

**DEPARTMENT OF EDUCATION
FY 2010-11 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Friday, December 11, 2009
9:30 am – 1:00 pm**

STATE BOARD OF EDUCATION / DEPARTMENT OF EDUCATION

9:30-10:00 INTRODUCTIONS AND OPENING COMMENTS

10:00-11:00 SCHOOL FINANCE

Proposed Funding Changes for FY 2009-10 and FY 2010-11

1. Senate Bill 09-256 contemplates the General Assembly reducing FY 2009-10 appropriations for public school finance by \$110 million through a mid-year supplemental bill [see Section 22-44-119, C.R.S.]. Should the General Assembly consider, instead, modifying the school finance formula to reduce FY 2009-10 state expenditures by \$110 million?
2. The Department's FY 2010-11 budget request is based on a projected negative rate of change in the Consumer Price Index in CY 2009 (-0.4 percent + 1.0 percent = 0.6 percent increase). Thus, the Governor is proposing treating a negative rate of change in the same manner as a positive rate of change. Please describe how this proposal relates to the constitutional provision in Amendment 23 requiring that base per pupil funding and state funding for categorical programs "grow" in FY 2010-11 by at least the rate of inflation plus one percent.
3. Please describe the school finance formula changes that are proposed as part of the Department's FY 2010-11 budget request. Please include an explanation of why changes are proposed to the cost-of-living factor (rather than the size or at-risk factors or other parts of the formula).
4. In connection with the above question, please describe the proposal to require certain school districts to temporarily reduce their mill levies in order to ensure that total program funding is reduced equitably for all school districts. Please include information about which districts are anticipated to be affected and the impact on each district's mill levy and property tax revenues.

General Questions – School Finance Formula

5. Joint Budget Committee Staff recommends that the General Assembly consider modifying the school finance formula to eliminate minimum state aid [see the issue brief that begins on page 38 of the "FY 2010-11 Staff Budget Briefing" dated December 3, 2009]. Please describe how the elimination of minimum state aid would affect both total funding and local property tax revenues for specific school districts. Further, would the Department support such a statutory

change?

6. In light of recent increases in the childhood poverty rate in Colorado, should the General Assembly consider changing the definition of “at-risk” students for purposes of the school finance formula?
7. Under current law, districts receive a minimum amount of per pupil funding, equal to 95 percent of the statewide average per pupil funding amount as calculated under the formula [see Section 22-54-104 (3.5), C.R.S.]. Please provide data concerning the number of districts affected by this “floor” funding provision. Is the number of affected districts increasing or decreasing? Why?
8. The Committee understands that the Interim Committee to Study School Finance is proposing a bill to require the Department to study the development and implementation of a system to provide per pupil funding based on average daily attendance rather than a single count date. Please describe how such a system would work. Further, please indicate what impact such a system might have on the total number of funded students (and thus total state and local funding).

General Questions – Sources of Revenue to Support Public School Finance

9. *Background Information: In 1982, the General Assembly referred a property tax reform measure to the voters which included a provision (generally called the “Gallagher amendment”) which initially reduced the residential assessment rate (RAR) from 30 percent to 21 percent, and capped the residential share of property taxes (which has caused the RAR to continue to decrease over time). In 1988, the General Assembly established a uniform school finance mill levy, requiring most districts to levy 40.080 mills. Since 1988, school district mill levies have decreased. Please provide the following information to quantify the financial impact decreases in both the RAR and mill levies have had on state funding for school finance:*
 - a. How much more property tax revenue would school districts collect for total program if the RAR was still 30 percent?
 - b. How much more property tax revenue would school districts collect for total program if the State still had a uniform mill levy of 40.080?
 - c. How much more property tax revenue would school district collect for total program if the RAR was still at 30 percent AND the State still had a uniform mill levy of 40.080 mills?
10. Please provide information about school districts’ specific ownership tax revenues. Specifically, please provide the amount of specific ownership tax revenues collected for total program in recent fiscal years, and projections for FY 2010-11.

11. Please provide information about school district audit recoveries credited to the State Public School Fund. Specifically, please provide the amount collected in recent fiscal years, as well as projections for FY 2010-11 based on audits performed to date.

11:00-11:15 BREAK

11:15-11:45 STATE STANDARDS AND ASSESSMENTS

12. In a formal letter to staff from CDE officials, staff was informed that the following questions could not yet be answered. The questions were as follows:
 - a. Will Colorado secure Race to the Top funding in round one (and if so how will that affect this work)?
 - b. What is the total cost for a revised state assessment system (as well as separate costs for each design element)?
 - c. How will the revised system be funded?

Please provide justification as to why these questions can not be answered. However, if updated information is available, which in part answers one or all of these questions, please answer to the best of your ability.

13. The Department estimates that the launching of the next generation standards and assessments system would cost approximately \$80 million. How does the Department intend to finance this standards and assessments system?
14. Please provide the estimated out-year costs to school districts and administrative units to implement the provisions of S.B. 08-212, by fiscal year.
15. Is the estimated cost for the next generation standards and assessments system (\$80 million) a one-time expenditure, or an ongoing cost? Does the Department anticipate the cost decreasing over time? If yes, why and how?
16. How will the next generation standards and assessments system align with the requirements of No Child Left Behind (NCLB)?
17. One of the proposed design features that the next generation assessment system would include is artificial intelligence-aided scoring of open-ended test items. Is the Department aware of any successful applications of this design feature in other states' assessment systems? If so, please list which states have this functionality that the new system is being modeled after.
18. Regarding the next generation standards and assessments system, has the Governor's Office of Information Technology been involved in discussions related to the development and implementation of this new system? If not, why not? Further, is it known if the new system would be rolled-out at a single point in time, or phased in? If phased-in, please provide as much detail related to the phase-in as is possible at this time.

19. *The General Assembly, through S.B. 08-212, has directed the Department to revise state content standards to incorporate 21st century skills, be internationally competitive, and reflect postsecondary and workforce readiness. It appears that implementation of the revised standards and the associated assessment system, as well as the provision of support for educators to effectively teach to the new standards, will require a significant increase in funding. At the same time, due to a significant revenue shortfall, the General Assembly is asked to consider making statutory changes to reduce state funding for school finance in FY 2010-11. In addition, a complaint filed in 2005 alleges that Colorado's current system of funding public schools is unconstitutional because it fails to provide the resources necessary to meet the existing "qualitative" mandates in state and federal law. How does the Department propose that we address the gap between our existing system of funding public schools and the aspirations reflected in the updated model content standards?*

11:45-12:15 FUNDING FROM THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

20. In a tabular format, please furnish the amount of ARRA moneys, by ARRA fund source or type, that have been awarded, and the amount distributed. If possible, please do so by district and by aggregate.
21. Please describe the application process for ARRA funds used by districts and administrative units.
22. Please furnish a list of approved uses that the federal ARRA moneys can be applied. What are the implications of funding personnel with ARRA moneys when the moneys are discontinued? Will districts and administrative units fund at the same level?
23. In instances where administrative units and districts are applying for Federal ARRA moneys for Title I and Special Education for the purposes of innovative programs, please furnish an example or examples of such innovative application(s) of ARRA moneys for these purposes.
24. Please provide an overview of the Race to the Top Grant program. In addition, please outline any applicable time lines and phases involved with the granting process. In addition provide federal guidance specifics about how these moneys must be managed once received (distribution of funds, restrictions related to supplantation). Can these moneys be used for existing programs or for new and innovative programs? Is there a unique relationship between Race to the Top Grant funds and Title I funding?
25. For FY 2009-10, the General Assembly did not increase state funding for Special Education - Children with Disabilities due to the anticipated availability of ARRA funds. However only a small amount of ARRA moneys has been distributed to districts to date. Please discuss the anticipated timing of these ARRA distributions and the impact on districts' ability to provide special education services in FY 2009-10.

12:15-12:30 TRUANCY/ DROPOUT PREVENTION

26. Does the Department have Colorado-specific data correlating certain judicial or school district practices or programs with decreases in the student dropout rate (or a reduction in truancy)?
27. Does the Department have any comments on the use of incentives and disincentives to address truancy? For example, would a policy of tying a student's cell phone use to school attendance have a positive impact?
28. In 2006, the General Assembly increased the age requirement for compulsory school attendance from 16 to 17. Has this change increased the number truancy cases filed by school districts? Has it impacted school districts' policies or practices in other ways?

12:30-12:40 MISCELLANEOUS

29. Is the Department looking at reducing childhood obesity, especially among the poor? What are they doing to decrease it?
 30. Does the school breakfast and lunch program promote obesity, given the nutritional content of the foods served? How can we have both a hunger problem and an obesity problem?
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12:40-1:00 COLORADO SCHOOL FOR THE DEAF AND THE BLIND (CSDB)

INTRODUCTIONS AND OPENING COMMENTS

CSDB TEACHER COMPENSATION

31. In the staff issue brief regarding the Colorado School for the Deaf and Blind teacher compensation, staff recommended that the JBC sponsor legislation which would eliminate the requirement that teachers be compensated in accordance with the same salary scale adopted by the El Paso School District 11 school board. Does the CSDB have concerns related to staff's recommendation? If yes, why? If not, why not?
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**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED
[Department's response is comprehensive, and reflects CSDB and the State Charter School
Institute]**

Please provide:

1. Organizational charts for your department, showing divisions and subdivisions (with geographic locations).

2. Definitions of the roles and missions of your department, its divisions and subdivisions.
3. The number of current personnel and the number of assigned FTE by division and subdivision (with geographic locations), including all government employees and on-site contractors.
4. A specific list of names, salaries, and positions by division and subdivision of any salaried officer or employee making over \$95,000 per year in FY 2009-10. The Department of Education is requested to include the same information, if available, for public school officers and employees.
5. A specific list of names, bonuses, and positions by division and subdivision of any salaried officer or employee making over \$95,000 per year who received any bonuses in FY 2008-09. The Department of Education is requested to include the same information, if available, for public school officers and employees.
6. Numbers and locations of any buildings owned or rented by any division or subdivision (by location) and the annual energy costs of all buildings.
7. Any real property or land owned, managed, or rented by any division or subdivision (by geographic location).
8. List essential computer systems and databases used by the department, its divisions and subdivisions, with their actual FY 2008-09 expenditures.
9. Any actual FY 2008-09 expenditures over \$100,000 total from the department or from its divisions and subdivisions to any private contractor, identifying the contract, the project, and whether the contracts were sole-source or competitive bid.
10. The amount of actual FY 2008-09 expenditures for any lobbying, public relations, gifts, public advertising, or publications including:
 - a. expenditures for lobbying by public employees, contract lobbyists, or "think tanks;"
 - b. expenditures for lobbying purposes at other levels of government;
 - c. expenditures for lobbying purposes from grants, gifts, scholarships, or tuition;
 - d. expenditures for publications or media used for lobbying purposes;
 - e. expenditures for gratuities, tickets, entertainment, receptions or travel for purposes of lobbying elected officials; or
 - f. expenditures for any public advertising. Include all advertising campaigns, including those that are not for public relations.

11. List of all boards, commissions, and study groups, including actual FY 2008-09 expenditures, travel, per diem budgets and assigned FTEs.
12. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision, that will reduce your department's total FY 2010-11 General Fund expenditures by 12.5% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.
13. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision, that will reduce your department's total FY 2010-11 General Fund expenditures by 25.0% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.