

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2012-13 STAFF BUDGET BRIEFING

DEPARTMENT OF EDUCATION

(Public School Finance subsection)

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

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**FY 2012-13 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF EDUCATION

(Public School Finance subsection)

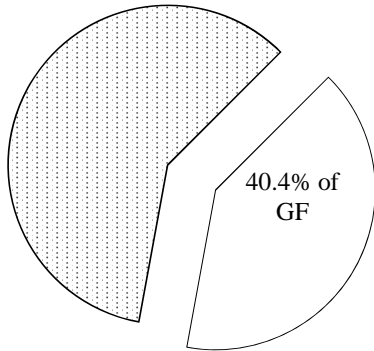
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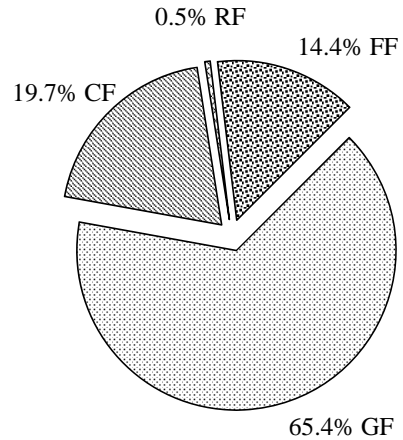
** The State Auditor's Office has not identified any outstanding recommendations for this department.*

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
GRAPHIC OVERVIEW**

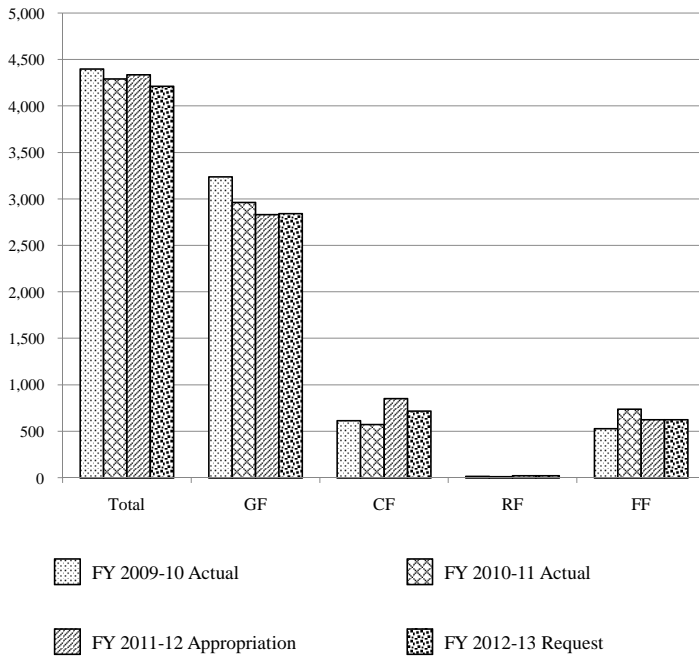
Department's Share of Statewide General Fund



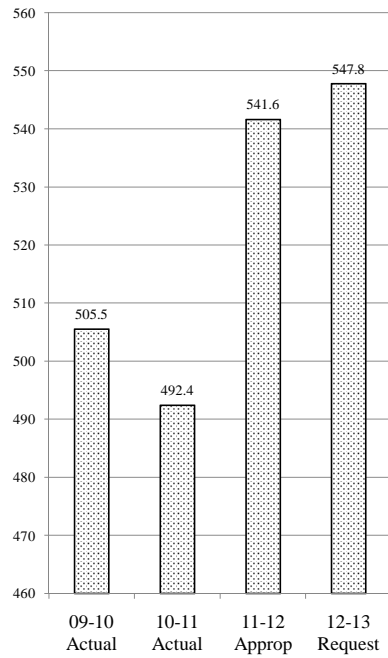
Department Funding Sources



**Budget History
(Millions of Dollars)**

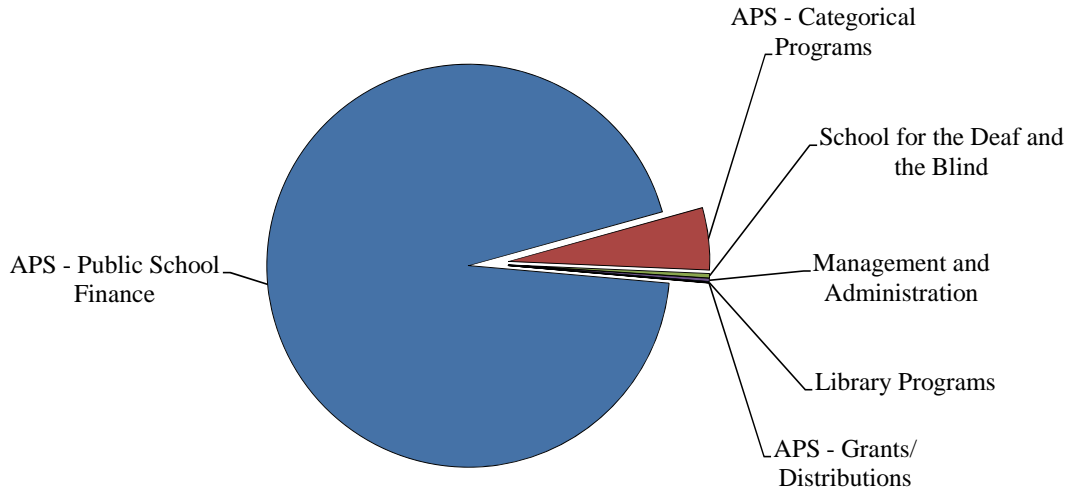


FTE History

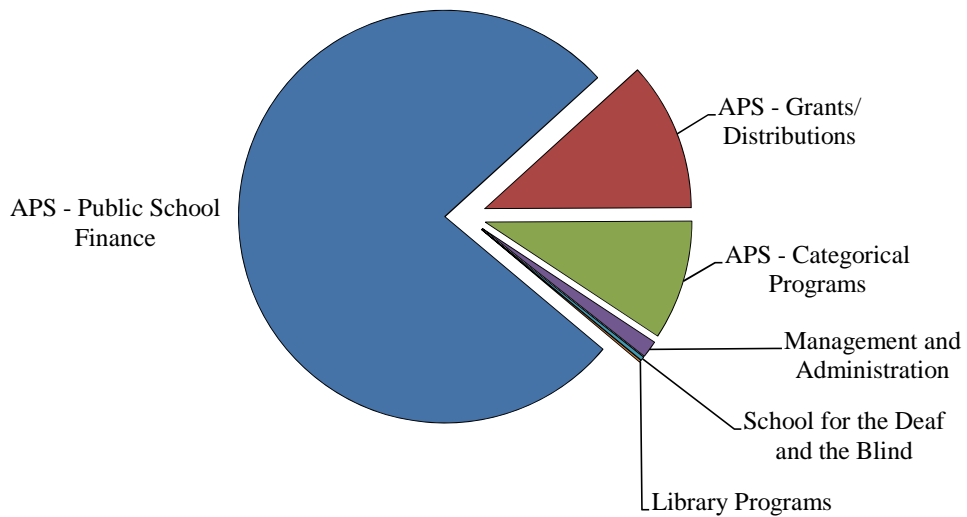


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
(Public School Finance subsection)**

DEPARTMENT OVERVIEW

Key Responsibilities

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

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

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

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

Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado (\$1.9 billion in FY 2011-12), local funds are not reflected in the State's annual appropriations to the Department of Education. Total appropriations to the Department of Education for FY 2011-12 consist of 65.4 percent General Fund, 19.7 percent cash funds, 14.4 percent federal funds, and 0.5 percent reappropriated funds. The most significant factor driving the Department's budget – school finance – is discussed below. Other factors that drive the Department's budget will be covered in a separate briefing document.

School Finance

Article IX, Section 2 of the State Constitution requires the General Assembly to provide for the "establishment and maintenance of a thorough and uniform system of free public schools throughout the state". To comply with this provision, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates funds among school districts by calculating a per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same *base per pupil funding amount* for every school district (\$5,635 per pupil for FY 2011-12). The formula then increases this statewide base per pupil funding amount for each district based on *factors* that affect districts' costs of providing educational services. Thus, per pupil funding allocations vary for each district. For FY 2011-12, per pupil funding allocations are anticipated to range from \$6,129 to \$14,232, with a statewide average of \$6,468 per pupil. Each

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

district's per pupil funding allocation is multiplied by its funded pupil count to determine its *total program funding*. For FY 2011-12, pursuant to the school finance formula, a total of \$5.2 billion in state and local funds will be allocated among school districts.

Constitutional Inflationary Requirement (Amendment 23)

Pursuant to Article IX, Section 17 of the State Constitution, the General Assembly is required to provide annual inflationary increases in base per pupil funding. For FY 2001-02 through FY 2010-11, the base per pupil amount was required to increase annually by at least inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the base per pupil funding amount must increase annually by at least the rate of inflation. For example, for FY 2011-12, the General Assembly was required to increase base per pupil funding by at least \$105 (from \$5,530 to \$5,635, or 1.9 percent), based on the actual 1.9 percent increase in the Denver-Boulder consumer price index in calendar year 2010. Given an estimated funded pupil count of nearly 806,000, the General Assembly was thus required to provide a minimum of \$4.5 billion in state and local funds for FY 2011-12 -- 87.1 percent of the \$5.2 billion in total program funding.

Factors Considered in Public School Finance Formula

The remaining 12.9 percent of state and local funds that will be allocated among school districts in FY 2011-12 is driven by other factors in the statutory school finance formula that increase the base per pupil funding for each district by varying amounts to account for individual district characteristics. The formula includes three primary factors.

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

In addition, the school finance formula requires a *minimum level of per pupil funding* (\$6,137 per pupil for FY 2011-12²), regardless of the impact of the above factors. For FY 2011-12, 15 districts are anticipated to receive funding based on this minimum level of per pupil funding. The School Finance Act also provides a *fixed amount of funding per pupil* (established at \$5,914³ for FY 2011-12) *for two types of students*:

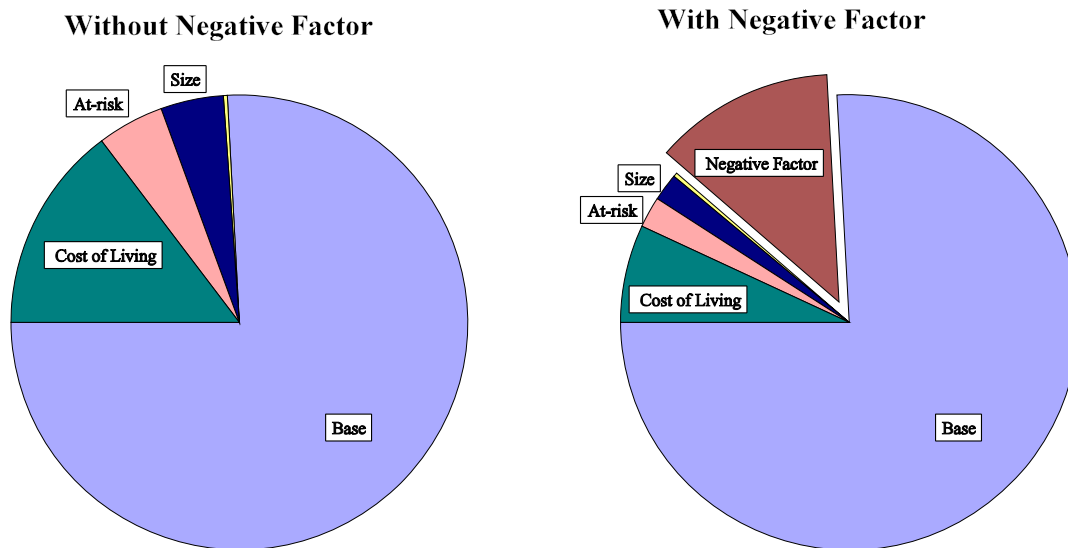
² This amount is calculated after the application of the negative factor.

³ This amount is calculated after the application of the negative factor.

- 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, since FY 2010-11 the formula has included a *negative factor* designed to reduce districts' total program funding to a specified total amount. For FY 2011-12, this factor is estimated to be -12.9 percent, requiring a \$774 million reduction in total program funding. Thus, the Department will calculate total program funding for each district based on the formula described above, and then reduce each district's total program funding by 12.9 percent⁴. Because the General Assembly cannot decrease base per pupil funding, this new factor has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.

Total Program Funding by Component: FY 2011-12



Determining the State and Local Shares of 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. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment

⁴ Please note that for some districts, this reduction exceeds the state share of total program funding. In this case, the reduction in total program funding is limited to the state share of funding.

rate). Specific ownership taxes are paid when registering a motor vehicle. These local tax revenues are collected and expended by each school district, and thus are not reflected in the state budget. For FY 2011-12, \$1.9 billion in local tax revenues are anticipated to be available to support public schools pursuant to the statutory school finance formula.

State funding is appropriated to fill the gap between local tax revenues and total program funding. Thus, the General Assembly appropriated \$3.3 billion in state funding for FY 2011-12 to provide a total of \$5.2 billion for school district operations.

Two constitutional provisions, combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues available for public school operations:

- In 1982, voters approved a property tax reform measure that included a provision (generally called the "Gallagher amendment"⁵) which initially reduced the residential assessment rate from 30.0 percent to 21.0 percent, and capped the residential share of property taxes.
- In 1992 voters approved the Taxpayer's Bill of Rights (TABOR)⁶. Prior to TABOR, local governments could generally collect and spend the same amount of property tax revenue each year by periodically increasing or decreasing mill levies. With respect to school district property taxes, TABOR: (1) imposes a property tax revenue limit based on inflation and changes in student enrollment; (2) prohibits districts from increasing a mill levy without voter approval; and (3) requires voter approval for any increase in the assessment rate for a class of property.

As a result of the combined impact of the Gallagher amendment and TABOR, the residential assessment rate has declined from 30.0 percent to 7.96 percent (to keep the residential share of property tax revenues at about 47.0 percent); school district mill levies have declined from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to increase. Specifically, from CY 1988 to FY 2006-07, the ratio of the State share of funding to the local share of funding shifted from 43:57 to 64:36.

Senate Bill 07-199 changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding. Due to the passage of S.B. 07-199 and increases in assessed valuation, the percent state share of funding actually decreased in FY 2007-08 (to 62.2 percent). Subsequently, due to declines in assessed valuation, the state share has increased and is projected to provide 64.0 percent of total program funding in FY 2011-12.

⁵ See Article X, Section 3 (1) (b) of the Colorado Constitution.

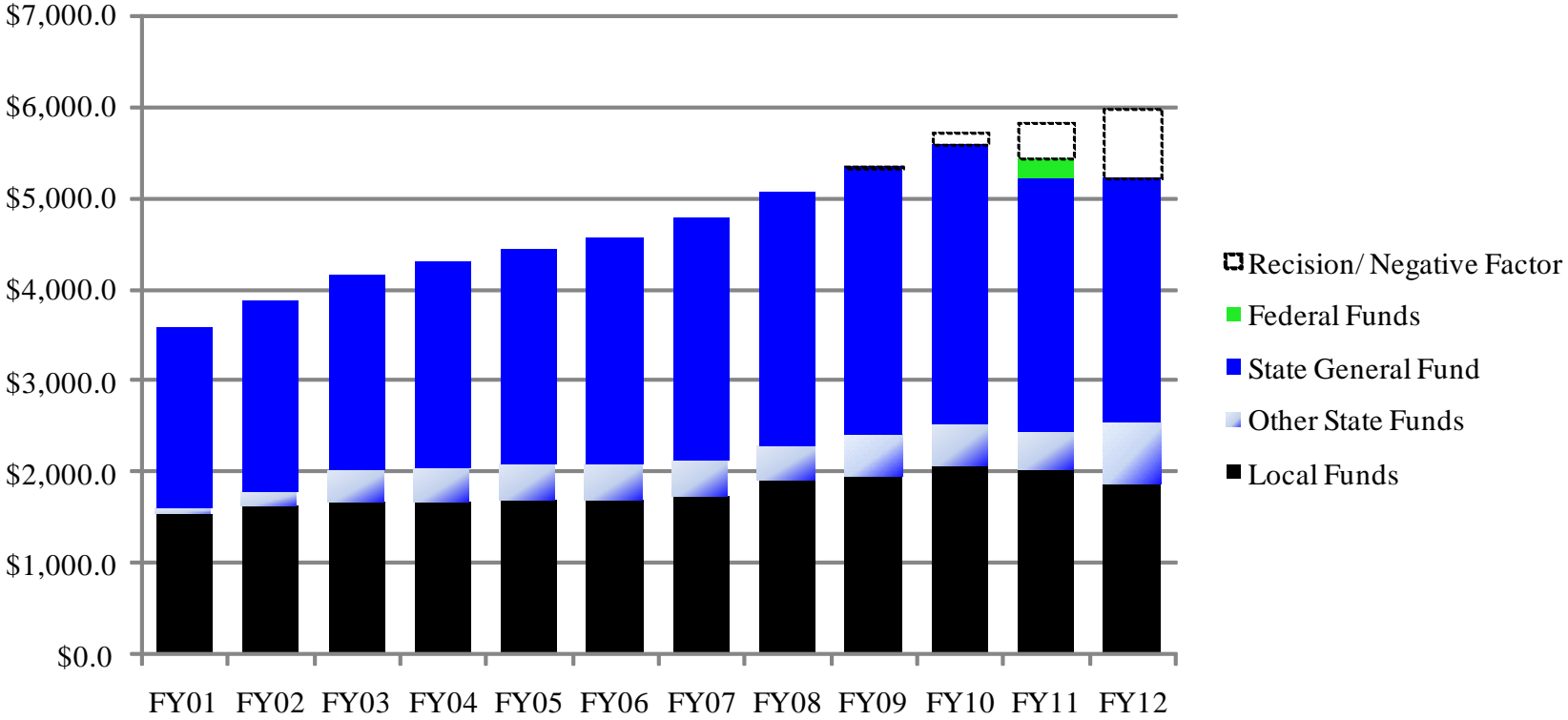
⁶ See Article X, Section 20 of the Colorado Constitution.

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

- The number of pupils enrolled in public schools, including children participating in full-time on-line programs, as well as children for whom funding is provided to participate in state-supported preschool programs, full-day kindergarten programs, and the ASCENT program;
- The rate of inflation;
- Changes in the relative cost-of-living in various regions of the state;
- The number of students enrolled in public schools who are considered at-risk;
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues; and
- Changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district.

The graphic on the following page illustrates school districts' total program funding, by fund source, from FY 2000-01 through FY 2011-12. The stacked bar segments outlined with a dotted line illustrate the mid-year recisions required in FY 2008-09 and FY 2009-10 due to insufficient state appropriations, as well as the impact of the negative factor for FY 2010-11 and FY 2011-12. The graphic is followed by key data related to school finance funding for the last five fiscal years, as well as appropriations for FY 2011-12.

School Districts' Total Program Funding (\$ millions)



School Districts' Total Program Funding: Key Data						
Description	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Approp.
Funded Pupil Count	753,065	760,884	778,108	789,497	798,600	805,891
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>1.0%</i>	<i>2.3%</i>	<i>1.5%</i>	<i>1.2%</i>	<i>0.9%</i>
<i>Change in Denver-Boulder Consumer Price Index for Previous Calendar Year</i>	<i>2.1%</i>	<i>3.6%</i>	<i>2.2%</i>	<i>3.9%</i>	<i>(0.6)%</i>	<i>1.9%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,864	\$5,088	\$5,250	\$5,508	\$5,530	\$5,635
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.6%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>0.4%</i>	<i>1.9%</i>
Statewide <u>Average</u> Per Pupil Funding	\$6,359	\$6,661	\$6,874	\$7,078	\$6,814	\$6,468
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.7%</i>	<i>3.2%</i>	<i>3.0%</i>	<i>(3.7)%</i>	<i>(5.1)%</i>
Total Program Funding/1	\$4,788,862,198	\$5,068,284,706	\$5,349,019,294	\$5,587,765,303	\$5,441,412,219	\$5,212,694,674
<i>Annual Percent Change</i>	<i>4.7%</i>	<i>5.8%</i>	<i>5.5%</i>	<i>4.5%</i>	<i>(2.6)%</i>	<i>(4.2)%</i>
<u>Local Share</u> of Total Program Funding	\$1,729,362,067	\$1,915,971,895	\$1,956,083,870	\$2,068,895,672	\$2,018,856,003	\$1,876,347,000
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>10.8%</i>	<i>2.1%</i>	<i>5.8%</i>	<i>(2.4)%</i>	<i>(7.1)%</i>
<u>Federal Funds</u> allocated based on School Finance Act formula					216,358,164	
<u>State Share</u> of Total Program Funding	\$3,059,500,131	\$3,152,312,811	\$3,392,935,424	\$3,518,869,631	\$3,206,198,052	\$3,336,347,674
<i>Annual Percent Change</i>	<i>6.6%</i>	<i>3.0%</i>	<i>7.6%</i>	<i>3.7%</i>	<i>(8.9)%</i>	<i>4.1%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>63.9%</i>	<i>62.2%</i>	<i>63.4%</i>	<i>63.0%</i>	<i>58.9%</i>	<i>64.0%</i>

1/ For FY 2008-09 and FY 2009-10, these figures exclude amounts that were rescinded mid-year due to insufficient appropriations (\$5,777,656 and \$129,813,999, respectively). For FY 2010-11 and FY 2011-12, figures reflect total program funding after application of the negative factor.

**Colorado Department of Education
Fiscal Year 2012-13 Budget Request
Side by Side Comparison**

Fiscal Year 2012-13 Budget Request Decision Items				
State Board of Education Request				
CDE Priority	Description	State Board Approved Request	Governor's Request	Gov Priority
1	Total Program	\$ (109,144,451)	\$ (109,144,451)	R-1
2	Categoricals	\$ 8,242,694	\$ 8,242,694	R-2
3	Funding for New State Assessments	\$ 25,900,000	0	N/A
4	Funding for Educator Effectiveness	\$424,390 Non-Appropriated Transfer	--Contingency Reserve Fund	R-4
5	Increase in Spending Authority--Gifts, Grants, Donations	\$ 1,800,000	\$ 1,800,000	R-5
6	Fleet Replacement -- Colorado School for the Deaf and the Blind	\$ 3,623	\$ 3,623	R-6
7	Governor's Initiative: Educator Effectiveness Evaluation System Implementation General Fund Transfer to Great Teachers and Leaders Fund	\$ -	\$ 7,700,000	R-7
	Total All Funds	\$ (73,198,134)	\$ (91,398,134)	
2, 3, 6	Total General Fund	\$ 34,280,438	\$ 8,380,438	
1, 5	Total Cash Funding	\$ (99,778,572)	\$ (99,778,572)	
	Reappropriated Funds	\$ -	\$ -	
	Total Federal Funds	\$ -	\$ -	

FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
(Details provided for Public School Finance subsection only)

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
R-1	\$676,815	(\$109,821,266)	\$0	\$0	(\$109,144,451)	0.0
Total Program Funding and Hold-Harmless Full-day Kindergarten Funding						
<p>Assistance to Public Schools, Public School Finance. The Department requests a \$109,647,723 reduction in state funding for school districts' total program funding, a \$173,543 reduction in Hold-Harmless Full-day Kindergarten Funding, and new appropriation of \$676,815 to ensure that the per pupil funding for five on-line charter schools does not fall below the statewide base per pupil funding amount. The request, which is predicated on a statutory change, proposes that the negative factor in the school finance formula increase from 12.9 percent to 18.0 percent of districts' total program funding (\$1.1 billion). <i>Statutory authority: Article IX, Section 17 of the State Constitution; and Sections 22-54-101, et seq., and 22-55-106, C.R.S.</i></p>						
R-2	\$0	\$8,242,694	\$0	\$0	\$8,242,694	0.0
Required Increase for Categorical Programs						
R-3						
R-4	\$0	\$0	\$0	\$0	\$0	0.0
Educator Effectiveness - Cash Fund Transfer						
R-5	\$0	\$1,800,000	\$0	\$0	\$1,800,000	0.0
Increase Gifts, Grants, and Donations Spending Authority						
R-6	\$3,623	\$0	\$0	\$0	\$3,623	0.0
Fleet Replacement						
R-7	\$7,700,000	\$0	\$0	\$0	\$7,700,000	4.5
Educator Effectiveness - General Fund Transfer						
Total	\$8,380,438	(\$99,778,572)	\$0	\$0	(\$91,398,134)	4.5

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
(Public School Finance subsection)**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2011-12 appropriation and its total FY 2012-13 request.

Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF*	RF	FF	Total	FTE
FY 2011-12 Appropriation	\$2,833.7	\$853.1	\$23.3	\$625.9	\$4,336.0	541.6
FY 2012-13 Request	2,842.6	719.8	23.4	626.5	4,212.3	552.3
Increase / (Decrease)	\$8.9	(\$133.3)	\$0.1	\$0.6	(\$123.8)	10.7
Percentage Change	0.3%	-15.6%	0.3%	0.1%	-2.9%	2.0%

The following table highlights the individual changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation, *for the Public School Finance subsection* of the Long Bill. Requested funding changes for other Long Bill sections will be covered in a separate briefing document. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2011-12 to FY 2012-13

Category	GF	CF	RF	FF	Total	FTE
Assistance to Public Schools - Public School Finance subsection						
<u>State share of districts' total program funding</u>						
Reduction in state funding for FY 2011-12 based on higher than anticipated local revenues	\$0	(\$34,340,231)	\$0	\$0	(\$34,340,231)	0.0
Increase in total program funding based on enrollment and inflation projections (prior to negative factor)	261,407,524	0	0	0	261,407,524	0.0
Fund source adjustments based on available cash fund revenues	109,647,723	(109,647,723)	0	0	0	0.0
Reduction in state funding for FY 2012-13 based on projected local revenue increase	(20,647,723)	0	0	0	(20,647,723)	0.0

Category	GF	CF	RF	FF	Total	FTE
Proposed increase in negative factor (from 12.9% to 18.0%) to reduce state expenditures	<u>(350,407,524)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(350,407,524)</u>	<u>0.0</u>
Net annual change in the appropriation for the State Share of Districts' Total Program Funding	0	(143,987,954)	0	0	(143,987,954)	0.0
New appropriation to ensure that on-line charter schools' per pupil funding does not fall below base per pupil funding amount (R-1)	676,815	0	0	0	676,815	0.0
Reduction in funding for Hold-Harmless Full-day Kindergarten Funding based on above proposal	0	(139,518)	0	0	(139,518)	0.0
Increase to reinstate employer's PERA contribution rate (S.B. 11-076)	<u>0</u>	<u>0</u>	<u>27,870</u>	<u>0</u>	<u>27,870</u>	<u>0.0</u>
Subtotal	\$676,815	(\$144,127,472)	\$27,870	\$0	(\$143,422,787)	0.0
Total changes for Long Bill sections other than Public School Finance	\$8,216,227	\$10,803,294	\$52,033	\$581,411	\$19,652,965	10.7
Total Change	\$8,893,042	(\$133,324,178)	\$79,903	\$581,411	(\$123,769,822)	10.7

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
(Public School Finance subsection)**

BRIEFING ISSUE

ISSUE: School Finance Act Funding Projections

This issue brief provides projections of the state funding that will be required to finance public schools over the next four fiscal years, calling into question whether the General Assembly will be capable of meeting its constitutional obligations.

SUMMARY:

- ❑ Last session, the General Assembly modified the statutory school finance formula by extending the "negative factor" indefinitely. However, the General Assembly did not specify the associated total program funding amount for FY 2012-13 or subsequent fiscal years. Thus, it is unclear whether the General Assembly intends to increase, decrease, or maintain total program funding in FY 2012-13.
- ❑ If the General Assembly intends to simply maintain total program funding at the current \$5,212.7 million level in FY 2012-13, the General Fund appropriation would need to increase by \$162.9 million to replace a one-time General Fund transfer in FY 2011-12.
- ❑ If total program funding remains flat, the portion devoted to base per pupil funding will continue to crowd out the portion available to differentiate districts' per pupil funding amounts. Absent a funding increase, there would be no funding available for differentiation by FY 2015-16 and funding would be insufficient to increase base per pupil funding as required by Amendment 23.
- ❑ For FY 2012-13, the Governor proposes a \$143.3 million reduction in state funding for districts' total program funding. Due to an anticipated increase in local tax revenues, this would result in an \$88.0 million (1.7 percent) reduction in total program funding, and a \$162 (2.5 percent) reduction in average funding per pupil. This proposal would reduce the funding available for differentiation to 7.5 percent of districts' total program funding.

RECOMMENDATIONS:

Based on the current statutory school finance formula, legislative actions in the last four years, school finance funding projections, the Governor's proposed budget for FY 2012-13, and the relatively modest projections of General Fund revenue growth, staff recommends that the Joint Budget Committee initiate conversations with legislative leadership, the Education Committees, and the Governor's Office concerning funding for public schools. Specifically:

1. Given that current law does not specify the total program funding amount associated with the school finance formula negative factor for FY 2012-13, what assumptions should the Joint Budget Committee use to recommend "current law" appropriations to be included in the FY 2012-13 Long Bill?
2. Should the General Assembly pursue changes to the statutory school finance formula, changes to Amendment 23, and/or changes to increase the amount of revenues available to support public schools to ensure that the General Assembly can continue to comply with the constitutional mandate to provide for the maintenance of a thorough and uniform public school system?

DISCUSSION:

Background - Changes in Funding Projection Assumptions

Annual projections for K-12 education funding generally include funding for two program areas: (1) public school finance; and (2) categorical programs. Following the passage of Amendment 23¹, annual projections of funding for these two areas were fairly straightforward. To reflect current law, the projections were based on the existing statutory public school finance formula², the minimum required increase in base per pupil funding required by Amendment 23, and the minimum required increase in state funding for categorical programs required by Amendment 23.

Projections of the General Fund appropriations required to comply with these provisions were calculated based on:

- amounts anticipated to be available from local tax revenues;
- amounts anticipated to be available from State Public School Fund;
- ensuring compliance with the General Fund maintenance of effort requirement in Amendment 23 (when applicable); and
- estimating the amount of General Fund that would be necessary to maintain the "solvency" of the State Education Fund (SEF), based on avoiding a significant increase in General Fund appropriations in a single fiscal year.

In 2010, projections reflected a temporary modification to the statutory school finance formula that applied for FY 2010-11 and FY 2011-12 only. This modification added a formula factor (now called the "negative factor") that reduced total program funding for school districts to a specified dollar amount for each fiscal year. In addition, due to a significant decline in the SEF fund balance, 2010 projections were based on a very different concept of SEF solvency. Specifically, the projections simply assumed that the SEF fund balance would not fall below \$50 million, an amount intended

¹ See Article IX, Section 17 of the State Constitution.

² See Article 54 of Title 22, C.R.S.

to account for income tax revenue forecast error and to avoid requiring the State Treasurer to liquidate long-term investments.

Through the annual school finance bill (S.B. 11-230), the General Assembly made two formula modifications that affect future education funding requirements. Specifically, this bill:

- reduced the specified dollar amount associated with the negative factor for FY 2011-12, thereby reducing the amount of state funding required for FY 2011-12 by \$226.4 million; and
- extended the negative factor indefinitely beyond FY 2011-12.

However, this bill did not specify the associated total program funding amount for FY 2012-13 or subsequent fiscal years. Thus, it is not clear whether the General Assembly intends to increase, decrease, or maintain total program funding in FY 2012-13 or subsequent fiscal years.

The General Assembly also made two sources of one-time or temporary revenues available for public school finance. First, the General Assembly temporarily reduced the statutorily required statewide General Fund reserve for FY 2010-11, and required the State Controller to make a one-time transfer of General Fund revenues that exceed this reserve requirement to the SEF³. This legislation is anticipated to provide an additional \$226.9 million to the SEF, and it thus allowed the General Assembly to reduce state funding for public school finance by less than proposed by the Governor for FY 2011-12 (a difference of \$103.2 million), appropriate less General Fund than proposed by the Governor (a difference of \$134.0 million), and maintain a \$100 million balance in the SEF.

Second, the General Assembly extended for two additional years (FY 2011-12 and FY 2012-13) the requirement that certain revenues related to state trust lands that would otherwise be credited to the Public School ("Permanent") Fund be transferred to the State Public School Fund. Initial estimates indicated that this provision would make another \$36.0 million available for appropriation in both FY 2011-12 and FY 2012-13. Updated estimates indicate that this provision will provide an additional \$49.0 million in each fiscal year.

In light of these statutory changes, staff's 2011 funding projections are based on the following assumptions:

³ This transfer was authorized by S.B. 11-156, as modified by S.B. 11-230. Senate Bill 11-230 also requires the State Treasurer to transfer \$67.5 million from the General Fund to the State Public School Fund. This provision states the General Assembly's intent that the moneys transferred to this fund "be available for appropriation during the 2011-12 budget year to account for mid-year changes in pupil enrollment and the at-risk pupil population and changes in assessed valuations and the specific ownership tax from the prior year".

- The General Assembly will increase General Fund appropriations by \$226.9 million in FY 2012-13 and by another \$49.0 million in FY 2013-14 to replace one-time/temporary revenue sources.
- Given that current law does not indicate whether the General Assembly intends to increase, decrease, or maintain total program funding in future fiscal years, the *baseline* projection assumes that school districts' total program funding will remain at its current level for the next five fiscal years.

In addition, consistent with previous analyses, the projections assume the following:

- Existing appropriations for FY 2011-12 will not be changed mid-year. Through S.B. 11-230, the General Assembly set aside \$67.5 million to cover potential mid-year increases in the state share of funding for school finance. For purposes of these projections, staff assumes that the full \$67.5 million will be available for school finance in FY 2012-13.
- The General Assembly will increase state funding for categorical programs by inflation annually, as required by Amendment 23. Consistent with recent legislative actions, staff assumes that the General Assembly will use SEF moneys to comply with this provision.
- SEF moneys will continue to be appropriated to support a variety of programs and functions other than school finance and categorical programs (totaling \$49.4 million in FY 2011-12). However, the projections do not include any increases in funding that may be necessary to fully implement recent education reform legislation, including S.B. 08-212 (preschool to postsecondary alignment), S.B. 09-163 (education accountability system), or S.B. 10-191 (principal and teacher effectiveness).
- The projections assume a minimum balance in the SEF to account for income tax revenue forecast error and to avoid requiring the State Treasurer to liquidate long-term investments. Consistent with General Assembly actions in the 2011 Session, staff's projections assume that the balance in the SEF will not fall below \$100.0 million.

Finally, please note that these projections will be updated again based on the Legislative Council Staff's December 2011 revenue forecast (include projections of inflation, SEF revenues, pupil enrollment, and property tax revenues), as well as actual pupil count information for the current school year that will be available in January 2012.

2011 Funding Projections

Consistent with the staff's office-wide approach for General Fund projections this year, the projected changes in General Fund appropriations for the State Share of Districts' Total Program Funding are based on four incremental scenarios:

- *Baseline:* maintain districts' total program funding at its current level;
- *Caseload:* fund annual enrollment changes, thereby maintaining the current statewide average per pupil funding amount received by districts;
- *Inflation:* annually increase statewide average per pupil funding by the rate of inflation; and
- *Policy Option:* "fully fund" the formula by eliminating the negative factor in FY 2012-13.

As described above, in the absence of statutory direction, the baseline scenario simply maintains existing total program funding throughout the forecast period. It is important to note, however, that the baseline scenario appears to be inconsistent with both the constitutional requirement to provide for the maintenance of a "thorough and uniform system of free public schools" and Amendment 23⁴. Specifically, in order to comply with Amendment 23, the General Assembly will need to increase base per pupil funding by inflation each year. If total program funding remains fixed, the portion devoted to base per pupil funding grows each year, crowding out the portion available to fund the various formula factors that recognize individual school district characteristics that affect the costs of providing educational services. Specifically, during the current economic downturn, funding related to these factors has declined from 24 percent of total program funding to 13 percent. The baseline scenario projects that by FY 2015-16, the current level of total program funding would be insufficient to provide the inflationary increase in base per pupil funding and there would be no funding available for the factors.

For FY 2012-13, staff estimates that the General Assembly will need to increase the General Fund appropriation for FY 2012-13 by \$162.9 million to simply maintain the current level of total program funding contemplated under the baseline scenario. An additional \$43.3 million would be required to fund projected enrollment growth, plus another \$168.2 million to increase average per pupil funding by inflation (3.2 percent). Finally, another \$806.2 million would be required to eliminate the negative factor and "fully fund" the statutory school finance formula.

The graphic on the next page illustrates staff's funding projections based on these four incremental scenarios, with each layer of the area chart representing the additional state funding required under each scenario. The graphic also includes a line to identify the costs of simply providing base per pupil funding, keeping pace with projected enrollment increases and providing the constitutionally required inflationary increases in the base per pupil funding amount. As this line approaches (and ultimately crosses) the funding level of the baseline scenario, the amount of funding available to fund the formula factors declines. Following the graphic, Table 1 details the underlying data.

⁴ See Sections 2 and 17 of Article IX of the State Constitution.

School Districts' Total Program Funding Projections (\$ millions)

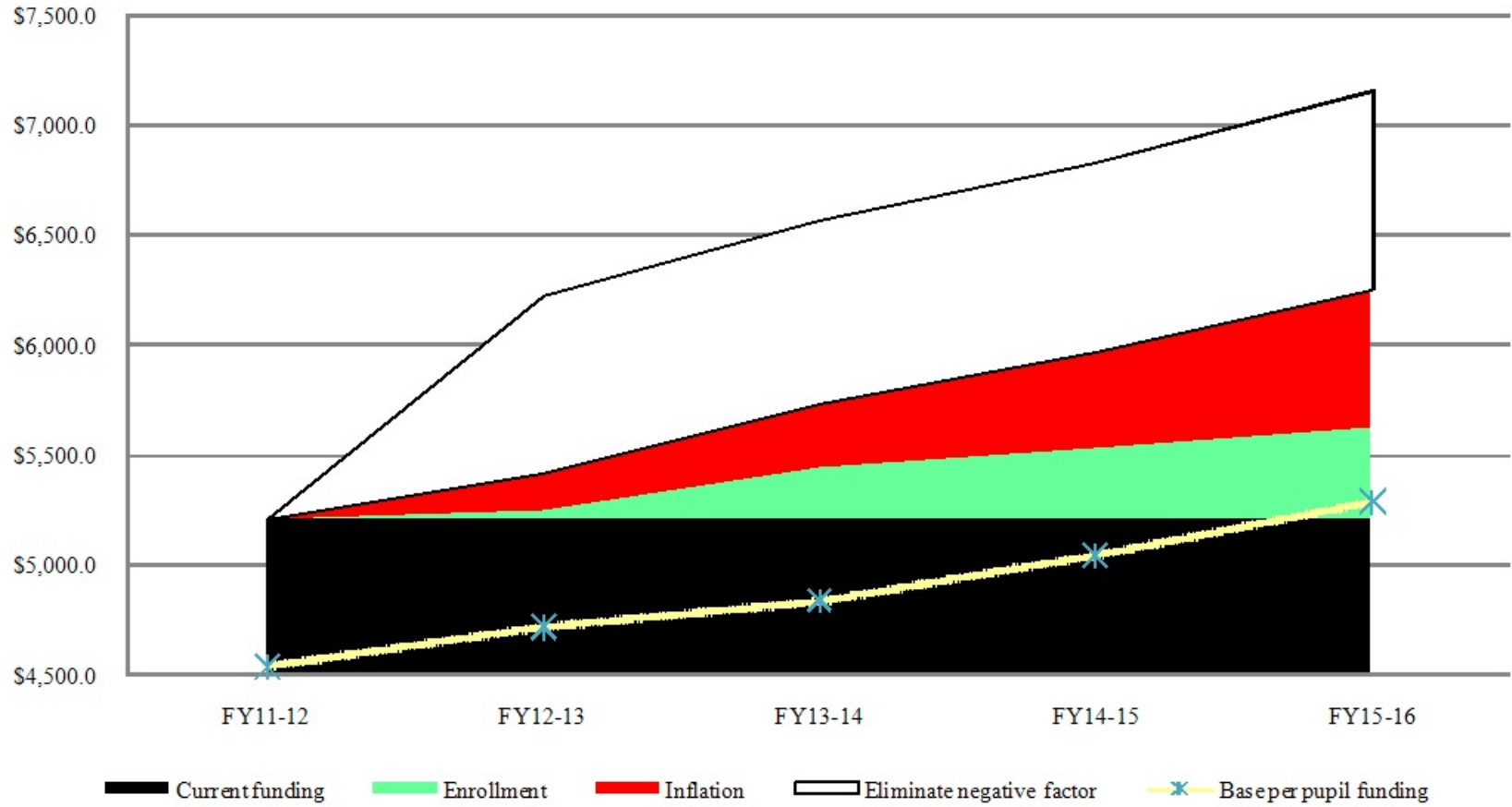


Table 1 details the annual dollar increases required under each of the four funding projection scenarios.

TABLE 1: Projection of General Fund Need for Public School Finance				
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Base appropriation	\$2,671,845,744	\$3,852,428,687	\$4,111,980,351	\$4,305,365,792
<i>GF offset to changes in other fund sources:</i>				
Local funding	(20,288,754)	(32,244,965)	(50,150,899)	(162,280,593)
State Public School Fund	(73,263,511)	92,152,118	(2,924,646)	(3,041,632)
State Education Fund	<u>29,540,075</u>	<u>(10,072,642)</u>	<u>(22,119,015)</u>	<u>(25,615,665)</u>
Subtotal	(64,012,190)	49,834,511	(75,194,560)	(190,937,890)
<i>GF adjustments for one-time/ temporary funding sources:</i>				
GF transfer to SEF (S.B. 11-156)	226,900,000			
State trust land revenue diversion (S.B. 11-230)		<u>49,000,000</u>		
Subtotal	226,900,000	49,000,000	0	0
Baseline: Total GF adjustments to maintain existing state and local funding for school districts	162,887,810	98,834,511	(75,194,560)	(190,937,890)
Caseload: Annual increases to fund projected enrollment	43,327,512	19,522,446	82,390,713	97,384,519
Inflation: Annual increases to increase average per pupil funding by inflation	168,192,710	120,400,684	151,434,033	185,098,184
Policy Option: Annual increases to "fully fund" statutory school finance formula (eliminating new negative factor), beginning in FY 2012-13	806,174,911	20,794,023	34,755,255	41,981,979
Adjusted appropriation	3,852,428,687	4,111,980,351	4,305,365,792	4,438,892,584
Total annual dollar change	1,180,582,943	259,551,664	193,385,441	133,526,792
Total annual percent change	44.2%	6.7%	4.7%	3.1%

Table 2 provides a broader context for the General Fund projections in Table 1. Specifically, Table 2 details the total program funding and the average funding per pupil that are associated with each of the four scenarios in Table 1. For both the baseline and policy option scenarios, Table 2 also details the associated state and local funding components.

For example, under the baseline scenario, while total program funding remains flat, both the state share of funding and the statewide average per pupil funding decline annually. Conversely, under the policy option scenario, the state share of funding would increase by nearly 30 percent in FY

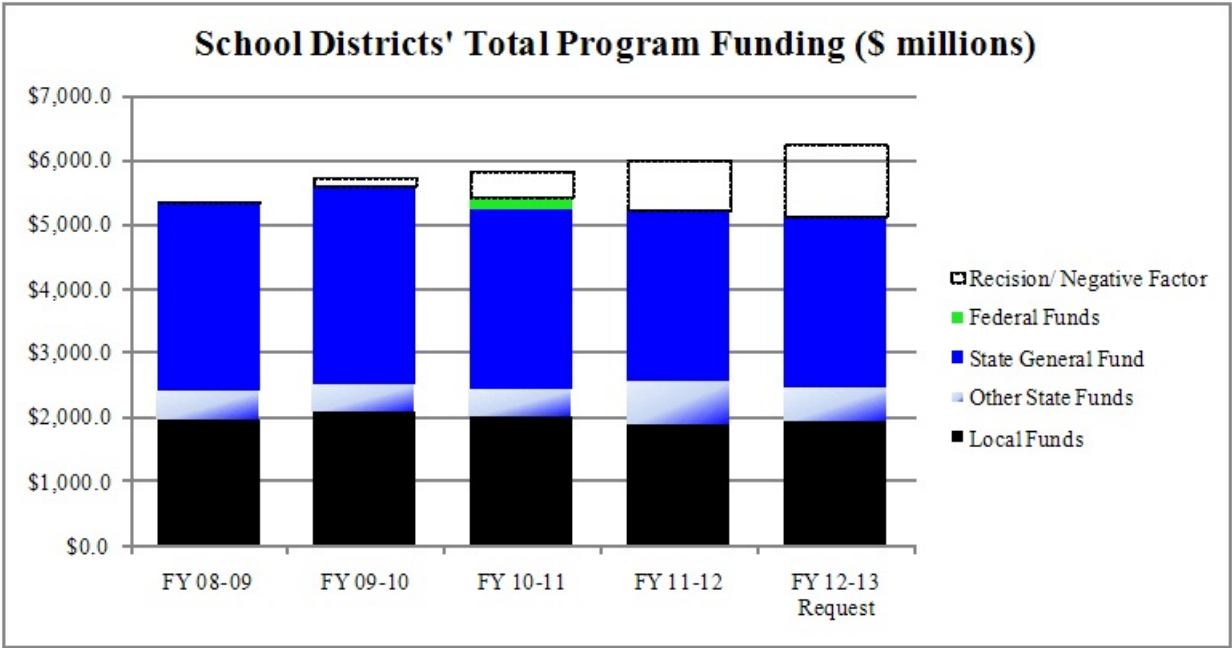
2012-13, total program funding would increase by 19.5 percent, the statewide average per pupil funding would increase by 18.5 percent.

TABLE 2: State and Local Funding Corresponding to General Fund Projections				
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
1. Baseline: Maintain Districts' Total Program Funding				
General Fund	\$2,834,733,554	\$2,933,568,065	\$2,858,373,505	\$2,667,435,615
State Education Fund	259,045,212	269,117,854	291,236,869	316,852,534
State Public School Fund	<u>222,280,154</u>	<u>81,128,036</u>	<u>84,052,682</u>	<u>87,094,315</u>
Subtotal: State share of funding	3,316,058,920	3,283,813,955	3,233,663,056	3,071,382,464
<i>Annual percent change</i>	-0.6%	-1.0%	-1.5%	-5.0%
Local share of funding	1,896,635,754	1,928,880,719	1,979,031,618	2,141,312,210
<i>Annual percent change</i>	1.1%	1.7%	2.6%	8.2%
Total program funding	5,212,694,674	5,212,694,674	5,212,694,674	5,212,694,674
<i>Annual percent change</i>	0.0%	0.0%	0.0%	0.0%
Average funding per pupil	6,415	6,391	6,293	6,181
<i>Annual percent change</i>	-0.8%	-0.4%	-1.5%	-1.8%
2. Caseload: Fund Enrollment Increases to Maintain Average Per Pupil Funding				
Total program funding	5,256,022,186	5,275,544,632	5,357,935,345	5,455,319,863
<i>Annual percent change</i>	0.8%	0.4%	1.6%	1.8%
Average funding per pupil	6,468	6,468	6,468	6,468
<i>Annual percent change</i>	0.0%	0.0%	0.0%	0.0%
3. Inflation: Increase Average Per Pupil Funding by Rate of Inflation				
Total program funding	5,424,214,895	5,564,138,026	5,797,962,772	6,080,445,474
<i>Annual percent change</i>	4.1%	2.6%	4.2%	4.9%
Average funding per pupil	6,675	6,822	6,999	7,209
<i>Annual percent change</i>	3.2%	2.2%	2.6%	3.0%
4. Policy Option: Eliminate Negative Factor in Statutory School Finance Formula Beginning in FY 2012-13				
General Fund	3,852,428,687	4,111,980,351	4,305,365,792	4,438,892,584
State Education Fund	259,045,212	269,117,854	291,236,869	316,852,534
State Public School Fund	<u>222,280,154</u>	<u>81,128,036</u>	<u>84,052,682</u>	<u>87,094,315</u>
Subtotal: State share of funding	4,333,754,053	4,462,226,241	4,680,655,343	4,842,839,433
<i>Annual percent change</i>	29.9%	3.0%	4.9%	3.5%

TABLE 2: State and Local Funding Corresponding to General Fund Projections				
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Local share of funding	1,896,635,754	1,928,880,719	1,979,031,618	2,141,312,210
<i>Annual percent change</i>	<i>1.1%</i>	<i>1.7%</i>	<i>2.6%</i>	<i>8.2%</i>
Total program funding	6,230,389,807	6,391,106,960	6,659,686,961	6,984,151,643
<i>Annual percent change</i>	<i>19.5%</i>	<i>2.6%</i>	<i>4.2%</i>	<i>4.9%</i>
Average funding per pupil	7,667	7,836	8,040	8,281
<i>Annual percent change</i>	<i>18.5%</i>	<i>2.2%</i>	<i>2.6%</i>	<i>3.0%</i>

Governor’s Budget Request for FY 2012-13

The Governor’s budget request proposes a \$143.3 million reduction in state funding for school districts’ total program funding for FY 2012-13. This state funding reduction is anticipated to be partially offset by an increase in local tax revenues, and would thus result in an \$88.0 million (1.7 percent) decrease in total program funding. Based on projected enrollment increases, this would reduce average per pupil funding by 2.5 percent (\$161.55). The following graphic provides a comparison of recent total program funding levels and the Governor’s proposal for FY 2012-13.



Please note that the Governor’s request proposes that the statewide base per pupil funding amount increase based on the CY 2011 rate of inflation (based on a projection of 3.5 percent). The proposed reduction in total program funding would thus require the negative factor to increase from 12.9 percent of districts’ total program funding (\$774.4 million) to 18.0 percent (\$1,123.8 million). The proposal would reduce the amount of funding available to differentiate funding based on school district characteristics that affect the costs of providing educational services to \$385.7 million – 7.5 percent of districts’ total program funding.

Conclusions and Concerns

Based on the current statutory school finance formula, legislative actions in the last four years, school finance funding projections, the Governor's proposed budget for FY 2012-13, and the relatively modest projections of General Fund revenue growth, staff recommends that the Joint Budget Committee initiate conversations with legislative leadership, the Education Committees, and the Governor's Office concerning funding for public schools.

First, current law does not specify the General Assembly's intended level of total program funding for FY 2012-13 or subsequent fiscal years. Staff recommends that the Committee discuss this issue with the Education Committees and with leadership to clarify what assumptions the Committee should use to recommend "current law" appropriations to be included in the FY 2012-13 Long Bill.

Second, absent significant increases in state funding over the next three to four years, it appears that the General Assembly may not be capable of meeting both education-related constitutional requirements. Staff recommends that the Committee initiate conversations with legislative leadership, the Education Committees, and the Governor's Office about actions needed to ensure that the General Assembly is capable of continuing to provide for the maintenance of a thorough and uniform public school system. Specifically:

- Based on the current school finance formula, how much funding is needed over and above base per pupil funding to ensure that the various factors appropriately account for differences in districts' costs of providing educational services? If the existing formula was established based on about one-quarter of total program funding being available to differentiate per pupil funding, would the formula appropriately differentiate funding when only 7.5 percent of total program funding is available?
- The negative factor in the statutory funding formula reduces all school districts' funding by the same percent, with the exception of those districts that receive very little or no state funding. Given the proposed magnitude of the negative factor for FY 2012-13, does the General Assembly still consider this exception for certain districts consistent with the thorough and uniform requirement?
- Should the General Assembly pursue changes to the statutory school finance formula, changes to Amendment 23, and/or changes to increase the amount of revenues available to support public school finance in order to ensure that the General Assembly can continue to provide for the maintenance of a thorough and uniform public school system?

The Committee should be aware that the Colorado Children's Campaign has convened a coalition of non-profit agencies, advocacy organizations, and other community leaders over the last several months to re-envision Colorado's school funding formula. In addition, as discussed in the next issue brief, a lawsuit alleging that Colorado's current system of funding public schools is unconstitutional is currently pending in Denver district court.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Education
(Public School Finance subsection)**

BRIEFING ISSUE

INFORMATIONAL ISSUE: Status of *Anthony Lobato, et al., v. the State of Colorado, et al.*

A lawsuit filed in Denver district court alleges that current system of funding public schools is unconstitutional, and asks the court to compel the State to design and implement a new system. The trial in Denver district court concluded in September 2011.

SUMMARY:

- In June 2005 a complaint was filed alleging that Colorado's system of funding public schools is unconstitutional because it does not provide adequate funding, and funding is not allocated in a manner rationally related to the constitutional mandate that the General Assembly provide for the maintenance of a "thorough and uniform" public school system.
- The plaintiffs have asked the Court to declare the entire existing system of funding public schools – including the statutory school finance formula, funding for categorical programs, and funding for districts' capital needs -- unconstitutional, and to require the General Assembly to enact and fund a new system.
- Other than reasonable attorneys' and expert witness fees, the plaintiffs are not seeking a specific monetary judgement. However, the plaintiffs provided evidence during the trial estimating that an additional \$4.15 billion could be necessary to allow school districts to meet all state and federal standards and requirements (excluding transportation, food services, or facility-related expenses).
- The court approved a pre-trial motion filed by plaintiffs to exclude evidence and arguments concerning appropriations for programs and services other than public schools and constitutional revenue restrictions. The court stated that, "while fiscal pressure may explain *why* students' rights have been violated, it has no bearing on the issue of *whether* students' rights have been violated".
- The five week trial in Denver district court concluded in early September. Regardless of the district court decision, parties anticipate that the case will be appealed.

DISCUSSION:

BACKGROUND INFORMATION: RECENT LEGISLATION, LAWSUITS, AND INITIATIVES

Colorado's current system of financing public schools is the result of several legislative actions, court decisions, and voter-approved measures. Since 1970, the General Assembly has adopted three different School Finance Acts. The **1973 School Finance Act** was generally intended to address issues of funding equity among school districts, providing greater funding increases for lower spending districts and capping increases in per pupil funding without approval. In 1977, 16 school districts sought a ruling that the 1973 Act was unconstitutional (*Lujan v. Colorado State Board of Education*). The Denver district court found that the Act violated the equal protection provisions of the U.S. and State Constitutions and it violated the "thorough and uniform" provision of the State Constitution. However, in 1982 the Colorado Supreme Court reversed the trial court decision and found the 1973 Act constitutional¹.

Also in 1982, voters approved a property tax measure that was referred by the General Assembly. This measure included the **Gallagher Amendment**, which capped the share of residential share of property taxes.

In 1987, another lawsuit was filed in Denver district court on behalf of several children and taxpayers (*Hafer v. Colorado State Board of Education*). The *Hafer* suit again challenged the constitutionality of the 1973 Act. Defendants filed a motion to dismiss, and the court dismissed one of three claims. Prior to trial on the remaining two claims, the General Assembly enacted the **1988 School Finance Act** and the Plaintiffs voluntarily dismissed the *Hafer* suit². The 1988 Act categorized similar districts for purposes of funding, and it reduced the local share of funding to approximately 50 percent. In addition, it introduced a uniform mill levy, phasing in both increases and decreases in districts' mill levies. By 1991, this phase-in was complete, with most districts levying 40.080 mills.

Following the General Assembly's adoption of the **statutory six percent limit** on annual increases in General Fund appropriations in 1991 and voter approval of the Taxpayer's Bill of Rights (**TABOR**) initiative in 1992, the General Assembly adopted the **1994 School Finance Act**. This Act moved away from categorizing districts for purposes of funding, and instead established the same base funding for every pupil. The 1994 Act continued to recognize cost differences and differences in economies of scale, and it included a broader recognition of the costs associated with educating at-risk pupils³.

¹ Christy Chase, Office of Legislative Legal Services. Presentation to the 2005 Interim Committee on School Finance (July 21, 2005).

² Ibid.

³ Deb Godshall, Legislative Council Staff. Presentation to the 2005 Interim Committee on School Finance (July 21, 2005).

In 1998 a class action complaint was filed in Denver district court alleging that the State had not fulfilled its constitutional responsibility to provide for the establishment and maintenance of a thorough and uniform system of free public schools because of conditions existing in public school facilities (*Giardino v. State Board of Education*). Defendants filed a motion to dismiss, and the court denied the motion on all claims save one. In April 2000, a few days after the *Giardino* trial began, the parties agreed to settle the action. The settlement agreement was contingent upon the General Assembly adopting legislation (**S.B. 00-181**) that would provide a mechanism for funding capital construction, repair and maintenance in public schools, and provide a total of \$190 million state funds over eleven years to address the most serious needs.

Also in 2000, voters approved **Amendment 23**, requiring the General Assembly to increase base per pupil funding and state funding for categorical programs by the rate of inflation plus one percent for ten years, and by the rate of inflation annually thereafter. The stated intent of this initiative was to restore and then maintain inflation-adjusted base per pupil funding to 1988 levels.

Finally, in 2002, a complaint was filed in Denver district court on behalf of students with disabilities in four districts and their parents (*Haley v. Colorado Department of Education*). Plaintiffs alleged that special needs students were not receiving an "adequate" education, and the system of funding special education services violates the State Constitution. Defendants filed a motion to dismiss, and the court granted the motion based on two of the six arguments raised by Defendants.

ANTHONY LOBATO, ET AL., V. THE STATE OF COLORADO, ET AL.

Complaint - Parties Involved

In 2005, a complaint was filed in Denver district court on behalf of taxpayers, parents, and children in eight school districts, as well as 14 school districts (*Anthony Lobato, et al., v. the State of Colorado, et al.*). The complaint alleged that current system of funding public schools is unconstitutional. The plaintiffs asked the court to declare the current system unconstitutional and to compel the State to design and implement a new system. The defendants included the State of Colorado, the State Board of Education, the Commissioner of Education, and the Governor.

Subsequently, the complaint has been amended and additional plaintiffs have been added. In addition, in March 2010, a complaint was filed in intervention on behalf of parents of children who are low-income students and/or English language learners who are enrolled in property-poor school districts. Table 1 lists the plaintiffs, plaintiffs-intervenors, and defendants in this case, along with the attorneys who represent them.

While some school districts have elected to join the lawsuit as plaintiffs, other districts have provided financial support for the lawsuit. In addition, several education and other advocacy groups became part of the case as "friends of the court".

TABLE 1		
<i>Lobato v. State of Colorado: Parties and Attorneys Involved</i>		
Party	Representing	Attorneys
Plaintiffs	<p>Thirty-two individual taxpayers and parents, and their children; and</p> <p>21 school districts (including multiple small rural school districts as well as Aurora, El Paso - Colorado Springs, Jefferson County, and Pueblo-60)</p>	<p>Alexander Halpern and Kathleen Gebhardt of CHILDREN’S VOICES;</p> <p>Kenzo Kawanabe, Terry Miller, Geoffrey Klingsporn, Rebecca Dunaway, and Daniel Spivey of DAVIS, GRAHAM & STUBBS, LLP;</p> <p>Kyle Velte of REILLY POZNER, LLP;</p> <p>Jess Dance and Zane Gilmer of PERKINS COIE, LLP;</p> <p>David Stark, Joseph Daniels, and Sera Chong of FAEGRE & BENSON LLP;</p> <p>Kimberley Neilio of GREENBERG TRAUER, LLP;</p> <p>Alyssa Yatsko of HOLLAND & HART, LLP;</p> <p>Jessica Yates and Lisa Decker of SNELL & WILMER LLP; and</p> <p>Elizabeth Howard of THE HARRIS LAW FIRM, P.C.</p>
Plaintiffs-Intervenors	<p>Eight individual parents and their minor children, who are low-income students and/or English language learners students enrolled in property-poor school districts in Colorado</p>	<p>David Hinojosa, Marisa Bono, and Rebecca Couto of the Mexican American Legal Defense and Education Fund (MALDEF);</p> <p>Henry Solano of DEWEY & LEBOEUF; and</p> <p>Steven Perfrement of HOLME ROBERTS & OWENS LLP</p>
Defendants	<p>State of Colorado;</p> <p>Colorado State Board of Education;</p> <p>Dwight D. Jones, in his official capacity as Commissioner of Education of the State of Colorado; and</p> <p>Bill Ritter, in his official capacity as Governor of the State of Colorado</p>	<p>Attorney General (AG) John Suthers and the following attorneys on his staff:</p> <p>Nancy Wahl (First Assistant AG);</p> <p>Antony Dyl and Carey Markel (Senior Assistant AGs); and</p> <p>Nicholas Heinke, Jonathan Fero, and Erica Weston (Assistant AGs)</p>

Complaint - Allegations

The complaint, as amended, alleges that the current statutory scheme for funding public schools in Colorado violates two state constitutional provisions:

1. *Article IX, Section 2 (Education Clause)*: This provision requires the General Assembly to "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state, wherein all residents of the state, between the ages of six and twenty-one years, may be educated gratuitously". The complaint argues that this mandate is a substantive guarantee of an adequate, quality education for all school age residents, and that the current system does not provide sufficient funding and does not allocate funding among school districts in a manner that is rationally related to this mandate.
2. *Article IX, Section 15 (Local Control Clause)*: This provision states that the elected directors of local boards of education "shall have control of instruction in the public schools of their respective districts". The complaint argues that the finance system violates this provision because it does not provide sufficient funding for district boards to exercise local control.

Please note that the original complaint also alleged that the current system of funding public schools violates *Article X, Section 3 (1) (a) of the State Constitution*. Specifically, the complaint alleged that Colorado's use of property taxes to partially fund public schools does not fairly allocate the tax burden among Colorado citizens, resulting in taxpayers in property poor districts paying significantly higher mill levies and bearing a greater individual tax burden than similarly situated property owners in high wealth districts [complaint, ¶27]. While the second amended complaint excludes this allegation from the initial sections, it does make reference to it in latter sections concerning capital funding and the impact of TABOR.

The complaint also alleges that education reform legislation adopted since the early 1990's assists in defining the qualitative mandate of the Education Clause, and measuring whether the State has fulfilled its constitutional responsibilities. The complaint identifies areas where schools and districts are not meeting stated goals, and alleges that the system of public school finance is "not rationally related to the accomplishment of the purposes, methods, and requirements of education reform legislation" [second amended complaint, ¶94]. Specifically, plaintiffs argue that the formula's base per pupil funding amount does not represent the actual costs of providing an adequate education to meet the standards, and the factors that are applied do not accurately reflect the costs of meeting differential pupil needs. Thus, the plaintiffs argue that the defendants have not met their constitutional responsibility of aligning the State's school finance system with its standards-based education and accountability systems.

In addition to the above allegations concerning the statutory school finance formula, the complaint includes allegations concerning funding for categorical programs and for districts' capital needs, alleging that:

- the State has failed to provide adequate funding to meet the actual costs incurred by school districts to provide a constitutionally adequate, quality education to non-English proficient students, students with disabilities, and gifted and talented students, and to meet the costs of vocational education and transportation [second amended complaint, ¶119]; and

- the current system does not provide sufficient funding for adequate facilities, technological infrastructure, and equipment [second amended complaint, ¶146].

Finally, the plaintiffs argue that the TABOR and Gallagher provisions impose "procedural" restrictions that fundamentally impair the ability of the State and school districts to provide for and maintain a system of funding public schools that complies with the "substantive" mandate of the Education Clause. Thus, these two "procedural amendments to the constitution must yield to the substantive rights guaranteed by the Education Clause" [second amended complaint, ¶192].

Complaint - Relief Sought

Plaintiffs ask the court to declare that the existing system of public school finance, including the Public School Finance Act, categorical funding programs, and capital construction funding, violates the rights of plaintiffs and the public school students and school districts of the state. The plaintiffs further ask the court to enter interim and permanent injunctions compelling defendants to:

1. establish, fund, and maintain a thorough and uniform system of free public schools that fulfills the qualitative mandate of the Education Clause and is in compliance with the Local Control Clause; and
2. design, enact, fund, and implement a system of public school finance that provides adequate funds and to do so promptly within a specified, reasonable period of time.

The plaintiffs also ask the court to maintain jurisdiction until the defendants implement a constitutional system, and to award the plaintiffs their costs of this action, including reasonable attorneys' and expert witness fees.

The plaintiffs are not seeking a specific monetary judgement. However, the plaintiffs provided evidence during the trial estimating the additional funding necessary to allow school districts to meet all state and federal standards and requirements. Specifically, a March 2011 study conducted by the Augenblick, Palaich and Associates firm for Children's Voices utilized two different methods to estimate school districts' funding needs:

- The "successful school district" (SSD) approach examines the basic spending of those districts that successfully meet current state standards and requirements⁴.
- The "professional judgement" (PJ) approach relies on the expertise of experienced educators and education service providers to specify the resources needed for schools and districts to achieve a set of specific performance measures.

⁴ This analysis was based on the 13 school districts that received a rating of "accredited with distinction" for FY 2009-10 – the highest of five accreditation ratings.

Using the SSD approach, the study estimates that districts would have needed \$8.1 billion (an average of \$9,762 per pupil) in FY 2008-09 to match the spending levels of successful school districts. Using the PJ approach, the study estimates that districts would have needed \$10.3 billion (an average of \$12,442 per pupil) in FY 2008-09 to fully meet state standards and requirements. Thus, this study estimates that an additional \$3.58 billion would have been required in FY 2008-09 for districts to fully meet state standards and requirements; if local mill levy override revenues are excluded, this figure rises to \$4.15 billion.

Please note that these estimates do not include transportation, food services, or capital outlay and debt service expenses related to facilities. At trial, plaintiffs provided witness testimony noting that the statewide financial assistance priority assessment conducted pursuant to H.B. 08-1335 (which established the Building Excellent Schools Today or "BEST" Program) found \$17.9 billion in school renovation and construction needs.

To provide context for the magnitude of a \$4.15 billion increase in funding for public schools, staff provides two comparisons. First, state and local funds⁵ available for public school finance and categorical programs totaled \$5,689.2 million in FY 2008-09. An additional \$4.15 billion represents a 73 percent increase in state and local funding for school finance and categorical programs. Second, the General Assembly appropriated a total of \$7,520.9 million General Fund for all state operations in FY 2008-09. From a state budget perspective, \$4.15 billion represents more than half (55.2 percent) of the total General Fund operating budget for FY 2008-09. In FY 2008-09, 42.8 percent of General Fund appropriations were made to the Department of Education. Thus, absent an increase in General Fund revenues, 98.0 percent of General Fund appropriations would have been required to increase General Fund appropriations for public schools by \$4.15 billion.

Court Actions and Case Status

In response to the initial complaint, the Attorney General's Office filed a motion to dismiss the case. The district court granted the motion to dismiss, ruling that the plaintiffs failed to state a claim upon which relief could be granted. The district court determined that Amendment 23 sets minimum standards for educational funding and that the question of whether Amendment 23 levels of funding are adequate is a non-justiciable political question which the General Assembly has the sole authority to answer. The district court also ruled that plaintiff school districts lacked standing to challenge the constitutionality of school financing.

The Court of Appeals affirmed the district court's ruling that school districts lacked standing and that plaintiffs' claims constituted a non-justiciable political question. However, the Colorado Supreme Court held that plaintiffs' claims are justiciable and that it is the responsibility of the judiciary to determine whether the existing funding system is rationally related to the thorough and uniform constitutional mandate. The Supreme Court instructed the district court to "give substantial deference to the legislature's fiscal and policy judgments", and stated that the court "may

⁵ The local funds amount used here includes only those local revenues related to districts' total program funding.

appropriately rely on the legislature’s own pronouncements concerning the meaning of a ‘thorough and uniform’ system of education” [Supreme Court opinion, page 10]. Further, the Supreme Court states that, “If the trial court finds the current system of public finance irrational and thus unconstitutional, then that court must permit the legislature a reasonable period of time to change the funding system so as to bring the system in compliance with the Colorado Constitution.” [Supreme Court opinion, page 10]. The Supreme Court thus reversed the judgment of and remanded the case to the Court of Appeals to be returned to the district court.

Following the Supreme Court decision, additional plaintiffs joined the lawsuit, complaints were amended, and motions were filed asking the court to make certain pre-trial rulings. Notably, the court denied the defendants’ request for a legal determination that plaintiffs must prove their allegations beyond a reasonable doubt. The court also approved plaintiffs’ motion to exclude evidence and arguments concerning appropriations for programs and services other than education as well as TABOR’s revenue restrictions. The court stated that, "while fiscal pressure may explain *why* students’ rights have been violated, it has no bearing on the issue of *whether* students’ rights have been violated".

The five week trial in Denver district court concluded in early September. Parties were given 45 days to file post-trial briefs. The district court has not yet ruled on this case. The case is expected to be appealed. Table 2 details key court filings and events related to the Lobato case.

TABLE 2 <i>Lobato v. State of Colorado: Time Line</i>	
Date	Key Filings/ Events
June 23, 2005	Plaintiffs file complaint in Denver district court
August 24, 2005	Defendants file motion to dismiss all claims
March 2, 2006	Denver district court enters order granting the defendants’ motion to dismiss
January 24, 2008	Colorado Court of Appeals affirms district court order
October 19, 2009	Colorado Supreme Court reverses Court of Appeals ruling
March 1, 2010	Plaintiffs file first amended complaint
March 3, 2010	Plaintiffs-intervenors file complaint
February 25, 2011	Defendants file motion presenting questions of law for determination
June 27, 2011	Plaintiffs file motion to exclude evidence of appropriations for programs other than education, and the TABOR amendment’s revenue restrictions
July 11, 2011	Denver district court enters order concerning plaintiffs’ motion to exclude evidence
July 14, 2011	Denver district court enters order concerning defendants’ motion presenting questions of law for determination
July 25, 2011	Plaintiffs, plaintiffs-intervenors, and defendants all file trial briefs
August 1 through September 2, 2011	Trial is held in Denver district court

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
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BRIEFING ISSUE

ISSUE: Funding Students Participating in On-line Programs

This issue brief describes the current system of funding and oversight for on-line educational programs, provides data concerning on-line students and funding, and offers suggestions for funding-related issues that warrant further study and consideration.

SUMMARY:

- ❑ Since the General Assembly initially authorized on-line education programs in 1998, existing systems for funding students and holding school districts accountable have proven to be an awkward fit as on-line learning has developed and expanded in Colorado.
- ❑ A 2006 performance audit conducted by the Office of the State Auditor led to legislative reforms in 2007 to change the oversight, structure, and funding of on-line programs. The Senate President recently requested that the Legislative Audit Committee consider authorizing an emergency audit of full-time K-12 on-line educational programs receiving General Fund support. The Committee recently discussed this request and considered the scope of a potential audit, but the Committee has not voted to proceed with an audit.
- ❑ The Department of Education plans to collect and analyze additional data about students participating in full-time on-line and blended learning programs to inform conversations about any potential policy changes.

RECOMMENDATION:

Staff recommends that the General Assembly continue to evaluate whether the existing framework for funding and evaluating on-line programs can and should be improved. Staff recommends further study and consideration of policy issues related to per-pupil funding levels and counting methods for on-line programs, limiting the amount of per-pupil funding that may be retained by an authorizer, and ensuring that financial reporting requirements are consistent and transparent.

DISCUSSION:

Background Information: On-line Education Programs

On-line education programs were first authorized by the General Assembly in 1998. A school district was authorized to count and receive per pupil funding for on-line students, as long as the student was either enrolled in a public school in the preceding academic year or was not enrolled in

a private school or home-based education program. The per pupil funding for on-line students was the same as for students in physical schools.

Participation in on-line programs grew rapidly, and in 2006 the Office of the State Auditor released a performance audit that identified significant concerns with the operation and oversight of on-line school programs. As a result, a commission was established to examine on-line schools, and in 2007 the General Assembly passed S.B. 07-215, which changed the oversight, structure, and funding of public school on-line education, including:

- allowing school districts, boards of cooperative services, and the State Charter School Institute to authorize on-line programs;
- defining a "single-district program" as one that only serves students in the district(s) that created it, and a "multi-district program" as one that serves students across district boundaries;
- defining a "supplemental program" as one that offers one or more on-line courses to augment a student's educational program;
- requiring the State Board of Education to establish quality standards for on-line programs;
- creating the Division of On-line Learning to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs; and
- requiring a multi-district program that intends to offer instruction to students within a learning center to seek to enter into a memorandum of understanding with the school district in which the learning center would be located.

This legislation removed limits on which students may receive funding in an on-line program, and it allowed a district to receive the district's per pupil funding amount for students participating in a single-district on-line program.

Funding for On-line Students.

In Colorado, on-line students are counted for purposes of funding in the same manner as students in physical schools, using the October 1 count. Students participating in single-district on-line programs are funded at the same per pupil funding level as other district students. In contrast, students enrolled in multi-district on-line programs are funded at a flat rate (established at \$6,795 for FY 2011-12, but estimated to be reduced to \$5,914 after application of the negative factor). Statutorily, this flat rate cannot fall below the base per pupil funding amount.

With assistance from the Department of Education, staff prepared a table listing existing full-time on-line programs, along with the estimated pupil counts and associated funding for FY 2011-12 [see Appendix E]. In the current school year, there are 22 multi-district on-line schools, and 25 single-district on-line schools and programs. However, 98.1 percent of on-line students are enrolled in multi-district schools. Multi-district on-line schools are all funded at \$5,914 per pupil, while per pupil funding for single-district programs ranges from \$6,137 (for several schools) to \$13,950 (for San Juan - Silverton students enrolled in the new San Juan BOCES' SW CO eSchool). A total of

\$90.4 million of districts' total program funding in FY 2011-12 (1.7 percent) is anticipated to be allocated for on-line students.

The analysis also includes a column indicating the percent of students (FTE) who reside within the authorizing district. While several multi-district schools serve a relatively high proportion of in-district students, the largest multi-district schools serve relatively few in-district students.

Oversight of On-line Programs.

All publicly funded on-line schools are overseen by a local school board or the State Charter School Institute. In addition, the Division of On-line Learning is responsible for establishing quality standards for online programs, certifying multi-district on-line programs, reviewing online schools through annual reports, and enforcing corrective action. Single-district on-line schools and programs are required to submit an application which provides evidence that their proposed school/program meets the statutory definition of an "on-line program".

The Department holds all on-line schools, and their respective authorizers, accountable for student performance through the School Performance Framework (SPF) in the same manner as all other schools and districts. Thus, if an on-line school is categorized by the state SPF as "turnaround" or "priority improvement", it must pull itself out of that category within a five-year window or risk being closed or reconstituted by the State. In addition, all schools are required to annually develop and implement an improvement plan, which is submitted to the Department. The Department reviews the plans of those schools on turnaround (and priority improvement, as resources allow). State law requires that schools that are identified on a turnaround plan take some very specific actions to improve, including employing a lead turnaround partner or reorganizing the school's management structure.

Student Achievement for On-line Students.

The Department's most recent annual report concerning online programs indicates that, "when CSAP scale scores and proficiency levels ... between online programs and traditional education settings are compared, online students consistently lag behind those of non-online students, even after controlling for grade levels and the following student characteristics: sex, race/ethnicity, English Language Learner status, Individual Education Plan status, and federal free and reduced lunch program eligibility"¹. Differences in proficiency rates for students were greatest in math (24.3 percent of on-line students were proficient or advanced, compared to 55.9 percent of non-online students), followed by writing (30.5 percent compared to 53.9 percent), science (30.7 percent compared to 48.2 percent), and reading (54.2 percent compared to 69.5 percent).

Recent Legislative Audit Committee Actions

On September 26, 2011, President Shaffer sent a letter to the Chair of the Legislative Audit Committee requesting that an emergency audit be performed of full-time K-12 on-line educational

¹ "Summary Report of the Operations and Activities of Online Programs in Colorado", June 1, 2011, page 6.

programs receiving General Fund support. The letter cited serious concerns about the efficacy of some on-line educational programs, including student achievement outcomes, student attrition, and lack of appropriate oversight. The letter indicated that the information gathered by the requested audit will be critical in helping the General Assembly make budgeting decisions during the 2012 legislation session.

On September 27, 2011, the Committee considered the request, and authorized the Office of the State Auditor to conduct preliminary research on the feasibility of an audit. On November 8, the State Auditor and her staff outlined four questions a potential audit could address:

1. How has the Department utilized student performance data, school performance measures, and the on-line school certification process to hold on-line schools accountable for meeting state student performance standards?
2. What happens to students who drop out of on-line and brick and mortar schools and to the state funding associated with these students?
3. What role to "for profit" companies play in the On-line Program and how do CSAP scores and graduation rates for students attending on-line schools run by "for profit" companies compare with students attending other on-line schools?
4. Does the Department's pupil count and per pupil revenue funding structure effectively support the cost of educating students on-line?

The State Auditor anticipated that the audit could be released in the Summer of 2012, or earlier.

The Committee voted on two motions – one to proceed with the audit as outlined, and a second to move forward with an expanded audit that included all of K-12 education. Neither motion received a majority vote.

Recent Media Reports Concerning On-line Programs

In early October 2011, *Education News Colorado* and the *Rocky Mountain Investigative News Network* published a three-part series of reports highlighting concerns about on-line programs². The series described relatively high attrition rates for students participating in the ten largest on-line programs, as well as relatively poor achievement outcomes for students participating in full-time on-line programs (low graduation rates, declines in academic performance, and significant achievement gaps between on-line students and their peers in traditional schools). The series also criticized the oversight of on-line programs – including the roles played by locally elected school boards, the Department, and the legislature.

² The three-part series is available on-line at: www.ednewscolorado.org/2011/10/04/25310-analysis-shows-half-of-online-students-leave-programs-within-a-year-but-funding-stays.

Department Plans Concerning On-line Programs

Following the initial discussions by the Legislative Audit Committee and the above-described media reports, staff asked the Department to describe its current activities related to reviewing online programs. The Department's response is summarized below.

In June, the Department published its annual "Summary Report of the Operations and Activities of Online Programs in Colorado". This report was presented to the State Board of Education at its September meeting. The Department is in the process of revising State Board rules for on-line schools as a result of changes made in HB 11-1277. The State Board reviewed draft rules in October, and a State Board rules hearing should occur in December.

The Department's Division of On-line Learning is improving its technical support and communication with districts, schools, and others engaged in or interested in on-line learning. The Division plans to develop a robust information and fact section on its website about on-line and blended learning, and to lead in-person and web-based discussions/technical assistance sessions about timely and useful topics in on-line and blended learning.

In addition, Dr. Amy Berk Anderson, Assistant Commissioner of Innovation and Choice, indicated that she plans to collect important information and data about on-line learning in Colorado to inform conversations about any potential changes. She is working to raise funds to support an external research study to gather and analyze data about students who participate in full-time on-line and blended learning programs, including:

- student characteristics;
- why students seek on-line schools over brick and mortar alternatives;
- which students are successful in on-line schools, which students are not, and why;
- student mobility patterns and enrollment practices;
- student performance over time and how it compares with non-online schools with similar student characteristics;
- the effectiveness of accountability systems at the state and district levels to improve student outcomes in on-line schools, and recommendations for improvements;
- what types of online and blended learning opportunities are still needed in Colorado; and
- policy challenges and recommendations (and applicability of these to all schools as compared to exclusively on-line schools).

Student Mobility and Attrition

Other than the data reported through the media publications noted above, staff learned of two sources of data related to mobility or attrition rates for on-line students. First, the Department has collected statewide mobility rates since FY 2006-07 for purposes of accreditation. The Division of On-line Learning has recently done some analysis of the self-reported end-of-year data reported by districts for FY 2009-10³. This data calculates a "student mobility rate", which is an unduplicated count of

³ This report is available at: www.cde.state.co.us/onlinelearning/download/MobilityInfo.pdf.

students who moved into or out of the school or district in a particular year, divided by the membership base for that year. Statewide, the mobility rate was 23.9 percent, while the mobility rate for on-line schools was 68.6 percent.

Second, Legislative Council Staff prepared an analysis comparing FTE counts for students in 3rd through 11th grades (those grade levels at which statewide assessments are administered) for the last five fiscal years, with the number of assessments reported. This analysis details data by school district, and it separates out data for on-line programs [see Appendix F]. While there are some instances where the total number of students assessed is higher than the October FTE count, in most cases it is lower. Staff added a column to summarize attrition over the five-year period.

Statewide, the five-year assessment count for non-online students is 2.2 percent lower than the October FTE counts for the same time period. This rate has declined over the five-year time period, from 2.7 percent in FY 2006-07 to 1.6 percent in FY 2010-11. In comparison, over the five-year period, the assessment count for on-line students is 20.7 percent lower than the October FTE count. This rate has increased over the five-year time period, from 15.7 percent in FY 2006-07 to 22.7 percent in FY 2010-11.

The data for some individual school districts reflects relatively high "attrition" rates over the five-year period (i.e., greater than five percent). Most of these districts have low enrollments (i.e., less than 500), but there are a few outliers, including: Arapahoe - Englewood (-6.8% over the five-year period), La Plata - Ignacio (-12.0%), Rio Grande - Monte Vista (-6.3%), and the State Charter School Institute (5.4%).

This analysis cannot discern when a student was receiving educational services in the Spring, even though he/she did not take a statewide assessment. However, the data from this analysis is consistent with a data analysis that was conducted pursuant to S.B. 10-008, the Average Daily Membership Study. Specifically, this study indicated that average membership across the state is about two percent lower than the October count. Further, this study indicated that there was a large range of differences (from +27 percent to -16 percent), but that there were very few districts that were far outside the norm, and those that were generally had enrollments of fewer than 500 students. This study did not provide separate data related to on-line programs or students.

Conclusions and Recommendations

Consistent with the legislative declaration that accompanied the 1998 bill that first authorized on-line learning, staff believes that on-line programs offer a promising method of providing educational services in targeted, cost-effective ways, and to customize the scope, sequence, and pacing of curriculum and instruction. However, since 1998, existing systems for funding students and holding school districts accountable have proven to be an awkward fit as on-line learning has developed and expanded in Colorado. Staff recommends that the General Assembly continue to evaluate whether the existing framework for funding and evaluating on-line programs can and should be improved. With respect to funding, staff recommends further study and consideration of the following:

- *Per Pupil Funding Amount.* Evaluate the basis for the per pupil funding amounts provided for on-line students – including both single-district and multi-district programs. It is not clear that the current school finance formula is relevant and appropriate for on-line learning programs. Specifically: (1) Do the assumptions that underlie the cost of living factor concerning the percent of costs related to personnel and the region in which personnel reside apply to on-line programs? (2) Do the assumptions that underlie the size factor concerning certain districts’ fixed versus variable costs apply to on-line programs? (3) Would equity be improved if funding for all on-line programs was differentiated to reflect the number and concentration of at-risk students enrolled? Should the same proxy be used to estimate the number of at-risk students, regardless of the method of providing educational services?
- *Differentiating Between Single-District and Multi-district Programs.* With respect to single-district programs, the current method encourages a district to make decisions about the most efficient and effective methods of educating their students. Is there a rational basis for using this policy approach for single-district programs and not for multi-district programs?
- *Limit Amount Withheld by Authorizer.* Under current law, the amount of funding that an authorizer of multi-district on-line charter school may retain is limited, and the charter school’s share of central administrative overhead costs must be documented. In order to eliminate any financial incentive that may exist to authorize a program for the primary purpose of raising revenue, consider imposing a similar limitation for authorizers of multi-district on-line schools that are not charter schools.
- *Per Pupil Funding for Consortia.* Under current law, a full-time on-line program authorized by a group of school districts or a board of cooperative services (BOCES) is defined as a single-district program. Single-district programs are funded at a district’s per pupil funding amount, which could vary significantly among consortium members. Consider clarifying that the applicable per pupil funding amount for single-district on-line programs should be based on each student’s district of residence.
- *Attrition and Mobility.* Available data certainly indicates that mobility and attrition rates are significantly higher overall for on-line programs compared to traditional education programs. However, there appear to be some outlier school districts with high attrition rates, and there may be significant differences in attrition rates among on-line programs. Consider applying any modifications to the counting methodology consistently to any educational setting, on-line or otherwise, that demonstrates a pattern of attrition that is significant and persistent.
- *Transparent and Consistent Financial Information.* Ensure that whether students are learning in a traditional setting or an on-line program, audit requirements and actual expenditure reporting requirements are consistent. In its most recent annual report, the Division of On-line Learning acknowledges that the budget information it receives does little to facilitate the documentation of the actual costs of operating an on-line program.

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APPENDIX A: NUMBERS PAGES

	FY 2009-10	FY 2010-11	FY 2011-12	<u>FY 2012-13</u>	Change
	Actual	Actual	Appropriation	OSPB Request	Requests

(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

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

Administration	1,332,914	1,452,478	1,473,395	1,501,265
FTE	<u>15.6</u>	<u>15.0</u>	<u>18.5</u>	<u>18.5</u>
General Fund	0	0	0	0
FTE	0.0	0.0	0.0	0.0
Cash Funds (Read-to-Achieve Cash Fund)	0	21,140	20,418	20,418
FTE	0.0	0.0	0.2	0.2
Cash Funds (Average Daily Membership Study Fund)	0	43,650	0	0
Reappropriated Funds (off-the-top of State Share)	1,332,914	1,387,688	1,452,977	1,480,847
FTE	15.6	15.0	18.3	18.3
Declining Enrollment Study - CF (State Education Fund)	160,000	0	0	0

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	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Change
	Actual	Actual	Appropriation	OSPB Request	Requests
Funded Pupil Count (FTE)	789,496.6	798,599.5	805,890.6	812,589.0	
<i>Percent Change</i>	1.5%	1.2%	0.9%	1.7%	
<i>Denver-Boulder Inflation Rate (prior CY)</i>	3.9%	-0.6%	1.9%	3.5%	
Statewide BASE Per Pupil Funding	\$5,507.68	\$5,529.71	\$5,634.77	\$5,831.99	
<i>Percent Change</i>	4.9%	0.4%	1.9%	3.5%	
Total Program Funding (PRIOR TO Negative Factor)	5,717,386,002	5,822,311,212	5,987,109,016	6,248,516,540	
<i>Percent Change</i>	6.8%	1.8%	2.8%	4.4%	
Less: Reversion (FY 2008-09 and FY 2009-10)/ Negative Factor (FY 2010-11 and FY 2011-12)	(129,620,699)	(597,257,157)	(774,414,342)	(1,123,773,467)	
<i>Percent of Total Program Funding</i>	-2.3%	-10.3%	-12.9%	-18.0%	
Adjusted Total Program Funding a,b/	5,587,765,303	5,225,054,055	5,212,694,674	5,124,743,073	
<i>Percent Change</i>	4.5%	-6.5%	-0.2%	-1.7%	

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APPENDIX A: NUMBERS PAGES

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Change
	Actual	Actual	Appropriation	OSPB Request	Requests
Statewide AVERAGE Per Pupil Funding (for adjusted total program funding)	\$7,077.63	\$6,542.77	\$6,468.24	\$6,306.69	
<i>Percent Change</i>	3.0%	-7.6%	-1.1%	-2.5%	
Local Share of Total Program Funding a/	2,068,895,672	2,018,856,003	1,876,347,000	1,932,383,353	
<i>Percent Change</i>	5.8%	-2.4%	-7.1%	3.0%	
<i>For Information Only: Portion of Local Revenues That Districts Must Spend on Categorical Programs</i>					
		1,602,337	799,149	1,165,527	
State Share of Districts' Total Program Funding b/	<u>3,518,869,631</u>	<u>3,206,198,052</u>	<u>3,336,347,674</u>	<u>3,192,359,720</u>	
General Fund	3,076,191,636	2,797,831,709	2,671,845,744	2,671,845,744	
<i>General Fund Exempt Account (included above)</i>	0	161,444,485	284,175,417	284,175,417	
Cash Funds (State Education Fund)	339,578,055	283,801,647	515,485,287	332,709,976	
Cash Funds (State Public School Fund)	103,099,940	124,564,696	149,016,643	187,804,000	
<i>Percent Change in State Share</i>	3.7%	-8.9%	4.1%	-4.3%	
<i>State Share as Percent of Districts' Total Program Funding</i>	63.0%	61.4%	64.0%	62.3%	

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APPENDIX A: NUMBERS PAGES

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Change
	Actual	Actual	Appropriation	OSPB Request	Requests
Hold-harmless On-line Charters [NEW LINE ITEM] - GF	n/a	n/a	n/a	676,815	
Hold-harmless Full-day Kindergarten Funding - CF (State Education Fund)	7,698,050	6,925,561	6,869,056	6,729,538	
District Per Pupil Reimbursements for Juveniles Held in Jail - CF (Read-to-Achieve Cash Fund)	n/a	17,626	100,000	100,000	
Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA - FF	n/a	49,148,594	0	0	
Education Jobs Fund Program - FF	n/a	153,039,578	0	0	
State Share Correction for Local Share Overpayments in Prior Fiscal Years - CF (State Public School Fund)	3,684,365	0	0	0	

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APPENDIX A: NUMBERS PAGES

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Change
	Actual	Actual	Appropriation	OSPB Request	Requests
					<i>Request v. Approp.</i>
Subtotal - Public School Finance	3,531,744,960	3,416,781,889	3,344,790,125	3,201,367,338	-4.3%
FTE	15.6	15.0	18.5	18.5	0.0%
General Fund	3,076,191,636	2,797,831,709	2,671,845,744	2,672,522,559	0.0%
<i>General Fund Exempt Acct. (incl. above)</i>	0	161,444,485	284,175,417	284,175,417	0.0%
Cash Funds	454,220,410	415,374,320	671,491,404	527,363,932	-21.5%
FTE	0.0	0.0	0.2	0.2	0.0%
<i>CF (State Education Fund)</i>	347,436,105	290,727,208	522,354,343	339,439,514	-35.0%
<i>CF (State Public School Fund)</i>	106,784,305	124,564,696	149,016,643	187,804,000	26.0%
Reappropriated Funds	1,332,914	1,387,688	1,452,977	1,480,847	1.9%
FTE	15.6	15.0	18.3	18.3	0.0%
Federal Funds	0	202,188,172	0	0	n/a

a/ House Bill 10-1369 requires certain districts with a relatively high local share of total program funding to use a portion of revenues eligible

to receive (called "categorical buyout"). These figures include the local funding that is anticipated to be used for such purpose.

b/ Pursuant to Section 22-54-114 (2.3), C.R.S., a portion of this appropriation is used to offset the direct and indirect administrative costs incurred by the Department in implementing the School Finance Act. These figures include amounts that are used for this purpose and thus are not distributed to school districts.

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 11-109 (Shaffer/Solano): Public Education Fund Tax Checkoff.** Establishes a new state income tax check-off programs for support of the Colorado Preschool Program. Requires contributions to be credited to the newly created Public Education Fund, and requires the General Assembly to appropriate moneys in the Fund to the Department of Revenue for related administrative costs and to the Department of Education for use in the Colorado Preschool Program. This check-off will be the fourth of five new check-offs that will be added to the income tax return as existing check-offs are eliminated.

- ❑ **S.B. 11-156 (Lambert/Becker): FY 2010-11 General Fund Reserve Reduction.** Reduces the statutorily required General Fund reserve for FY 2010-11 from 4.0 percent to 2.3 percent of General Fund appropriations. Requires the State Treasurer to transfer General Fund moneys that exceed the 2.3 percent reserve requirement to the State Education Fund; this transfer is to be made when the State Controller publishes the State Comprehensive Annual Financial Report for FY 2010-11. Initial estimates indicate that this bill will result in a transfer of \$245 million from the General Fund to the State Education Fund in late 2011. *[Update: The Legislative Council Staff's September 2011 Economic and Revenue Forecast indicates that \$226.9 million will be transferred to the State Education Fund and \$67.5 million will be transferred to the State Public School Fund pursuant to this act and S.B. 11-230.]*

- ❑ **S.B. 11-157 (Steadman/Ferrandino): Modifications to School Finance Act.** Adjusts appropriations to the Departments of Education and Higher Education for FY 2010-11 to reflect the availability of federal Education Jobs Funds and save \$156.3 million General Fund. With respect to the Department of Education, the bill:
 - increases the cash funds appropriation for school districts' total program funding by \$22.9 million cash funds¹ to offset a local revenue shortfall;
 - reflects the availability of \$156.3 million from the federal Education Jobs Fund², and decreases the General Fund appropriation for districts' total program funding by the same amount;

¹ This appropriation comes from reserves in the State Public School Fund, which consists of federal mineral lease revenues, state public school lands revenues, and school district audit recoveries.

² The Department has allocated these federal funds based on the school finance formula.

- shifts \$60.0 million federal American Recovery and Reinvestment Act of 2009 (ARRA) moneys from higher education to K-12 education, and shifts \$60.0 million General Fund from K-12 education to higher education³; and
- reduces the appropriation from the State Education Fund for Hold-harmless Full-day Kindergarten Funding by \$4,460 to better reflect anticipated expenditures.

The following table details all of the above described appropriation adjustments.

Senate Bill 11-157: FY 2010-11 Appropriations					
	Total State and Federal Funds	General Fund	Cash Funds	Federal Funds	Reapprop. Funds
<u>Section 3: Department of Education</u>					
<i>Mid-year Adjustments to School Finance Appropriations:</i>					
State Share of Districts' Total Program Funding	\$22,929,650	\$0	\$22,929,650	\$0	\$0
Hold-harmless Full-day Kindergarten Funding	<u>(4,460)</u>	<u>0</u>	<u>(4,460)</u>	<u>0</u>	<u>0</u>
Subtotal	22,925,190	0	22,925,190	0	0
<i>Adjustments Related to Federal Funds:</i>					
State Share of Districts' Total Program Funding	(216,358,164)	(216,358,164)	0	0	0
Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA	60,026,613	0	0	60,026,613	0
Education Jobs Fund Program	<u>156,331,551</u>	<u>0</u>	<u>0</u>	<u>156,331,551</u>	<u>0</u>
Subtotal	0	(216,358,164)	0	216,358,164	0
Subtotal: Education	22,925,190	(216,358,164)	22,925,190	216,358,164	0
<u>Section 4: Department of Higher Education</u>					
College Opportunity Fund Program, Fee-for-service Contracts with State Institutions	57,602,465	57,602,465	0	0	0
Various Governing Boards	(57,602,465)	0	0	(57,602,465)	57,602,465
Local District Junior College Grants	0	1,365,801	0	(1,365,801)	0

³ These federal moneys must be allocated proportionally between K-12 and higher education based on the relative shortfall in state funding compared to FY 2008-09 appropriations.

Senate Bill 11-157: FY 2010-11 Appropriations					
	Total State and Federal Funds	General Fund	Cash Funds	Federal Funds	Reapprop. Funds
Division of Occupational Education, Area Vocational School Support*	0	1,058,347	0	(1,058,347)	0
Subtotal: Higher Education	0	60,026,613	0	(60,026,613)	57,602,465
Total Adjustments	22,925,190	(156,331,551)	22,925,190	156,331,551	57,602,465

Finally, the bill makes three related statutory changes to the School Finance Act:

1. *Supplemental Kindergarten Enrollment Definition.* Specifies that the supplemental kindergarten enrollment factor will be maintained at 0.58 FTE for FY 2010-11 and for future fiscal years (consistent with the appropriation for FY 2010-11).
 2. *Modify Total Program Funding for FY 2010-11.* Establishes total program funding for FY 2010-11 based on the appropriation changes described above. The appropriation adjustments in the bill essentially hold school districts harmless as reductions in state funding are offset by available federal funds. States the General Assembly's intent that various distributions and allocations⁴, shall be calculated prior to the \$216.4 million reduction in state funding, thereby simplifying calculations and holding the recipients of certain distributions and allocations harmless as well.
 3. *Clarify Mid-year Adjustment to State Budget Stabilization Factor.* Clarifies that in FY 2011-12, mid-year adjustments to the state budget stabilization factor shall maintain total program funding at the level initially established in the 2011 legislative session.
- S.B. 11-184 (Steadman/Ferrandino): Tax Amnesty Program.** Establishes a temporary tax amnesty program that allows taxpayers to pay certain overdue taxes to the State without penalty and at a reduced interest rate. Transfers a portion of the moneys collected through the tax amnesty program, estimated to total \$9.7 million, to the State Education Fund on December 31, 2011.
- S.B. 11-230 (Bacon/Massey): Annual School Finance Bill.** Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2011-12, making the following changes:

⁴ These distributions and allocations include the following: Hold-harmless full-day kindergarten funding; small attendance center aid; facility school funding; per-pupil reimbursements for students in local jails; per-pupil funding for multi-district on-line programs and the Accelerating Students Through Concurrent Enrollment (ASCENT) Program; district allocations to child care providers for the Colorado preschool program; and district allocations to charter schools.

- Increases the statewide *base per pupil funding* from \$5,529.71 to \$5,634.77 (1.9 percent) to account for the annual change in the Denver-Boulder consumer price index in CY 2010.
- Renames the state budget stabilization factor, which was created through H.B. 10-1369, the "*negative factor*" and extends application of this factor indefinitely beyond FY 2011-12. For FY 2011-12, reduces the specified minimum total program funding amount that results after the application of the negative factor by \$227.5 million; does not specify the total program funding amount for FY 2012-13 or any subsequent fiscal year.
- Extends for an additional two years (FY 2011-12 and FY 2012-13) the requirement that certain *revenues related to state trust lands* that would otherwise be credited to the Public School ("Permanent") Fund be transferred to the State Public School Fund (SPSF). Initial estimates indicate that this provision will make another \$36.0 million available for appropriation for FY 2011-12. [This temporary transfer was initially authorized by two budget-balancing bills sponsored by the Joint Budget Committee: S.B. 09-260 and S.B. 10-150.]
- Modifies S.B. 11-156, which requires the State Treasurer to transfer General Fund moneys that exceed the 2.3 percent statutory reserve requirement to the State Education Fund. Specifically, requires the State Treasurer to *transfer from the General Fund to the State Public School Fund (SPSF)* an amount equal to the additional estimated revenue (i.e., the amount by which the Office of State Planning and Budgeting's June 2011 estimate of General Fund revenues for FY 2010-11 exceeds the Office's March 2011 estimate); except the transfer to the SPSF shall not exceed \$67.5 million. States the General Assembly's intent that the moneys transferred to the SPSF be available for appropriation during FY 2011-12 to account for mid-year changes in pupil enrollment, the at-risk pupil population, and changes in local tax revenues available for school finance. Requires all remaining excess General Fund reserve moneys to be transferred to the State Education Fund, as required by S.B. 11-156.
- States that the assessed valuation used to determine a *school district's limit of bonded indebtedness* is the assessed valuation certified on the December 10 prior to the date on which the bonds are issued.
- Extends a requirement that the Legislative Council Staff calculate the additional interest earned on severance taxes paid monthly instead of quarterly to September 1, 2015. The added interest, up to \$1,500,000, is transferred to the *Public School Energy Efficiency Fund*.

As detailed in the following table, modifies several appropriations for FY 2011-12.

Senate Bill 11-230: FY 2011-12 Appropriations		
Purpose	Amount	Fund Source
<i>Section 14: Adjustments Related to Statutory Changes to School Finance Formula</i>		
(1) Management and Administration, State Charter School Institute Administration, Oversight, and Management	(\$481)	Reappropriated Funds - Transfer from State Share of Districts' Total Program Funding line item
(2), (3), and (4) Public School Finance, State Share of Districts' Total Program Funding	(284,810,465)	General Fund
	36,000,000	Cash Funds - State Public School Fund (available pursuant to Sections 8, 9, and 10 of the bill)
	<u>22,379,885</u>	Cash Funds - State Education Fund (SEF)
	(226,430,580)	Total Funds
(5) Public School Finance, Hold-harmless Full-day Kindergarten Funding	(329,897)	Cash Funds - SEF
(6) Grant Programs, Distributions, and Other Assistance, Facility School Funding	(653,000)	Cash Funds - SEF
(7) and (8) Colorado School for the Deaf and the Blind, Personal Services	57,335	General Fund
	(57,335)	Reappropriated Funds - Transfer from Facility School Funding line item
<i>Section 15: Fund Source Adjustments Unrelated to Statutory Changes</i>		
(1) and (2) Public School Finance, State Share of Districts' Total Program Funding	(175,946,870)	General Fund
	<u>175,946,870</u>	Cash Funds - SEF
	0	Total Funds
Totals	<u>(\$227,413,958)</u>	Total Funds
	(460,700,000)	General Fund
	197,343,858	State Education Fund
	36,000,000	State Public School Fund
	(57,816)	Reappropriated Funds

Also adjusts footnote #7 in the 2011-12 Long Bill (S.B. 11-209) to reduce the amount of funding that the Department of Education may use to fund students in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program to \$4,443,980.

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**APPENDIX C: UPDATE OF FY 2011-12
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 7 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 the Department of Education be authorized to utilize up to \$4,433,980 of this appropriation to fund qualified students designated as Accelerating Students Through Concurrent Enrollment (ASCENT) Program participants as authorized pursuant to Section 22-35-108, C.R.S. This amount is calculated based on an estimated 753 participants funded at a rate of \$5,888.42 per FTE pursuant to Section 22-54-104 (4.7), C.R.S. [This reflects the Long Bill footnote, as amended by S.B. 11-230.]

Comment: The Governor vetoed this footnote, but he directed the Department to comply with its intent. The Governor indicates that this footnote violates the separation of powers in Article III of the State Constitution by attempting to administer the appropriation.

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

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

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

Similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the

institution. The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

In order to inform the General Assembly of the level of interest in the ASCENT Program, in September local education providers submit an estimate of the number of current grade 12 seniors who will seek to be designated as ASCENT Program participants in the following fiscal year. The Department is required to report this data as part of its annual budget request. The Department has requested that districts provide updated numbers in February, and these updated figures are provided to the Joint Budget Committee for purposes of preparing a budget proposal for the following fiscal year. Ultimately, the State Board of Education is charged with determining how many qualified students may be designated as ASCENT Program participants for the following school year, based on available appropriations. If the appropriation is not sufficient to fund all qualified students, the State Board is to give priority to qualified students who are participating in the Fast College Fast Jobs Pilot Program (for FY 2011-12), and based on established guidelines.

The Department has provided district-reported data indicating that a total of 1,231 12th graders may participate in ASCENT in FY 2012-13. However, the Department's budget request assumes that the appropriation will support 753 students – the same number as the current appropriation.

- 8 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding** -- Of the amount appropriated for this line item, a portion, not to exceed \$250,000 for fiscal year 2011-12, 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: The Governor vetoed this footnote, but he directed the Department to comply with its intent. The Governor indicates that this footnote violates the separation of powers in Article III of the State Constitution by attempting to administer the appropriation.

Pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S., the Legislative Council staff is required to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the current study will impact funding requirements for FY 2012-13 and FY 2013-14.

Prior to FY 2003-04, this biennial study was funded from the General Fund. Pursuant to a provision included in S.B. 03-248 [Section 22-54-104 (5) (c) (III) (B), C.R.S.], the costs of this study are now funded "off-the-top" of districts' total program funding. Thus, the Department of Education is to transfer a portion of the total amount appropriated for the State Share of Districts' Total Program Funding for FY 2011-12 to the Legislative Council

to fund the statutorily required cost of living analysis. The transferred amount not to exceed an amount specified in a Long Bill footnote. The 2011 study will thus reduce districts' funding by about \$0.31 per pupil.

The FY 2011-12 Long Bill included a \$250,000 appropriation to the Legislative Department from reappropriated funds to receive and spend funds transferred from the Department of Education. Legislative Council staff is working with two vendors to collect and analyze cost-of-living data. Specifically, Wildrose Appraisal, Inc., is collecting housing value information, and Corona Research is performing the remaining data collection work and compiling the results. These two contracts will cost a total of \$233,300. Legislative Council staff anticipate that the results of the study should be available by February 1, 2012.

Requests for Information

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, 2011, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2010-11: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that is attributable to the Program.

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

http://www.cde.state.co.us/cpp/download/CPDocs/2011_CPP_Legislative_Report.pdf

District Participation. The purpose of the Colorado Preschool Program (CPP) is to serve three-, four-, and five-year-old children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are neglected or dependent children. School district participation in the program is voluntary. Participating districts are required to provide preschool classes four half-days each week throughout the school year, with the remaining half-day being used for home visits, teacher training, etc.

The number of school districts participating in CPP has increased from 32 in FY 1988-89 to 168 (of 178) in FY 2010-11; the State Charter School Institute also participates in CPP. Most districts that are not currently participating in CPP are small, rural districts. However, two non-participating districts have funded pupil counts in excess of 1,000: El

Paso - Cheyenne Mountain (with a funded pupil count of 4,440 in FY 2010-11) and El Paso - Manitou Springs (with a funded pupil count of 1,344).

Total Number of Slots. The number of state-funded half-day preschool program "slots" is limited in statute. Since the program began operating in January 1989, its target population has been expanded and the maximum number of children that may be served has increased from 2,000 to 20,160. Most recently, the General Assembly increased the number of authorized CPP slots from 14,360 in FY 2006-07, to 16,360 in FY 2007-08, to 20,160 in FY 2008-09. In addition, in FY 2008-09, the General Assembly repealed a provision allowing districts to use some the CPP slots to provide a full-day kindergarten program (full-day kindergarten is now funded through another mechanism), thereby freeing up 2,454 slots to serve additional preschool children.

For FY 2010-11, participating districts and the State Charter School Institute received funding to serve a total of 20,160 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 64,483. Thus, on a statewide basis, **the total number of CPP preschool slots authorized for FY 2010-11 represented 31.3 percent of the public school kindergarten students.**

For purposes of putting this ratio in perspective, please note that the proportion of the funded pupil count considered "at-risk" in FY 2010-11 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 36.6 percent. If every district had received CPP preschool slots in proportion to its at-risk population entering kindergarten programs the following school year (using the number of children in kindergarten programs in FY 2010-11 as a proxy), a total of 23,601 CPP slots would have been funded. This analysis implies that an additional 3,441 slots would have been necessary to provide half-day preschool to all at-risk children.

The following table uses the School Finance Act definition of "at-risk" for purposes of estimating the shortfall of CPP *preschool* slots for fiscal years 2005-06 through 2010-11.

Fiscal Year	(a)	(b)	(c)=a/b	(d)	(e)=(b*d)-a
	Number of Authorized CPP Half-Day Preschool Slots	Number of Children in Kindergarten Funded Through School Finance Act	Ratio	Percent of Children Considered At-risk Under School Finance Formula	Number of Additional Slots Required to Serve Children "At-risk" Per Formula
2005-06	10,506	59,278	17.7%	31.6%	8,226
2006-07	12,206	60,774	20.1%	31.5%	6,938
2007-08	13,906	61,426	22.6%	31.6%	5,505
2008-09	20,160	63,304	31.8%	32.1%	148

Fiscal Year	(a) Number of Authorized CPP Half-Day Preschool Slots	(b) Number of Children in Kindergarten Funded Through School Finance Act	(c)=a/b Ratio	(d) Percent of Children Considered At-risk Under School Finance Formula	(e)=(b*d)-a Number of Additional Slots Required to Serve Children "At-risk" Per Formula
2009-10	20,160	63,457	31.8%	34.8%	1,917
2010-11	20,160	64,483	31.3%	36.6%	3,441

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

The following table compares the number of CPP slots allocated to those districts with more than 1,000 pupils in public kindergarten programs with the percent of each district's pupils that are considered "at-risk" for purposes of the School Finance Act. The last column (E) provides an estimate of the gap between the number of CPP slots and the number of at-risk pupils. For example, Denver's 4,029 CPP slots represent about 54 percent of children in kindergarten. However, approximately 69 percent of Denver's students are considered "at-risk", so the gap for Denver is estimated at 963 students.

Larger Districts (with 1,000+ kindergarten pupils) / Statewide	(a) Total CPP Preschool Funded Slots (FY 10-11)	(b) Kindergarten Funded Students (FY 10-11)	(c)=a/b Ratio	(d) Percent of Pupils "At-Risk" per School Finance Act (FY 10-11)	(e)=(b*d)-a Gap Between Number of At-Risk 4-year-olds and CPP Slots
Denver	4,029	7,276	53.8%	68.6%	963
Arapahoe - Aurora	1,368	3,424	40.0%	61.7%	744
Adams - Northglenn	549	3,150	17.4%	33.4%	502
Arapahoe - Cherry Creek	350	3,672	9.5%	22.2%	499
Weld - Greeley	491	1,724	28.5%	57.3%	497

Larger Districts (with 1,000+ kindergarten pupils) / Statewide	(a)	(b)	(c)=a/b	(d)	(e)=(b*d)-a
	Total CPP Preschool Funded Slots (FY 10-11)	Kindergarten Funded Students (FY 10-11)	Ratio	Percent of Pupils "At-Risk" per School Finance Act (FY 10-11)	Gap Between Number of At-Risk 4-year-olds and CPP Slots
El Paso - Harrison	364	1,144	31.8%	65.7%	388
Jefferson	1,291	6,038	21.4%	27.4%	360
Boulder - St. Vrain	300	2,135	14.1%	30.1%	343
El Paso - Colorado Springs	832	2,508	33.2%	46.7%	338
Mesa - Mesa Valley	425	1,684	25.2%	40.6%	259
Douglas	232	4,747	4.9%	9.3%	210
Larimer - Thompson	180	1,104	16.3%	29.1%	141
Larimer - Poudre	364	2,019	18.0%	24.8%	136
El Paso - Academy	81	1,538	5.3%	9.6%	66
Boulder - Boulder	334	2,029	16.5%	17.4%	19
El Paso - Falcon	125	1,148	10.9%	13.0%	12
Arapahoe - Littleton	201	1,058	19.0%	18.4%	(6)
Adams - Brighton	393	1,361	28.9%	30.6%	(66)
Pueblo - Pueblo City	1,139	1,483	76.8%	64.8%	(178)

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

Participation of Children Under Age Four. Since FY 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning readiness that is attributable to at least three significant family risk factors. In FY 2010-11, 124 of 168 (74 percent) of participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This compares to 123 districts in FY 2009-10.

These districts used 4,839¹ CPP slots (24.0 percent of CPP preschool slots) to serve a total of 4,612 children under the age of four. This compares to 4,930 slots (24.5 percent) in FY 2009-10.

Number of Children Allowed to Use Two Slots. Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. The Department is required to limit the total number of CPP slots that can be used for this purpose to five percent of the total, or 1,008 for FY 2010-11. **A total of 24 school districts used 674 CPP slots to serve children through a full-day program.**

State and Local Funding. The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both local and state funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2010-11. **Statewide, \$70.6 million of districts' total program funding was earmarked for the CPP (1.3 percent), including \$39.8 million in state funding (56.4 percent of total CPP funding)².**

¹ This figure includes 227 slots that were used to provide full-day preschool services for 3-year-olds, and 326 slots that were used to serve children younger than age three under a pilot waiver.

² Please note that \$2.8 million (four percent) of CPP funding was provided from federal funds in FY 2010-11.

Full-time On-line Pupils and Associated Funding						
		On-line Pupil Count			Preliminary FY 2011-12 Funding (AFTER Negative Factor)	
		FTE (FY 11-12, Preliminary)	% of Total Full-time Online FTE	% of FTE from <u>Within</u> Authorizing District/ SCS (FY 09-10)	Total Funding	Per Pupil Funding
Chartering Authority/ District Authorizer	Name of School or Program					
MULTI-DISTRICT ON-LINE SCHOOLS						
<i>Charter Schools:</i>						
Adams - Adams 12 Northglenn	Colorado Virtual Academy (COVA)	5,481.0	35.9%	7.2%	\$32,414,250	\$5,914
Douglas	Hope Online Learning Academy	2,933.4	19.2%	0.7%	17,347,922	\$5,914
Colorado State Charter School Institute	GOAL Academy (based in Adams - Westminster)	1,559.0	10.2%	1.3%	9,219,817	\$5,914
Colorado State Charter School Institute	Provost Academy Colorado (based in Larimer - Poudre)	400.0	2.6%	3.3%	2,365,572	\$5,914
Colorado State Charter School Institute	Colorado Calvert Academy (based in Larimer - Poudre)	<u>166.5</u>	1.1%	5.9%	<u>984,669</u>	\$5,914
Subtotal: Multi-district Charter Schools		10,539.9	69.1%		62,332,231	\$5,914
<i>Non-charter Schools:</i>						
Adams - Mapleton	Colorado Connections Academy	1,500.0	9.8%	3.9%	8,870,895	\$5,914
Sedgwick - Julesburg	Insight School of Colorado	1,100.0	7.2%	0.1%	6,505,323	\$5,914
Las Animas - Branson	Branson School On-line	396.0	2.6%	0.0%	2,341,916	\$5,914
Baca - Vilas	VILAS	275.1	1.8%	0.0%	1,626,922	\$5,914
Douglas	eDCSD Colorado Cyberschool	218.0	1.4%	61.2%	1,289,237	\$5,914
Lincoln - Karval	Karval On-line Education	190.7	1.3%	1.1%	1,127,786	\$5,914
Jefferson	Jeffco's 21st Century Virtual Academy	117.0	0.8%	90.5%	691,930	\$5,914
Larimer - Poudre RE-1	PSD Global Academy	112.3	0.7%	91.5%	664,134	\$5,914
Denver	DPS On-line High School	96.0	0.6%	82.3%	567,737	\$5,914
El Paso - Falcon 49	Falcon Virtual Academy	93.0	0.6%	94.1%	549,995	\$5,914
Rio Grande - Monte Vista C-8	Monte Vista On-Line Academy	83.1	0.5%	27.2%	491,448	\$5,914
Boulder - Boulder Valley	Boulder Universal	74.9	0.5%	85.1%	442,953	\$5,914
El Paso - Colorado Springs 11	ACHIEVEk12	64.3	0.4%	93.8%	380,266	\$5,914
Larimer - Thompson	Thompson On-line	41.0	0.3%	96.4%	242,471	\$5,914
El Paso - Academy 20	Academy On-line	36.4	0.2%	88.1%	215,267	\$5,914
El Paso - Edison 54JT	Edison Academy	25.0	0.2%	0.0%	147,848	\$5,914
El Paso - Academy 20	College Pathways (TCA)	a/				\$5,914
Subtotal: Multi-district Non-charter Schools		4,422.8	29.0%		26,156,130	\$5,914
Total: Multi-district On-line Schools		14,962.7	98.1%		88,488,360	\$5,914

Full-time On-line Pupils and Associated Funding						
		On-line Pupil Count			Preliminary FY 2011-12 Funding (AFTER Negative Factor)	
		FTE (FY 11-12, Preliminary)	% of Total Full-time Online FTE	% of FTE from <u>Within</u> Authorizing District/ SCSI (FY 09-10)	Total Funding	Per Pupil Funding
Chartering Authority/ District Authorizer	Name of School or Program					
SINGLE DISTRICT ON-LINE SCHOOLS AND PROGRAMS						
<i>Schools:</i>						
Arapahoe - Aurora	APS On-line Classroom	94.0	0.6%		630,786	\$6,710
Boulder - St. Vrain	St. Vrain On-line Global Academy	a/				\$6,328
Chaffee - Buena Vista	Buena Vista On-line Academy	10.0	0.1%		66,483	\$6,648
Delta - Delta	Delta County Virtual Academy	a/				\$6,151
Eagle - Eagle	World Academy	a/				\$6,741
Fremont - Canon City RE-1	FOCUS Academy-Fremont	a/				\$6,137
Las Animas - Trinidad	Trinidad On-line	30.0	0.2%		177,418	\$6,498
Mesa - Mesa Valley 51	Grande River Virtual Academy	39.0	0.3%		239,325	\$6,137
Pueblo - Rural 70	70 On-line	7.0	0.0%		42,956	\$6,137
Pueblo - Rural 70	Futures Digital Academy	a/				\$6,137
Saguache - Center Consolidated	Center Virtual Academy	a/				\$7,207
Weld - Greeley-Evans	Eng@ge On-line Academy	a/				\$6,336
San Juan BOCES	SW CO eSchool	a/				b/
Subtotal: Single District On-line Schools		180.0	1.2%		1,156,968	\$6,428
<i>Programs c/:</i>						
Arapahoe - Littleton	LPS@home	6.0	0.0%		37,354	\$6,226
Conejos - North Conejos	Heartlight Academy On-line	14.0	0.1%		90,787	\$6,485
El Paso - Widefield 3	D3 My Way	27.5	0.2%		168,753	\$6,136
Fremont - Canon City RE-1	Canon City On-line Academy	a/				\$6,137
Las Animas - Trinidad	Trinidad On-line	a/				\$6,498
Montrose - Montrose County	Peak Virtual Academy	a/				\$6,430
Otero - East Otero	Tigers On-line Program	2.0	0.0%		13,412	\$6,706
Park - Park County RE-2	Lake George Virtual Village	4.5	0.0%		33,030	\$7,340
Park - Park County RE-2	South Park On-line	a/				\$7,340
Pueblo - City 60	Ridge Academy	57.0	0.4%		364,214	\$6,390
Teller - Cripple Creek Victor RE-1	Mountain eCademy	a/				\$7,673
Teller - Woodland Park	Woodland Park On-line Program	a/				\$6,170
Subtotal: Single District On-line Programs		111.0	0.7%		707,550	\$6,374
Total: Single District On-line Schools and Programs		291.0	1.9%		1,864,518	\$6,407

Full-time On-line Pupils and Associated Funding							
Chartering Authority/ District Authorizer		Name of School or Program		On-line Pupil Count		Preliminary FY 2011-12 Funding (AFTER Negative Factor)	
				FTE (FY 11-12, Preliminary)	% of Total Full-time Online FTE	% of FTE from Within Authorizing District/ SCS (FY 09-10)	Total Funding
Grand Total		15,253.7	100.0%			\$90,352,879	\$5,923
<p>a/ These online programs are either new in FY 2011-12, or they are programs that operate within an existing school, so no separate online student count is available.</p> <p>b/ The San Juan board of cooperative services (BOCES) consists of the following school districts: Archuleta - Archuleta; Dolores - Dolores; La Plata - Bayfield; La Plata - Durango; La Plata - Ignacio; Montezuma-Montezuma Cortez; Montezuma - Dolores; Montezuma - Mancos; and San Juan - Silverton. Pursuant to Section 22-30.7-102 (13), C.R.S., an online program authorized by a BOCES is considered a "single district" program. Thus, participating online students will be funded at each member district's per pupil funding level. For FY 2011-12, these per pupil funding levels are estimated to range from \$6,190 (Montezuma - Montezuma Cortez) to \$13,950 (San Juan - Silverton).</p> <p>c/ An online "program" is typically associated with one school, the program may provide services to students from more than one school.</p>							

TABLE 1
COMPARISON OF 3RD GRADE THROUGH 11TH GRADE FTE AND CSAP COUNTS, BY DISTRICT
(MULTI-DISTRICT ONLINE STUDENTS ARE SHOWN SEPARATELY AND EXCLUDED FROM SCHOOL DISTRICT AND CSI TOTALS)*

COUNTY	DISTRICT	2007			2008			2009			2010			2011			5 yr. Avg. % DIFF
		OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	
ADAMS	MAPLETON 1	3,672	3,424	-6.8%	3,561	3,461	-2.8%	3,670	3,553	-3.2%	3,670	3,559	-3.0%	3,779	3,676	-2.7%	-3.7%
	ADAMS 12 FIVE STAR	23,246	22,633	-2.6%	23,978	23,451	-2.2%	24,545	24,006	-2.2%	24,764	24,319	-1.8%	24,995	24,623	-1.5%	-2.1%
	COMMERCE CITY	4,348	4,101	-5.7%	4,276	4,066	-4.9%	4,305	4,072	-5.4%	4,560	4,470	-2.0%	4,751	4,677	-1.6%	-3.8%
	BRIGHTON 27J	7,629	7,573	-0.7%	8,397	8,221	-2.1%	8,846	8,711	-1.5%	9,313	9,176	-1.5%	9,725	9,602	-1.3%	-1.4%
	BENNETT 29J	782	776	-0.8%	764	747	-2.2%	724	721	-0.4%	726	738	1.7%	746	736	-1.3%	-0.6%
	STRASBURG 31J	647	642	-0.8%	677	668	-1.3%	673	670	-0.4%	705	699	-0.8%	693	689	-0.5%	-0.8%
ALAMOSA	WESTMINSTER 50	7,008	6,743	-3.8%	6,528	6,338	-2.9%	6,278	6,182	-1.5%	6,402	6,250	-2.4%	6,561	6,449	-1.7%	-2.5%
	ALAMOSA RE-11J	1,513	1,443	-4.6%	1,510	1,434	-5.0%	1,463	1,411	-3.6%	1,450	1,403	-3.2%	1,424	1,377	-3.3%	-4.0%
	SANGRE DE CRISTO	230	225	-2.2%	225	205	-8.9%	207	201	-2.9%	219	218	-0.5%	216	217	0.5%	-2.8%
ARAPAHOE	ENGLEWOOD 1	2,378	2,198	-7.5%	2,266	2,083	-8.1%	2,151	2,012	-6.4%	1,998	1,864	-6.7%	1,814	1,732	-4.5%	-6.8%
	SHERIDAN 2	1,004	946	-5.8%	923	886	-4.0%	980	923	-5.8%	959	945	-1.5%	963	931	-3.3%	-4.1%
	CHERRY CREEK 5	34,021	33,608	-1.2%	34,229	33,883	-1.0%	34,369	34,110	-0.8%	34,647	34,502	-0.4%	34,979	34,934	-0.1%	-0.7%
	LITTLETON 6	11,049	10,897	-1.4%	10,852	10,742	-1.0%	10,732	10,602	-1.2%	10,647	10,629	-0.2%	10,573	10,479	-0.9%	-0.9%
	DEER TRAIL 26J	134	127	-5.2%	109	119	9.2%	107	107	-1.8%	108	122	13.0%	109	111	2.3%	3.1%
	AURORA	22,315	20,859	-6.5%	21,761	20,749	-4.7%	22,417	21,376	-4.6%	22,869	22,070	-3.5%	23,505	22,544	-4.1%	-4.7%
ARCHULETA	BYERS 32J	377	361	-4.2%	357	359	0.7%	349	337	-3.3%	321	314	-2.2%	317	319	0.6%	-1.7%
	ARCHULETA 50JT	1,143	1,082	-5.3%	1,109	1,055	-4.8%	1,078	1,043	-3.2%	1,064	1,037	-2.5%	1,044	1,009	-3.3%	-3.9%
BACA	WALSH RE-1	101	101	0.0%	108	109	0.9%	99	102	3.0%	110	107	-2.7%	109	101	-6.9%	-1.2%
	PRITCHETT RE-3	41	47	14.6%	43	52	20.9%	40	42	5.0%	44	44	0.0%	48	51	6.3%	9.3%
	SPRINGFIELD RE-4	201	207	3.0%	199	189	-5.0%	199	197	-1.0%	188	191	1.6%	188	188	0.0%	-0.3%
	VILAS RE-5	70	69	-1.4%	49	48	-2.0%	57	56	-0.9%	46	64	39.1%	41	48	17.1%	8.6%
	CAMPO RE-6	41	41	0.0%	31	31	0.0%	35	33	-5.7%	34	32	-5.9%	29	28	-3.4%	-2.9%
BENT	LAS ANIMAS RE-1	353	318	-9.9%	336	335	-0.3%	362	353	-2.5%	374	357	-4.5%	340	332	-2.4%	-4.0%
	MCCLAVE RE-2	180	177	-1.7%	180	181	0.6%	176	173	-1.7%	179	174	-2.8%	198	192	-2.8%	-1.7%
BOULDER	ST VRAIN Valley RE1J	15,780	15,532	-1.6%	16,066	15,742	-2.0%	16,657	16,432	-1.4%	17,164	17,024	-0.8%	17,631	17,489	-0.8%	-1.3%
	BOULDER Valley RE 2	19,372	19,235	-0.7%	19,406	19,253	-0.8%	19,430	19,203	-1.2%	19,603	19,478	-0.6%	19,981	19,785	-1.0%	-0.9%
CHAFFEE	BUENA VISTA	752	700	-6.9%	717	680	-5.1%	659	638	-3.2%	664	648	-2.3%	647	629	-2.8%	-4.2%
	SALIDA R-32	772	740	-4.1%	724	718	-0.8%	702	705	0.4%	763	767	0.5%	733	725	-1.0%	-1.0%
CHEYENNE	KIT CARSON	71	72	1.4%	67	69	3.0%	63	63	0.0%	70	74	5.7%	77	75	-2.6%	1.4%
	CHEYENNE COUNTY RE-5	146	131	-10.3%	137	138	0.7%	129	124	-3.5%	115	115	0.0%	121	125	3.3%	-2.2%
CLEAR CREEK	CLEAR CREEK RE-1	673	664	-1.3%	657	636	-3.2%	617	605	-1.9%	611	609	-0.3%	622	609	-2.1%	-1.8%
CONEJOS	NORTH CONEJOS RE-1J	778	745	-4.2%	717	705	-1.7%	744	707	-5.0%	739	719	-2.7%	710	689	-2.9%	-3.3%
	SANFORD 6J	209	201	-3.8%	229	220	-3.9%	218	215	-1.4%	216	210	-2.8%	229	226	-1.3%	-2.6%
	SOUTH CONEJOS	216	203	-6.0%	203	186	-8.4%	189	188	-0.3%	190	182	-4.2%	170	168	-1.2%	-4.2%
COSTILLA	CENTENNIAL R-1	150	147	-1.7%	132	147	11.8%	141	134	-5.0%	143	148	3.9%	159	147	-7.3%	0.0%
	SIERRA GRANDE	216	196	-9.3%	177	167	-5.6%	168	166	-1.2%	176	179	1.7%	179	185	3.4%	-2.5%
CROWLEY	CROWLEY COUNTY RE-1J	352	345	-1.8%	373	352	-5.6%	350	337	-3.7%	345	328	-4.9%	347	339	-2.2%	-3.7%
CUSTER	WESTCLIFFE/Custer Consolidated C-1	363	353	-2.6%	364	350	-3.8%	360	350	-2.6%	327	330	0.9%	316	320	1.3%	-1.5%
DELTA	DELTA	3,699	3,627	-1.9%	3,697	3,587	-3.0%	3,673	3,604	-1.9%	3,533	3,447	-2.4%	3,460	3,379	-2.3%	-2.3%
DENVER	DENVER 1	46,161	43,584	-5.6%	46,114	43,491	-5.7%	46,565	44,267	-4.9%	47,637	45,536	-4.4%	48,721	47,096	-3.3%	-4.8%
DOLORES	DOLORES	195	185	-5.1%	177	170	-4.0%	165	169	2.4%	175	169	-3.4%	181	165	-8.8%	-3.9%
DOUGLAS	DOUGLAS COUNTY RE-1	33,746	33,534	-0.6%	35,587	35,270	-0.9%	36,978	36,646	-0.9%	38,101	37,805	-0.8%	39,066	38,821	-0.6%	-0.8%
EAGLE	EAGLE COUNTY RE 50	3,516	3,450	-1.9%	3,601	3,553	-1.3%	3,787	3,717	-1.8%	3,918	3,852	-1.7%	3,964	3,932	-0.8%	-1.5%
ELBERT	ELIZABETH C1	2,080	2,045	-1.7%	2,042	1,985	-2.8%	1,916	1,917	0.1%	1,847	1,857	0.6%	1,776	1,783	0.4%	-0.8%
	KIOWA C-2	256	256	0.0%	250	251	0.4%	258	243	-5.6%	251	247	-1.6%	256	256	0.2%	-1.3%
	BIG SANDY	225	206	-8.4%	221	207	-6.1%	208	210	1.0%	212	213	0.7%	223	219	-1.8%	-3.0%
	ELBERT COUNTY 200	182	176	-3.3%	172	178	3.5%	191	188	-1.6%	164	157	-4.3%	155	151	-2.6%	-1.6%
	AGATE 300	46	39	-15.2%	46	45	-2.2%	40	42	5.0%	36	31	-13.9%	23	18	-21.7%	-8.4%

**TABLE 1
COMPARISON OF 3RD GRADE THROUGH 11TH GRADE FTE AND CSAP COUNTS, BY DISTRICT
(MULTI-DISTRICT ONLINE STUDENTS ARE SHOWN SEPARATELY AND EXCLUDED FROM SCHOOL DISTRICT AND CSI TOTALS)***

COUNTY	DISTRICT	2007			2008			2009			2010			2011			5 yr. Avg. % DIFF	
		OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF		
EL PASO	CALHAN RJ-1	436	420	-3.7%	415	401	-3.4%	408	411	0.7%	422	407	-3.4%	417	410	-1.7%	-2.3%	
	HARRISON 2	7,076	6,768	-4.3%	6,945	6,737	-3.0%	6,749	6,497	-3.7%	6,825	6,592	-3.4%	6,878	6,670	-3.0%	-3.5%	
	WIDEFIELD 3	5,764	5,624	-2.4%	5,693	5,615	-1.4%	5,614	5,629	0.3%	5,821	5,779	-0.7%	5,802	5,791	-0.2%	-0.9%	
	FOUNTAIN 8	3,921	3,893	-0.7%	4,194	4,129	-1.5%	4,375	4,431	1.3%	4,794	4,689	-2.2%	4,916	4,804	-2.3%	-1.1%	
	COLORADO SPRINGS 11	19,851	19,199	-3.3%	19,052	18,618	-2.3%	18,832	18,553	-1.5%	18,926	18,780	-0.8%	18,822	18,795	-0.1%	-1.6%	
	CHEYENNE MOUNTAIN	3,261	3,195	-2.0%	3,343	3,255	-2.6%	3,149	3,077	-2.3%	3,140	3,079	-1.9%	3,072	3,087	0.5%	-1.7%	
	MANITOU SPRINGS	991	957	-3.4%	999	972	-2.7%	989	970	-1.9%	991	978	-1.3%	989	981	-0.8%	-2.0%	
	ACADEMY	14,753	14,608	-1.0%	14,913	14,742	-1.1%	15,280	15,056	-1.5%	15,630	15,270	-2.3%	16,054	15,716	-2.1%	-1.6%	
	ELLICOTT	636	622	-2.2%	626	609	-2.7%	577	560	-2.9%	598	596	-0.3%	644	627	-2.6%	-2.2%	
	PEYTON	479	491	2.5%	472	458	-3.0%	444	435	-1.9%	497	492	-1.0%	482	464	-3.6%	-1.4%	
	HANOVER	232	217	-6.5%	205	180	-12.2%	174	154	-11.5%	171	165	-3.5%	159	157	-1.3%	-7.2%	
	LEWIS-PALMER	4,247	4,200	-1.1%	4,188	4,151	-0.9%	4,158	4,134	-0.6%	4,187	4,194	0.2%	4,186	4,160	-0.6%	-0.6%	
	FALCON	8,334	8,212	-1.5%	8,767	8,768	0.0%	9,216	9,117	-1.1%	9,658	9,547	-1.1%	9,846	9,718	-1.3%	-1.0%	
	EDISON	80	71	-11.3%	84	65	-22.6%	90	68	-24.4%	143	76	-46.9%	113	79	-30.1%	-29.6%	
	MIAMI-YODER	233	225	-3.4%	219	216	-1.4%	229	216	-5.7%	238	237	-0.4%	217	215	-0.7%	-2.3%	
	FREMONT	CANON CITY RE-1	2,739	2,620	-4.3%	2,701	2,609	-3.4%	2,666	2,594	-2.7%	2,546	2,508	-1.5%	2,535	2,521	-0.5%	-2.5%
		FLORENCE	1,255	1,217	-3.0%	1,224	1,201	-1.9%	1,174	1,165	-0.8%	1,171	1,149	-1.9%	1,148	1,118	-2.6%	-2.0%
COTOPAXI		178	204	14.9%	152	164	7.9%	139	132	-5.0%	127	133	4.7%	134	132	-1.5%	4.9%	
GARFIELD	ROARING FORK RE-1	3,450	3,319	-3.8%	3,450	3,364	-2.5%	3,527	3,445	-2.3%	3,582	3,465	-3.3%	3,489	3,373	-3.3%	-3.0%	
	RIFLE/Garfield County RE-2	2,871	2,804	-2.3%	2,937	2,893	-1.5%	3,160	3,022	-4.4%	3,087	3,016	-2.3%	3,209	3,084	-3.9%	-2.9%	
	PARACHUTE	767	755	-1.5%	849	817	-3.7%	899	846	-5.9%	772	697	-9.7%	707	710	0.4%	-4.2%	
GILPIN	GILPIN COUNTY RE-1	235	219	-6.8%	203	187	-7.9%	202	194	-3.7%	205	205	0.2%	237	235	-0.8%	-3.8%	
GRAND	WEST GRAND 1JT	320	315	-1.6%	333	322	-3.3%	314	308	-1.9%	308	292	-5.2%	306	297	-2.9%	-3.0%	
	EAST GRAND 2	858	872	1.6%	931	928	-0.3%	935	941	0.6%	938	918	-2.1%	865	866	0.1%	0.0%	
GUNNISON	GUNNISON WATERSHED RE-1J	1,089	1,063	-2.4%	1,120	1,092	-2.5%	1,145	1,135	-0.9%	1,149	1,153	0.4%	1,194	1,148	-3.9%	-1.8%	
HINSDALE	HINSDALE RE-1	53	52	-1.0%	57	54	-5.3%	66	58	-11.5%	57	52	-8.8%	51	47	-7.8%	-7.1%	
HUERFANO	HUERFANO RE-1	411	435	6.0%	480	461	-4.0%	457	430	-5.8%	402	390	-3.0%	365	350	-4.0%	-2.2%	
	LA VETA RE-2	220	219	-0.5%	201	203	1.2%	181	182	0.6%	171	163	-4.7%	146	153	4.8%	0.2%	
JACKSON	NORTH PARK R-1	153	134	-12.4%	126	130	3.6%	140	135	-3.6%	128	122	-4.7%	131	128	-2.3%	-4.2%	
JEFFERSON	JEFFERSON COUNTY R-1	58,301	56,943	-2.3%	58,072	56,890	-2.0%	57,563	56,656	-1.6%	57,508	56,673	-1.5%	57,088	56,338	-1.3%	-1.7%	
KIOWA	EADS RE-1	113	115	1.8%	129	133	3.1%	131	119	-9.2%	121	126	4.1%	114	118	3.5%	0.5%	
	PLAINVIEW	42	38	-9.5%	32	35	9.4%	44	51	15.9%	52	51	-1.9%	57	56	-1.8%	1.8%	
KIT CARSON	ARRIBA-FLAGLER C-20	120	113	-5.8%	109	106	-2.8%	106	105	-0.9%	99	95	-4.0%	93	94	1.1%	-2.7%	
	HI PLAINS R-23	78	78	0.0%	86	86	0.0%	86	84	-2.3%	86	85	-1.2%	70	76	8.6%	0.7%	
	STRATTON R-4	164	162	-1.2%	148	139	-6.1%	126	125	-0.4%	129	125	-3.1%	118	114	-3.4%	-2.8%	
	BETHUNE R-5	78	81	3.8%	86	82	-4.7%	80	83	3.8%	81	82	1.2%	90	91	1.1%	1.0%	
	BURLINGTON RE-6J	489	481	-1.6%	481	476	-1.0%	507	506	-0.2%	535	516	-3.6%	523	506	-3.2%	-2.0%	
LAKE	LAKE COUNTY R-1	764	700	-8.3%	752	736	-2.1%	749	730	-2.5%	709	701	-1.1%	695	696	0.2%	-2.8%	
LA PLATA	DURANGO 9-R	3,249	3,089	-4.9%	3,265	3,125	-4.3%	3,139	3,022	-3.7%	3,076	2,941	-4.4%	2,983	2,901	-2.7%	-4.0%	
	BAYFIELD 10JT-R	939	875	-6.8%	909	853	-6.2%	920	890	-3.2%	955	909	-4.8%	951	919	-3.4%	-4.9%	
	IGNACIO 11JT	553	483	-12.7%	556	498	-10.4%	558	494	-11.5%	546	478	-12.4%	505	437	-13.4%	-12.0%	
LARIMER	POUDRE R-1	17,292	17,029	-1.5%	17,459	17,103	-2.0%	17,468	17,280	-1.1%	17,694	17,481	-1.2%	17,945	17,705	-1.3%	-1.4%	
	THOMPSON R-2J	10,283	10,172	-1.1%	10,393	10,229	-1.6%	10,314	10,177	-1.3%	10,163	10,010	-1.5%	10,132	10,041	-0.9%	-1.3%	
	ESTES PARK R-3	900	887	-1.4%	864	845	-2.2%	839	826	-1.5%	816	779	-4.5%	778	738	-5.1%	-2.9%	
LAS ANIMAS	TRINIDAD 1	986	996	1.0%	1,011	989	-2.2%	1,077	1,036	-3.8%	987	959	-2.8%	951	944	-0.7%	-1.7%	
	PRIMERO	145	133	-8.3%	159	155	-2.5%	141	140	-0.7%	149	136	-8.7%	143	129	-9.8%	-6.0%	
	HOEHNE	268	264	-1.5%	247	237	-4.0%	232	221	-4.7%	244	232	-4.9%	246	242	-1.6%	-3.3%	
	AGUILAR	103	96	-6.8%	100	91	-9.0%	80	74	-7.5%	81	77	-4.9%	61	57	-6.6%	-7.1%	

**TABLE 1
COMPARISON OF 3RD GRADE THROUGH 11TH GRADE FTE AND CSAP COUNTS, BY DISTRICT
(MULTI-DISTRICT ONLINE STUDENTS ARE SHOWN SEPARATELY AND EXCLUDED FROM SCHOOL DISTRICT AND CSI TOTALS)***

COUNTY	DISTRICT	2007			2008			2009			2010			2011			5 yr. Avg. % DIFF
		OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	
LINCOLN	BRANSON	40	40	0.0%	41	40	-2.4%	26	24	-7.7%	18	14	-22.2%	13	10	-23.1%	-7.2%
	KIM REORGANIZED 88	41	40	-2.4%	42	44	4.8%	39	42	7.7%	40	41	2.5%	41	45	9.8%	4.4%
	GENOA-HUGO C113	146	134	-7.9%	130	126	-3.1%	115	120	4.3%	121	110	-9.1%	107	104	-2.8%	-4.0%
	LIMON RE-4J	368	344	-6.5%	344	333	-3.2%	335	322	-3.9%	320	317	-0.9%	314	307	-2.2%	-3.5%
LOGAN	KARVAL RE-23	46	45	-2.2%	47	44	-5.4%	38	39	2.6%	41	33	-19.5%	37	32	-13.5%	-7.4%
	VALLEY RE-1	1,659	1,586	-4.4%	1,685	1,622	-3.7%	1,606	1,579	-1.7%	1,638	1,636	-0.1%	1,572	1,536	-2.3%	-2.5%
	FRENCHMAN RE-3	130	130	0.0%	129	129	0.0%	121	132	9.1%	122	121	-0.8%	125	119	-4.8%	0.6%
	BUFFALO RE-4	214	214	0.0%	228	224	-1.8%	213	214	0.5%	213	211	-0.9%	226	214	-5.3%	-1.6%
MESA	PLATEAU	105	107	1.9%	101	101	0.0%	107	108	0.9%	108	103	-4.6%	126	124	-1.6%	-0.7%
	DEBEQUE 49JT	111	102	-8.1%	92	100	8.7%	92	83	-9.8%	86	87	1.2%	72	62	-13.9%	-4.2%
	PLATEAU VALLEY 50	331	263	-20.5%	340	286	-15.8%	337	273	-19.0%	319	288	-9.7%	293	255	-13.0%	-15.7%
MINERAL	MESA VALLEY 51	14,389	14,017	-2.6%	14,388	14,180	-1.4%	14,826	14,634	-1.3%	14,749	14,420	-2.2%	14,605	14,449	-1.1%	-1.7%
	CREEDE CONSOLIDATED 1	96	94	-2.1%	83	82	-1.2%	76	67	-11.8%	59	58	-1.7%	57	52	-8.8%	-4.9%
MOFFAT	MOFFAT RE-1	1,565	1,536	-1.8%	1,522	1,510	-0.8%	1,506	1,525	1.3%	1,585	1,540	-2.8%	1,530	1,518	-0.8%	-1.0%
MONTEZUMA	MONTEZUMA-CORTEZ RE-1	2,066	1,931	-6.5%	2,014	1,920	-4.6%	1,966	1,897	-3.5%	1,937	1,910	-1.4%	1,864	1,823	-2.2%	-3.7%
	DOLORES RE-4A	523	511	-2.3%	501	494	-1.4%	506	497	-1.8%	459	443	-3.4%	467	465	-0.4%	-1.9%
	MANCOS	286	283	-1.0%	281	253	-10.0%	251	248	-1.2%	252	250	-0.6%	256	251	-1.8%	-3.0%
MONTROSE	MONTROSE RE-1J	4,131	4,011	-2.9%	4,220	4,114	-2.5%	4,299	4,182	-2.7%	4,375	4,300	-1.7%	4,301	4,211	-2.1%	-2.4%
	WEST END RE-2	207	200	-3.1%	220	214	-2.5%	220	212	-3.6%	207	212	2.7%	205	194	-5.4%	-2.4%
MORGAN	BRUSH RE-2J	1,047	1,019	-2.7%	1,027	1,017	-0.9%	1,026	986	-3.9%	997	978	-1.9%	1,002	995	-0.7%	-2.0%
	FT. MORGAN RE-3	2,095	1,990	-5.0%	2,039	2,002	-1.8%	2,084	2,044	-1.9%	2,117	2,097	-0.9%	2,136	2,131	-0.2%	-2.0%
	WELDON Valley RE-20J	135	137	1.9%	139	138	-0.7%	140	136	-2.9%	135	131	-3.0%	143	139	-2.8%	-1.5%
OTERO	WIGGINS RE-50J	377	370	-1.7%	390	376	-3.6%	354	347	-2.0%	342	333	-2.6%	333	338	1.5%	-1.8%
	EAST OTERO R-1	1,034	1,002	-3.0%	953	930	-2.4%	916	897	-2.1%	865	857	-0.9%	837	829	-1.0%	-1.9%
	ROCKY FORD	552	519	-6.0%	529	535	1.2%	546	523	-4.2%	553	538	-2.7%	539	528	-2.0%	-2.8%
	MANZANOLA	155	133	-14.2%	164	133	-18.9%	125	109	-12.8%	131	114	-13.0%	120	99	-17.5%	-15.4%
	FOWLER	265	256	-3.4%	266	260	-2.3%	283	271	-4.1%	273	276	1.3%	276	279	1.1%	-1.5%
	CHERAW 31	137	132	-3.6%	131	133	1.5%	145	146	0.7%	148	148	0.0%	148	143	-3.4%	-1.0%
OURAY	SWINK	271	274	1.1%	275	270	-1.6%	264	259	-1.9%	265	258	-2.6%	264	261	-1.1%	-1.2%
	OURAY	194	184	-4.9%	178	178	0.0%	164	161	-1.8%	158	154	-2.2%	147	142	-3.4%	-2.5%
	RIDGEWAY	215	223	3.7%	224	222	-0.9%	248	237	-4.4%	238	231	-2.7%	224	223	-0.4%	-1.1%
PARK	PLATTE CANYON 1	896	893	-0.3%	870	851	-2.2%	814	790	-2.9%	788	783	-0.6%	738	718	-2.7%	-1.7%
	PARK RE-2	404	390	-3.5%	367	367	0.1%	350	339	-3.1%	337	347	3.0%	325	311	-4.2%	-1.6%
PHILLIPS	HOLYOKE	410	390	-4.9%	393	374	-4.7%	390	385	-1.3%	391	375	-4.1%	375	366	-2.4%	-3.5%
	HAXTUN RE-2J	199	207	4.0%	200	201	0.8%	194	197	1.5%	212	210	-0.7%	202	203	0.5%	1.2%
PITKIN	ASPEN	1,092	1,095	0.3%	1,126	1,121	-0.4%	1,136	1,127	-0.8%	1,144	1,154	0.9%	1,214	1,192	-1.8%	-0.4%
PROWERS	GRANADA	178	173	-2.8%	178	155	-12.9%	170	155	-8.8%	171	160	-6.4%	164	157	-4.3%	-7.1%
	LAMAR RE-2	1,071	1,038	-3.1%	1,067	1,038	-2.7%	1,067	1,053	-1.3%	1,078	1,058	-1.8%	1,035	1,026	-0.9%	-2.0%
	HOLLY RE-3	193	184	-4.7%	197	191	-3.0%	190	182	-4.0%	182	189	3.8%	176	180	2.6%	-1.2%
PUEBLO	WILEY RE-13JT	203	196	-3.4%	190	182	-4.2%	165	163	-1.2%	166	161	-3.0%	167	171	2.4%	-2.0%
	PUEBLO CITY 60	11,975	11,522	-3.8%	12,034	11,730	-2.5%	11,969	11,426	-4.5%	11,918	11,435	-4.1%	11,513	11,289	-1.9%	-3.4%
	PUEBLO RURAL 70	6,185	6,059	-2.0%	6,097	6,025	-1.2%	6,114	6,027	-1.4%	6,225	6,156	-1.1%	6,225	6,106	-1.9%	-1.5%
RIO BLANCO	MEEKER RE-1	424	407	-4.0%	434	439	1.2%	456	444	-2.6%	457	440	-3.7%	429	421	-1.8%	-2.2%
	RANGELY RE-4	306	296	-3.3%	301	301	0.0%	318	303	-4.6%	315	299	-5.1%	280	283	1.1%	-2.5%
RIO GRANDE	DEL NORTE C-7	431	408	-5.3%	419	407	-2.9%	413	406	-1.7%	428	406	-5.1%	417	397	-4.8%	-4.0%
	MONTE VISTA C-8	750	705	-5.9%	759	682	-10.1%	708	682	-3.7%	702	645	-8.1%	688	664	-3.4%	-6.3%
	SARGENT RE-33J	333	321	-3.5%	321	310	-3.4%	320	307	-4.1%	332	325	-2.0%	326	315	-3.4%	-3.2%
ROUTT	HAYDEN RE-1	296	290	-1.9%	294	302	2.7%	304	298	-1.8%	279	274	-1.8%	252	243	-3.4%	-1.2%

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(MULTI-DISTRICT ONLINE STUDENTS ARE SHOWN SEPARATELY AND EXCLUDED FROM SCHOOL DISTRICT AND CSI TOTALS)***

COUNTY	DISTRICT	2007			2008			2009			2010			2011			5 yr. Avg. % DIFF
		OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	OCT FTE	CSAP COUNT	% DIFF	
SAGUACHE	STEAMBOAT SPRINGS RE-2	1,448	1,438	-0.7%	1,460	1,434	-1.7%	1,543	1,496	-3.0%	1,516	1,488	-1.8%	1,506	1,504	-0.1%	-1.5%
	SOUTH ROUTT RE-3	270	255	-5.6%	251	244	-2.8%	253	249	-1.6%	249	257	3.2%	247	248	0.4%	-1.3%
	MOUNTAIN VALLEY	90	86	-4.4%	96	85	-11.5%	84	74	-11.9%	69	63	-8.7%	71	67	-5.6%	-8.5%
	MOFFAT 2	130	130	0.0%	140	131	-6.1%	142	144	1.4%	146	137	-6.2%	134	132	-1.5%	-2.5%
SAN JUAN	CENTER	400	377	-5.8%	414	364	-12.0%	376	348	-7.4%	387	341	-11.9%	370	357	-3.5%	-8.2%
	SILVERTON	40	36	-8.9%	42	42	0.0%	40	37	-7.5%	43	41	-4.7%	42	42	0.0%	-4.1%
SAN MIGUEL	TELLURIDE R-1	451	451	0.0%	464	446	-3.9%	451	439	-2.7%	433	430	-0.7%	458	451	-1.5%	-1.8%
	NORWOOD R-2J	187	190	1.6%	182	186	2.2%	184	177	-3.8%	179	167	-6.7%	160	161	0.9%	-1.2%
SEDGWICK	JULESBURG RE-1	191	189	-1.0%	185	185	0.0%	180	170	-5.6%	157	156	-0.6%	147	147	0.0%	-1.5%
	PLATTE VALLEY	74	71	-4.1%	70	67	-4.3%	74	71	-4.1%	79	81	2.5%	87	80	-8.0%	-3.6%
SUMMIT	SUMMIT COUNTY RE-1	1,944	1,935	-0.5%	1,943	1,907	-1.9%	1,894	1,878	-0.8%	1,936	1,915	-1.1%	1,966	1,931	-1.8%	-1.2%
TELLER	CRIPPLE CREEK -VICTOR RE-1	361	323	-10.5%	352	323	-8.1%	304	301	-1.0%	283	287	1.4%	269	262	-2.4%	-4.6%
	WOODLAND PARK RE-2	2,124	2,112	-0.6%	2,085	2,036	-2.3%	1,973	1,936	-1.9%	1,914	1,899	-0.8%	1,854	1,854	0.0%	-1.1%
WASHINGTON	AKRON R-1	293	288	-1.7%	278	271	-2.5%	270	277	2.6%	272	266	-2.0%	256	246	-3.9%	-1.5%
	ARICKAREE R-2	67	66	-1.5%	75	76	1.3%	67	69	3.0%	68	69	1.5%	75	68	-9.3%	-1.1%
	OTIS R-3	150	142	-5.3%	134	125	-6.7%	130	128	-1.5%	127	126	-0.8%	133	131	-1.5%	-3.3%
	LONE STAR	78	76	-2.6%	67	68	1.5%	68	67	-1.5%	79	80	1.3%	64	66	3.1%	0.3%
WELD	WOODLIN R-104	62	62	0.0%	63	57	-9.5%	60	64	6.7%	65	61	-6.2%	71	67	-5.6%	-3.1%
	GILCREST RE-1	1,285	1,254	-2.4%	1,271	1,253	-1.4%	1,249	1,206	-3.4%	1,287	1,287	0.0%	1,302	1,268	-2.6%	-1.9%
	EATON	1,210	1,189	-1.7%	1,199	1,157	-3.5%	1,186	1,183	-0.3%	1,179	1,151	-2.3%	1,191	1,178	-1.1%	-1.8%
	KEENESBURG RE-3(J)	1,399	1,365	-2.4%	1,438	1,432	-0.4%	1,478	1,425	-3.6%	1,458	1,450	-0.5%	1,500	1,462	-2.5%	-1.9%
	WINDSOR RE-4	2,455	2,411	-1.8%	2,568	2,552	-0.6%	2,623	2,596	-1.0%	2,724	2,681	-1.6%	2,919	2,900	-0.7%	-1.1%
	JOHNSTOWN-MILLIKEN RE-5J	1,783	1,744	-2.2%	1,891	1,833	-3.0%	1,977	1,935	-2.1%	1,998	1,939	-3.0%	2,031	2,022	-0.4%	-2.1%
	GREELEY 6	12,125	11,727	-3.3%	12,339	11,946	-3.2%	12,483	12,136	-2.8%	12,477	12,157	-2.6%	12,587	12,372	-1.7%	-2.7%
	PLATTE VALLEY RE-7	802	793	-1.1%	797	785	-1.5%	785	766	-2.4%	807	795	-1.5%	780	781	0.1%	-1.3%
	FT. LUPTON RE-8	1,594	1,452	-8.9%	1,529	1,450	-5.2%	1,529	1,504	-1.6%	1,476	1,457	-1.3%	1,452	1,464	0.8%	-3.3%
	AULT-HIGHLAND RE-9	604	582	-3.6%	605	600	-0.7%	575	568	-1.1%	564	567	0.6%	569	548	-3.7%	-1.7%
YUMA	BRIGGS DALE	95	93	-2.1%	88	91	3.4%	94	101	8.0%	103	101	-1.9%	102	102	0.0%	1.3%
	PRAIRIE RE-11	106	107	0.9%	122	109	-10.7%	108	107	-0.9%	116	120	3.4%	124	114	-8.1%	-3.3%
	PAWNEE	79	84	6.3%	87	88	1.1%	78	74	-5.1%	65	62	-4.6%	63	64	1.6%	0.0%
	YUMA 1	568	570	0.4%	557	555	-0.4%	545	528	-3.1%	529	547	3.4%	554	545	-1.6%	-0.3%
	WRAY RD-2	446	444	-0.3%	430	423	-1.5%	431	428	-0.6%	449	446	-0.7%	434	416	-4.1%	-1.4%
	IDALIA RJ-3	102	97	-4.9%	89	90	1.1%	91	86	-5.5%	86	88	2.3%	80	81	1.3%	-1.3%
STATE	LIBERTY J-4	66	64	-3.0%	68	69	1.5%	51	53	3.9%	59	49	-16.9%	54	55	1.9%	-2.7%
	STATE CHARTER SCHOOL INSTITUTE	1,559	1,493	-4.2%	2,453	2,307	-5.9%	3,194	2,970	-7.0%	3,543	3,326	-6.1%	3,989	3,852	-3.4%	-5.4%
TOTAL		525,089	510,726	-2.7%	527,856	515,134	-2.4%	532,120	520,566	-2.2%	538,007	527,722	-1.9%	542,073	533,372	-1.6%	-2.2%
	ONLINE SCHOOLS	6,045	5,096	-15.7%	5,828	4,652	-20.2%	8,329	6,671	-19.9%	9,637	7,442	-22.8%	10,277	7,941	-22.7%	-20.7%

* Source: Colorado Department of Education, Legislative Council Staff. Data reflects revised estimates of CSAP counts for online schools in the Mapleton and Branson school districts. Online CSAP counts include students in both multi-district and single-district online programs, while single-district online students are included in the district FTE totals. CSAP counts are measured by the number of students taking the math CSAP, CSAP-A, and the ACT.