<u>668,291</u>	<u>668,291</u>	<u>668,291</u>
General Fund	417,261	724,989	668,291	668,291	668,291
Vehicle Lease Payments	<u>14,250</u>	<u>14,534</u>	<u>16,697</u>	<u>22,963</u>	<u>22,963</u> *
General Fund	14,250	14,534	16,697	22,963	22,963
Utilities	<u>559,347</u>	<u>487,724</u>	<u>602,580</u>	<u>602,580</u>	<u>602,580</u>
General Fund	559,347	487,724	602,580	602,580	602,580

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Allocation of State and Federal Categorical Program					
Funding	<u>168,238</u>	<u>129,425</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
FTE	0.2	0.2	0.4	0.4	0.4
Reappropriated Funds	168,238	129,425	170,000	170,000	170,000
Medicaid Reimbursements for Public School Health					
Services	<u>217,371</u>	<u>249,190</u>	<u>403,244</u>	<u>403,244</u>	<u>403,244</u>
FTE	1.1	1.2	1.5	1.5	1.5
Reappropriated Funds	217,371	249,190	403,244	403,244	403,244
SUBTOTAL - (A) School Operations	11,615,884	13,022,912	13,766,245	13,833,267	13,731,570
FTE	<u>143.5</u>	<u>145.0</u>	<u>165.0</u>	<u>165.0</u>	<u>165.0</u>
General Fund	9,724,640	11,103,434	11,582,107	11,649,129	11,504,226
Reappropriated Funds	1,891,244	1,919,478	2,184,138	2,184,138	2,227,344
(B) Special Purpose					
Fees and Conferences	<u>2,436</u>	<u>460</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Cash Funds	2,436	460	120,000	120,000	120,000
Outreach Services	<u>673,500</u>	<u>383,155</u>	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>
FTE	3.3	3.2	6.2	6.2	6.2
Cash Funds	574,523	296,366	755,000	755,000	755,000
Reappropriated Funds	98,977	86,789	270,000	270,000	270,000
Tuition from Out-of-state Students	<u>0</u>	<u>64,086</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	0	64,086	200,000	200,000	200,000
Reappropriated Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Grants	<u>399,656</u>	<u>530,826</u>	<u>1,202,331</u>	<u>1,202,331</u>	<u>1,202,331</u>
FTE	4.2	3.7	9.0	9.0	9.0
Reappropriated Funds	399,656	530,826	1,202,331	1,202,331	1,202,331
SUBTOTAL - (B) Special Purpose	1,075,592	978,527	2,547,331	2,547,331	2,547,331
FTE	<u>7.5</u>	<u>6.9</u>	<u>15.2</u>	<u>15.2</u>	<u>15.2</u>
Cash Funds	576,959	360,912	1,075,000	1,075,000	1,075,000
Reappropriated Funds	498,633	617,615	1,472,331	1,472,331	1,472,331
TOTAL - (4) School for the Deaf and the Blind	12,691,476	14,001,439	16,313,576	16,380,598	16,278,901
FTE	<u>151.0</u>	<u>151.9</u>	<u>180.2</u>	<u>180.2</u>	<u>180.2</u>
General Fund	9,724,640	11,103,434	11,582,107	11,649,129	11,504,226
Cash Funds	576,959	360,912	1,075,000	1,075,000	1,075,000
Reappropriated Funds	2,389,877	2,537,093	3,656,469	3,656,469	3,699,675
TOTAL - Department of Education	5,147,535,934	5,255,580,575	5,458,531,070	5,585,131,427	5,724,496,125
FTE	<u>584.1</u>	<u>564.2</u>	<u>599.5</u>	<u>599.4</u>	<u>599.4</u>
General Fund	3,356,981,929	3,476,904,045	2,891,027,059	3,154,309,908	3,279,502,880
General Fund Exempt	0	0	873,835,000	873,835,000	873,835,000
Cash Funds	1,128,651,341	1,092,105,664	1,012,079,491	874,530,332	887,913,523
Reappropriated Funds	55,159,742	18,265,276	33,261,008	33,575,831	34,572,633
Federal Funds	606,742,922	668,305,590	648,328,512	648,880,356	648,672,089

NOTE: An asterisk (*) indicates that the FY 2017-18 request for a line item is impacted by one or more decision items.

Appendix B: Comparisons of School Finance Appropriations for FY 2016-17 and FY 2017-18

TABLE B-1

COMPARISON OF GOVERNOR'S REQUEST AND LEGISLATIVE ACTION: FUNDING FOR PUBLIC SCHOOL FINANCE FOR FY 2015-16								
DESCRIPTION	GOVERNOR'S FY 2016-17 REQUEST			LEGISLATIVE ACTION				
	NOVEMBER 2015 REQUEST	JANUARY 2016 BUDGET AMENDMENT	FINAL REQUEST 1/	LONG BILL (H.B. 16-1405)	SCHOOL FINANCE (H.B. 16-1422)	SUBTOTAL	2017 MID- YEAR ADJUST. S.B. 17-173	FINAL APPROPRIATION
Funded Pupil Count	865,454.0	(4,012.6)	861,441.4	861,441.4	0.0	861,441.4	(2,645.6)	858,795.8
Statewide Base Per-Pupil Funding	\$6,405.65	(\$37.75)	\$6,367.90	\$6,367.90	\$0.00	\$6,367.90	\$0.00	\$6,367.90
<i>Denver-Boulder Inflation Rate for Prior CY 2/</i>	<i>1.8%</i>	<i>-0.6%</i>	<i>1.2%</i>	<i>1.2%</i>		<i>1.2%</i>		<i>1.2%</i>
Total Program Funding (Prior to Negative Factor)	\$7,307,387,784	(\$62,881,223)	\$7,244,506,561	\$7,226,487,943	\$124,664	\$7,226,612,607	(\$25,499,673)	\$7,201,112,934
LESS: Negative Factor Reduction	(905,176,146)	33,709,465	(871,466,681)	(830,702,393)	0	(830,702,393)	2,421,919	(828,280,474)
EQUALS: Adjusted Total Program Funding	\$6,402,211,638	(\$29,171,758)	\$6,373,039,880	\$6,395,785,550	\$124,664	\$6,395,910,214	(\$23,077,754)	\$6,372,832,460
<i>Negative Factor as Percent of "Full" Funding</i>	<i>-12.4%</i>		<i>-12.0%</i>	<i>-11.5%</i>		<i>-11.5%</i>		<i>-11.5%</i>
Statewide Average Per Pupil Funding	\$7,397.52	\$0.59	\$7,398.11	\$7,424.52	\$0.14	\$7,424.66	(\$4.00)	\$7,420.66
Local Share of Districts' Total Program Funding	\$2,173,900,000	\$101,578,925	\$2,275,478,925	\$2,280,782,709	\$0	\$2,280,782,709	(\$23,077,754)	\$2,257,704,955
State Share of Districts' Total Program Funding	\$4,228,311,638	(\$130,750,683)	\$4,097,560,955	\$4,115,002,841	\$124,664	\$4,115,127,505	\$0	\$4,115,127,505

1/ These figures represent the Governor's final budget request, prior to legislative action in the 2016 Session. These figures exclude the Governor's January 2017 request for mid-year appropriation adjustments.

2/ The Governor's budget request was based on the OSPB projection of the inflation rate for calendar year 2015; legislative action was based on the actual inflation rate (released in February 2016).

TABLE B-2

COMPARISON OF GOVERNOR'S REQUEST FOR FY 2016-17 AND APPROPRIATIONS FOR FY 2015-16

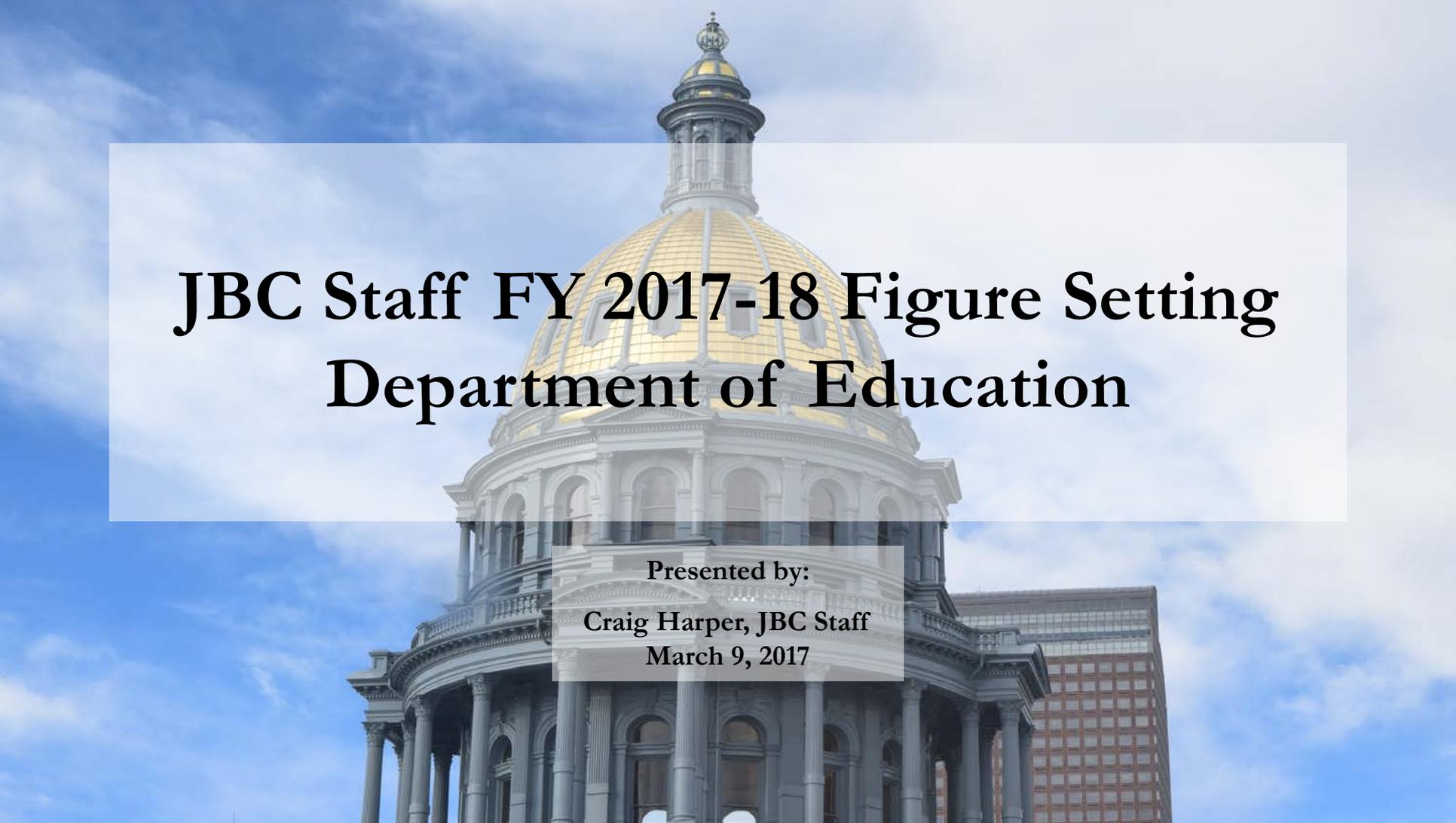
DESCRIPTION	GOVERNOR'S NOVEMBER 2016 REQUEST			GOVERNOR'S AMENDED REQUEST		
	FY 2016-17 APPROPRIATION AS OF MAY 2016	FY 2017-18 REQUEST AS OF NOVEMBER 2016	YEAR-OVER-YEAR CHANGE	ADJUSTED FY 2016- 17 APPROPRIATION (S.B. 17-173)	FY 2017-18 REQUEST AS OF JANUARY 2017	YEAR-OVER-YEAR CHANGE
Funded Pupil Count	861,441.4	869,550.0	8,108.6	858,795.8	865,884.9	7,089.1
Statewide Base Per-Pupil Funding	\$6,367.90	\$6,539.83	\$171.93	\$6,367.90	\$6,539.83	\$171.93
<i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	<i>1.2%</i>	<i>2.7%</i>		<i>2.8%</i>	<i>2.7%</i>	
Total Program Funding (Prior to Negative Factor)	\$7,226,612,607	\$7,490,454,238	\$263,841,631	\$7,201,112,934	\$7,455,611,128	\$254,498,194
LESS: Negative Factor Reduction	(830,702,393)	(876,068,148)	(45,365,755)	(828,280,474)	(876,068,148)	(47,787,674)
EQUALS: Adjusted Total Program Funding	\$6,395,910,214	\$6,614,386,090	\$218,475,876	\$6,372,832,460	\$6,579,542,980	\$206,710,520
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	<i>11.5%</i>	<i>11.7%</i>	<i>0.2%</i>	<i>11.5%</i>	<i>11.8%</i>	<i>0.2%</i>
Statewide Average Per Pupil Funding	\$7,424.66	\$7,606.68	\$182.02	\$7,420.66	\$7,598.63	\$177.97
Local Share of Districts' Total Program Funding	\$2,280,782,709	\$2,451,069,818	\$170,287,109	\$2,257,704,955	\$2,315,982,421	\$58,277,465
State Share of Districts' Total Program Funding	\$4,115,127,505	\$4,163,316,272	\$48,188,767	\$4,115,127,505	\$4,263,560,559	\$148,433,055

1/ The Governor's budget request is based on the OSPB projection of the inflation rate for calendar year 2016 (2.7 percent); legislative action will be based on the actual inflation rate (2.8 percent).

TABLE B-3

COMPARISON OF GOVERNOR'S REQUEST AND STAFF RECOMMENDATION: FUNDING FOR PUBLIC SCHOOL FINANCE FOR FY 2017-18					
DESCRIPTION	GOVERNOR'S FY 2017-18 REQUEST			STAFF RECOMMENDATION FOR LONG BILL	DIFFERENCE
	NOVEMBER 2016 REQUEST	JANUARY 2017 BUDGET AMENDMENT	FINAL REQUEST		
Funded Pupil Count	869,550.0	(3,665.1)	865,884.9	865,884.9	0.0
Statewide Base Per-Pupil Funding	\$6,539.83	\$0.00	\$6,539.83	\$6,546.20	\$6.37
<i>Denver-Boulder Inflation Rate for Prior CY 1/</i>	<i>2.7%</i>		<i>2.7%</i>	<i>2.8%</i>	
Total Program Funding (Prior to Negative Factor)	\$7,490,454,238	(\$34,843,110)	\$7,455,611,128	\$7,462,880,656	\$7,269,528
LESS: Negative Factor Reduction	(876,068,148)	0	(876,068,148)	(828,280,474)	47,787,674
EQUALS: Adjusted Total Program Funding	\$6,614,386,090	(\$34,843,110)	\$6,579,542,980	\$6,634,600,182	\$55,057,202
<i>Negative Factor Reduction as Percent of "Full" Funding</i>	<i>11.7%</i>	<i>0.1%</i>	<i>11.8%</i>	<i>11.1%</i>	<i>-0.7%</i>
Statewide Average Per Pupil Funding	\$7,606.68	(\$8.05)	\$7,598.63	\$7,662.22	\$63.59
Local Share of Districts' Total Program Funding	\$2,451,069,818	(\$135,087,397)	\$2,315,982,420	\$2,281,512,223	(\$34,470,197)
State Share of Districts' Total Program Funding	<u>\$4,163,316,272</u>	<u>\$100,244,287</u>	<u>\$4,263,560,559</u>	<u>\$4,353,087,959</u>	<u>\$89,527,399</u>
General Fund	3,789,807,689	62,654,059	3,852,461,748	3,974,299,281	121,837,533
Cash Funds (State Education Fund)	297,508,583	1,690,228	299,198,811	304,120,091	4,921,280
Cash Funds (State Public School Fund)	76,000,000	(6,000,000)	70,000,000	74,668,587	4,668,587
Cash Funds (Marijuana Tax Cash Fund)	0	41,900,000	41,900,000	0	(41,900,000)

1/ The Governor's November 1, 2016 request was based on the September 2016 OSPB projection of the inflation rate for calendar year 2016 (2.7 percent); the final request was based on the December 2016 OSPB projection (2.7 percent); staff's recommendation is based on the actual inflation rate released in February 2017 (2.8 percent).



JBC Staff FY 2017-18 Figure Setting Department of Education

Presented by:

Craig Harper, JBC Staff

March 9, 2017

Overview

Staff Recommendation

\$5.6 billion total funds
\$4.2 billion General Fund
599.4 FTE

Department Request

\$5.6 billion total funds
\$4.0 billion General Fund
599.4 FTE

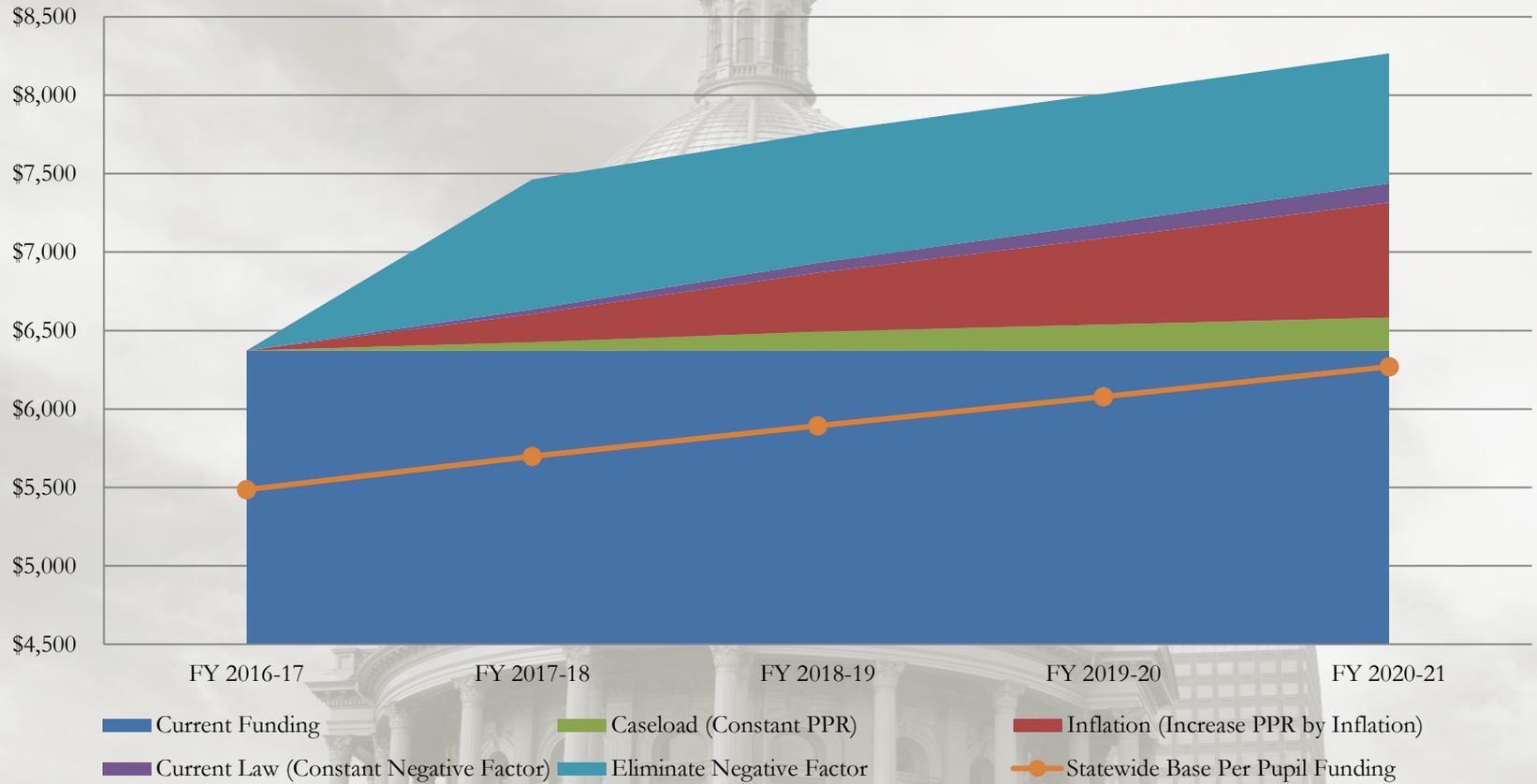
4 Staff-initiated Changes

7 Department Requested Changes

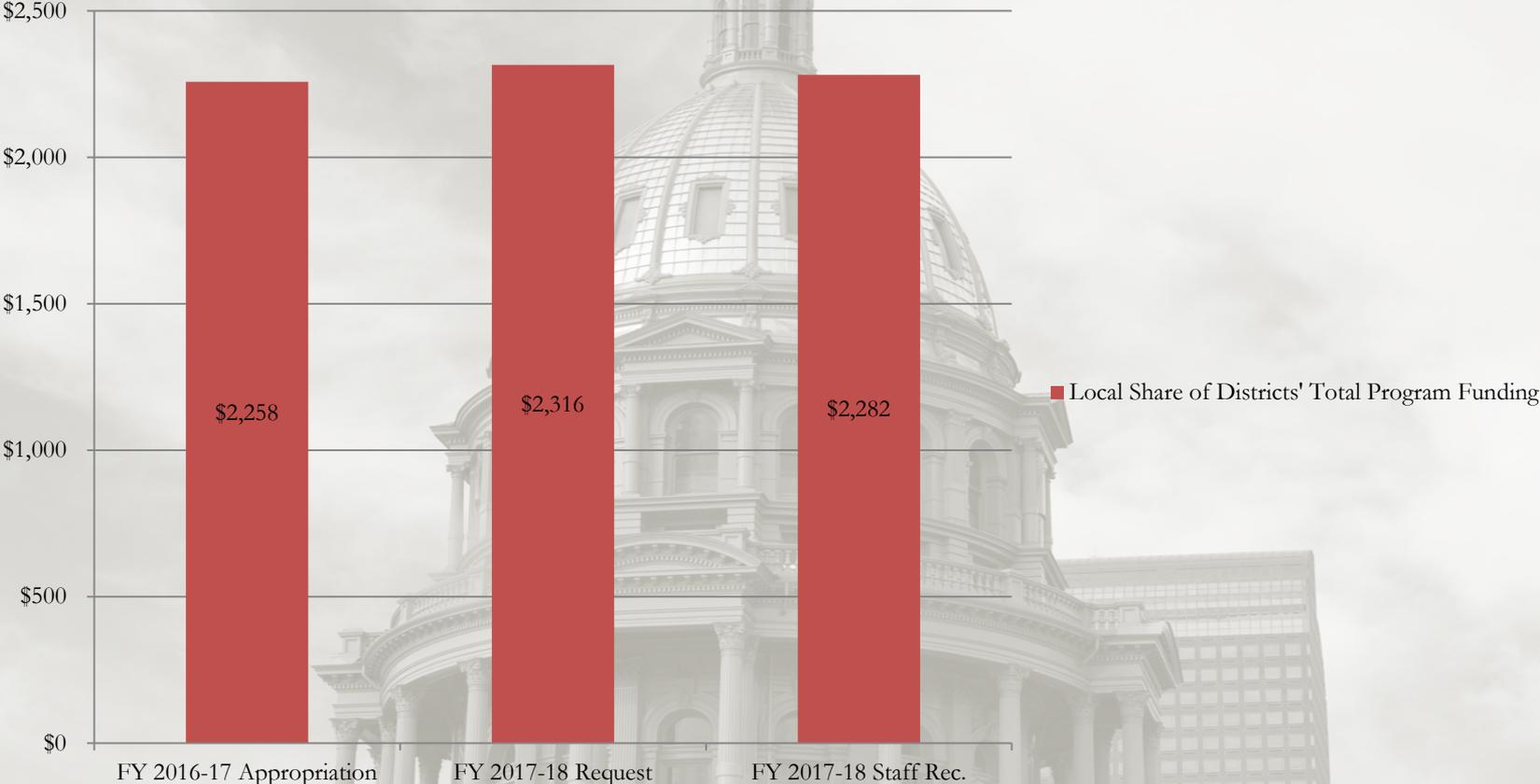
11 Department and Staff Decision Items

(includes decision items, budget amendments, and staff-initiated changes)

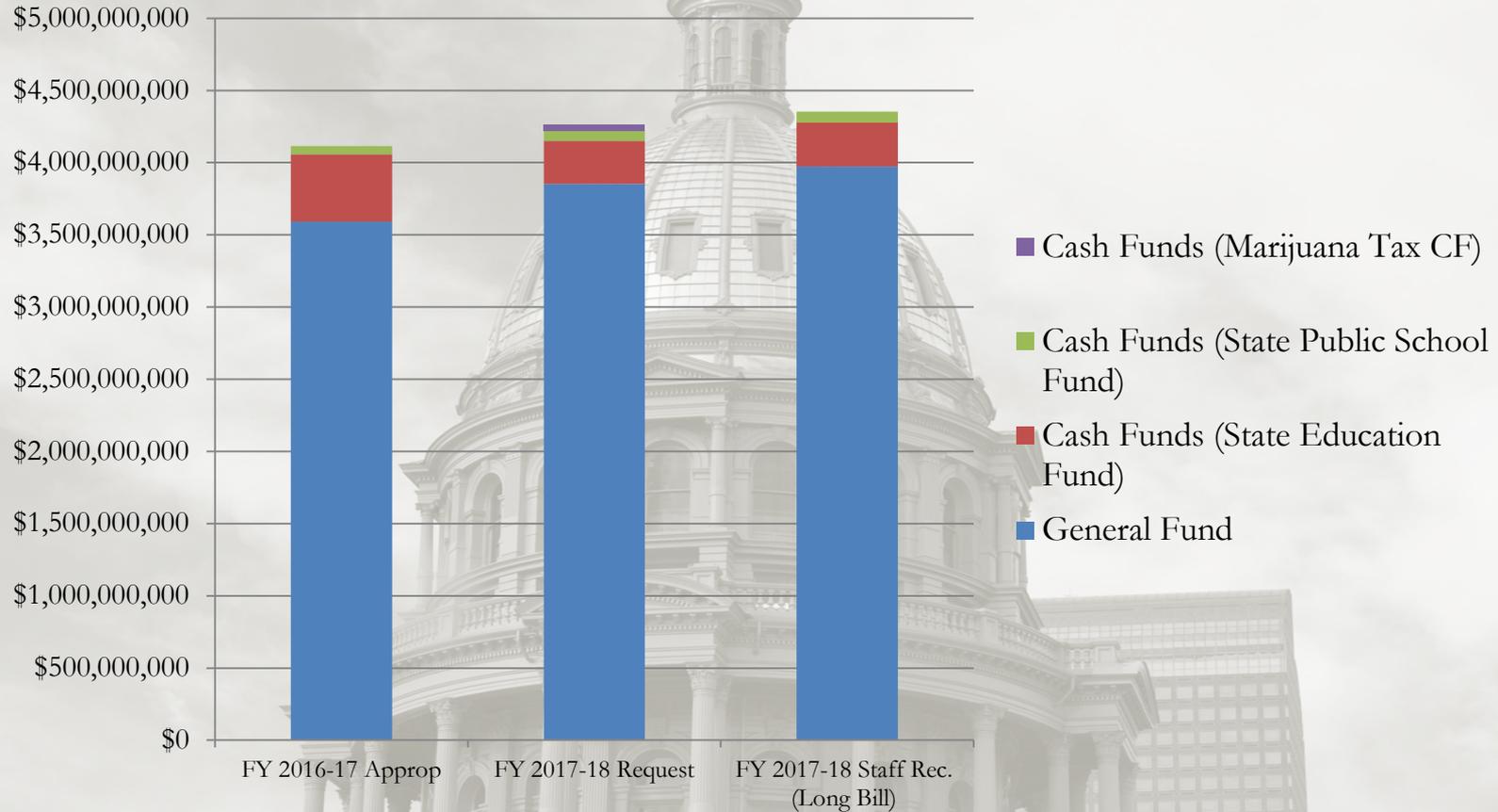
School Districts' Total Program Funding Projections - December 2016 Revenue Forecast (\$ millions)



Local Share of Total Program Funding (\$ in millions)



Fund Sources for State Share of Total Program



Concurrent Enrollment Participation by Program

