

The following file contains four documents:

- A memorandum to the Joint Budget Committee members dated March 26, 2012, providing updated information about the School Counselor Corps Program.
- A memorandum to the Joint Budget Committee members dated March 15, 2012, providing information about the items within the Assessments and Data Analyses section of the March 5, 2012, figure setting document on which the Committee has yet to take action.
- A second memorandum to the Joint Budget Committee dated March 15, 2012, addressing public school capital construction items for which the Committee has not yet taken action.
- A memorandum to the Joint Budget Committee members dated March 12, 2012. This memorandum discusses a FY 2011-12 supplemental request associated with the Building Excellent Schools Today (BEST) Program.
- A memorandum to the Joint Budget Committee with an updated analysis of FY 2012-13 decision items associated with Educator Effectiveness and the implementation of S.B. 10-191.
- A memorandum to the Joint Budget Committee making a technical correction to revise the recommended allocation of the constitutionally required increase in funding for "Categorical Programs" in FY 2012-13.
- A "figure setting" packet dated March 5, 2012, concerning the Department of Education's budget requests for FY 2012-13 (except for Public School Finance).

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper (303-866-3481)

SUBJECT: School Counselor Corps Reduction - Updated Information

DATE: March 26, 2012

During figure setting for the Department of Education (Except Public School Finance) on March 5, 2012, the Committee approved staff's recommendation to reduce the FY 2012-13 appropriation for the School Counselor Corps Program by \$480,000 (from \$5,000,000 in FY 2011-12 to \$4,520,000 in FY 2012-13). The program is supported with cash funds from the State Education Fund.

The recommended reduction was based on: (1) statutory direction that recipient schools pay the costs of grant-funded counseling services after the expiration of the three-year grant; and (2) 35 of 78 schools receiving funding in the second grant cohort (beginning in FY 2011-12) also received funds in the first three-year cycle. Staff argued that the number of repeat-recipients appeared to be inconsistent with the statute.

According to updated information from the Department, all of the grants awarded in FY 2011-12 support *additional services not funded in the previous grant cohort*. For example, a school may have received funding to support a new position in the first cohort, taken on the cost of supporting that position after the grant expired, and also received funding to support additional new positions in the second cohort.

Staff would continue to question whether it is reasonable for that many schools to receive funding repeatedly given the number of schools that could presumably qualify for the program statewide. However, based on the updated information, it does appear that the program is complying with the statutory intent that schools absorb the cost of grant funded services after the grant expires.

Staff continues to recommend the reduction in FY 2012-13 to make additional State Education Fund resources available for school finance. However, based on the new information, the Department appears to have addressed staff's concerns about statutory intent.

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper (303-866-3481)

SUBJECT: Staff “Comeback” for Department of Education (Except Public School Finance) Assessments and Data Analyses

DATE: March 15, 2012

The Joint Budget Committee (JBC) has not yet taken action on the following items in the Assessments and Data Analyses subdivision of the Department of Education for FY 2012-13:

1. *Page 1 - Colorado Student Assessment Program (CSAP):* At figure setting, staff's recommendation for this line item included both ongoing costs for the administration of the CSAP and funding for the development of new assessments (State Board of Education Decision Item #3). Staff's revised recommendation would support the ongoing administration of existing assessments through this line item and create a new line item to support the development of new statewide assessments in FY 2012-13.
2. *Page 3 - Development of New Science and Social Studies Assessments and Updating Existing Assessments:* Staff is recommending the creation of this line item to fund the development of new assessments in FY 2012-13.
3. *Page 25 - Educator Effectiveness Unit Administration:* This proposed line item would support the ongoing operations of the Educator Effectiveness Unit within the Department of Education to implement S.B. 10-191.

This memorandum includes new information and revised recommendations for the above line items for FY 2012-13. The Committee also has not yet taken action on two line items associated with the Division of Public School Capital Construction Assistance and the Building Excellent Schools Today (BEST) Program. Staff intends is presenting the BEST line items in a separate document.

Colorado Student Assessment Program (CSAP)

At figure setting, staff presented both the ongoing operations of CSAP and the State Board decision item requesting funds to develop new assessments within this line item. **Staff is now recommending separating those two requests into separate line items, with the CSAP line item only supporting ongoing administration of the current assessments in FY 2012-13 and a separate line item (discussed below) to support the development of new assessments and augmentation of existing assessments to align with the new standards.**

Staff Recommendation: For the ongoing administration of the CSAP, staff's recommendation is unchanged from the figure setting presentation. The primary ongoing expenditure in this line item is a contract (currently with CTB - McGraw Hill) to develop, maintain, manufacture, score, and report assessments. As detailed in the following table, **staff recommends a total appropriation of \$21,735,589 (\$15,885,363 cash funds from the State Education Fund and \$5,850,226 federal funds) and 11.8 FTE, as requested, for ongoing administration of the current set of assessments in FY 2012-13.** This funding supports three contracts: (1) Colorado Student Assessment Program - CSAP; (2) Colorado English Language Assessment - CELA; (3) the American College Testing Program - ACT; and expenditures related to the state staff who administer the assessment program. The Department's contracts for CSAP and CELA are in their sixth and seventh years, respectively. Given the need to transition to new assessments (see next item), State Purchasing authorized the Department to extend both contracts through the period of use of the transitional assessments (TCAP).

Summary of Recommendation for CSAP Line Item			
Description	FY 2011-12 Approp.	FY 2012-13 Recomm.	Annual Change
<u>I. CSAPs:</u> Contract for developing, scoring, and reporting CSAPs (other than CSAP-A, CELA, and the ACT)	<u>\$16,486,004</u>	<u>\$16,490,000</u>	<u>\$3,996</u>
Cash Funds - State Education Fund	13,409,149	13,413,825	4,676
Federal Funds	3,076,855	3,076,175	(680)
<u>II. CELA:</u> Contract for developing, scoring, and reporting the Colorado English Language Assessment (CELA) -- Federal Funds	2,060,000	2,162,000	102,000
<u>III. ACT:</u> ACT test for 11th grade students -- Cash Funds - State Education Fund	1,946,700	1,981,540	34,840
<u>IV. Administration:</u> Staff and operating expenses	1,217,513	1,102,049	(115,464)
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fun	523,521	489,998	(33,523)
Federal Funds	693,992	612,051	(81,941)
Total	\$21,710,217	\$21,735,589	\$25,372
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	15,879,370	15,885,363	5,993
Federal Funds	5,830,847	5,850,226	19,379

New Information Requested by the JBC: The Committee asked whether data generated through the new assessments (both the TCAP and the proposed assessments for future years) would be

comparable to the existing data in the Department's longitudinal growth model. The questions and the Department's responses follow.

1. Please clarify the utility of CSAP, TCAP, and proposed assessment data for the longitudinal growth model. Will the data be comparable?

TCAP (the Transitional Colorado Assessment Program) was designed to maintain comparability with CSAP as the state moves to new standards and allows for consistent interpretation of growth model results. CDE also intends to link the new assessment onto the current growth model to maintain as much stability and consistency in the state accountability system as possible.

2. Will Colorado end up with a "dark" period as a result of the transitions in assessments?

As long as the frameworks underlying the Reading and Math assessments do not experience a dramatic shift, CDE anticipates no difficulty in linking the student growth percentile calculations to the new assessments. While there will likely be an interruption in the calculation of student *adequate* growth percentiles, CDE plans to investigate ways to minimize the impact of this transition on accountability measures. It is anticipated that the Writing assessment will have a field testing year as well as a shift in the framework in going from pencil/paper to an on-line format. Both are expected to disrupt the use of writing for accountability. CDE will try to minimize the effect of this change.

Until the Department knows the structure of the new assessments, it is not a certainty how old growth trend information can be linked to the new growth results. What is certain is that the growth model can be used with a new assessment system. The degree to which we can bridge old trend information to new will be clear when the assessment is determined.

DEVELOPMENT OF NEW SCIENCE AND SOCIAL STUDIES ASSESSMENTS AND UPDATING EXISTING ASSESSMENTS (New line item recommended)

At figure setting, staff included funding for the development of new assessments within the CSAP line item discussed above. However, **staff is now recommending the creation of a separate line item to specifically fund the development of any new and updated assessments approved by the Committee. Staff also recommends the inclusion of a Long Bill footnote clarifying the General Assembly's intent that the funding be used to develop specific assessments.**

State Board/Department of Education Support for Staff Recommendation:

On March 8, 2012, staff received the following statement from the Department of Education to the Committee supporting staff's recommendation.

"The State Board of Education met on March 7, 2012 and discussed the JBC staff recommendation regarding the state assessment system. The board supports funding for assessments in 2012-13 and maintaining flexibility to determine the best approach to assessments in reading/writing and math.

Based on this discussion, the department supports the JBC staff recommendation of providing \$8.2m in FY 12-13 to begin development of statewide assessments. It is the department's preference that Colorado not commit to one specific consortium, but rather that we continue to serve as a participating member in both consortia as well as leave the option open to develop Colorado-specific assessments in reading/writing and math based on what we learn about the consortia assessments over the next several months. We appreciate the committee recognizing the important role statewide assessments plays in our education reform efforts, and we are grateful for your willingness to move forward with developing these assessments in the coming fiscal year."

The Department's statement regarding an \$8.2 million recommendation reflected the recommendation presented at figure setting, which is modified in this comeback based on updated information.

New Information Requested by the JBC: During figure setting, the Committee asked several questions related to the development of new assessments that required new information.

1. The Committee requested an updated schedule showing the grades in which students would take specific assessments. Specifically, the Committee asked in which grades the Department would administer the new social studies assessment.

The following table shows the proposed schedule for assessments by grade level. As shown in the table, math, English language arts, and writing would continue to be taken each year from grades 3 through 10. Science would be taken in grades 5, 8, and 11, and social studies in grades 4, 7, and 11.

Grade	Reading/Math	Writing (starting in 2015)	Science* (Starting in 2014)	Social Studies* (Starting in 2014)
3	X	X		
4	X	X		X
5	X	X	X	
6	X	X		
7	X	X		X
8	X	X	X	

Grade	Reading/Math	Writing (starting in 2015)	Science* (Starting in 2014)	Social Studies* (Starting in 2014)
9	X	X		
10	X	X		
11			X	X

*In high school, the Department is deferring science and social studies assessments until grade 11 to allow districts maximum flexibility in course sequencing.

- At figure setting, staff presented tables comparing the long term costs of the Governor's plan (which includes no funding for new assessments in FY 2012-13) and the Department's "Option 4" (developing science, math, and English language arts in FY 2012-13 and delaying social studies) for FY 2012-13 through FY 2018-19. The Committee asked for a similar table showing the long term costs of staff's recommendation. All three tables are shown below the following discussion.

Over the six year period, staff's recommendation is the most expensive of the three options because of the following:

- Administration costs for consortium assessments:* The Department assumes higher administration costs for the consortium-developed assessments than for state-specific assessments requested by the State Board. Thus, both staff's recommendation and the Governor's proposal show higher administration costs for new assessments than the State Board's proposal. **Staff notes that the cost estimates for the consortium assessments are uncertain and that staff's recommendation allows the State to develop state specific assessments for math and English language arts through the FY 2013-14 budget process.** As a result, staff's recommendation does not necessarily commit the State to increased administration costs, whether such costs are higher with the consortium tests or not.
- Earlier development and administration of social studies:* Staff's recommendation spends \$2.5 million on the development of a social studies assessment in FY 2012-13, to be administered starting in FY 2013-14. Both the Governor's proposal and State Board Option 4 would develop the social studies assessment in FY 2014-15 and start administering the assessment in FY 2015-16. **Thus, staff's recommendation provides the social studies assessment two years sooner (and provides certainty of acquiring an assessment that was not incorporated into the CSAP) but does require two more years of administration (in FY 2013-14 and FY 2014-15).**

Table 1: CDE Cost Estimate for Staff's Recommendation

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /a	\$6,357,743	\$16,395,704 for TCAP	\$22,753,447	\$2,839,412	\$13,556,292	\$6,357,743
FY 13-14 /b	2,000,000	\$14,573,959 for TCAP \$4,377,759 for science, social studies	20,951,718	2,839,412	13,556,292	4,556,014
FY 14-15 /c		21,939,080	21,939,080	2,839,412	13,556,292	5,543,376
FY 15-16 /c		22,276,793	22,276,793	2,839,412	13,556,292	5,881,089
FY 16-17 /c		22,968,761	22,968,761	2,839,412	13,556,292	6,573,057
FY 18-19 /c		23,657,824	23,657,824	2,839,412	13,556,292	7,262,120
Total						\$36,173,399

/a Development of Colorado science and social studies Assessments; updating other assessments; administration of TCAP.

/b Assumes \$2.0 million in augmentation costs for new math and English language arts; administration of Colorado science and social studies assessments; administration of TCAP for reading, writing, and math.

c/ Administration of Colorado science and social studies assessments; administration of augmented PARCC consortium assessments for Math and English language arts.

Table 2: CDE Cost Estimate for State Board of Education's Option 4 Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /a	\$10,866,266	\$16,395,704 for TCAP	\$27,261,970	\$2,839,412	\$13,556,292	\$10,866,266
FY 13-14 /b		20,920,100	20,920,100	2,839,412	13,556,292	4,524,396
FY 14-15 /c		21,389,413	21,389,413	2,839,412	13,556,292	4,993,709
FY 15-16 /d		18,494,981	18,494,981	2,839,412	13,556,292	2,099,277
FY 16-17 /d		18,528,585	18,528,585	2,839,412	13,556,292	2,132,881
FY 18-19 /d		19,084,443	19,084,443	2,839,412	13,556,292	2,688,739
Total						\$27,305,268

/a Includes development of reading, math, and science assessments, updates to other required assessments (alternative for special education, CELA, and ACT), and administration of TCAP.

/b Administration of reading, mathematics and science assessments.

/c Administration of reading, writing, mathematics and science assessments (the State Board would develop writing as a separate assessment while PARCC would include writing within English-language arts). Also development of social studies assessment.

/d Administration of reading, writing, math, science, and social studies assessments.

Table 3: CDE Cost Estimate for Governor's Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /a	\$0	\$16,395,704 for TCAP	\$16,395,704	\$2,839,412	\$13,556,292	\$0
FY 13-14 /b	7,000,000	\$16,395,704 for TCAP	23,395,704	2,839,412	13,556,292	7,000,000
FY 14-15 /c		19,643,071	19,643,071	2,839,412	13,556,292	3,247,367
FY 15-16 /d		22,273,793	22,273,793	2,839,412	13,556,292	5,878,089
FY 16-17 /d		22,962,771	22,962,771	2,839,412	13,556,292	6,567,067
FY 18-19 /d		23,651,654	23,651,654	2,839,412	13,556,292	7,255,950
Total						\$29,948,473

/a Administration of TCAP.

/b Assumes shared development of Science and full development of social studies assessments; augmentation development for consortium assessments; administration of TCAP.

/c Administration of consortium math and English language arts assessments; administration of Colorado science assessment.

/d Administration of consortium math and English language arts assessments; administration of Colorado science and social studies assessments.

- At figure setting, staff recommended that Colorado pursue joining the PARCC consortium as a governing member to increase the State's role in the development of the PARCC assessments (and presumably increase the viability of those assessments for use in Colorado). The Committee asked whether joining as a governing member has an increased cost.

According to the Department, there is no additional cost associated with joining as a governing member.

- The Committee asked the Department to respond to staff's recommendation and explain why the State Board's request would be preferable.

The Department referred back to previous arguments for going forward with Colorado specific assessments (presented at figure setting) but did offer two additional points of clarification (shown below).

- "Part of the JBC staff recommendation was based on the understanding that PARCC has an interim assessment system. Although PARCC does intend to include some form of diagnostic assessment to be used after the first quarter of the year and as a performance-based mid-year assessment, it does not have an interim assessment as part of its design. It is actually the other multi-state consortium, SMARTER Balanced, that includes interim assessments." **Staff would not dispute the Department's assertion that the mid-year assessment under PARCC is "diagnostic" rather than "interim." However, staff still believes that such a diagnostic assessment, directly aligned with the summative (year-end) assessment, would have value that is not available under the State Board "Option 4" request.**
- "Colorado moving forward with its own assessment now does not preclude it from using the consortia assessment or related products once they have been proven valid." **Staff disagrees with this assertion as a practical matter. While Colorado *could* fund state-specific assessments and then discard them to adopt consortium-developed assessments, staff sees that as an unlikely and ill-advised scenario. If the General Assembly wants to leave the option open to utilize a consortium-developed test based on future information (as staff recommends), then staff recommends delaying the development of new math and English language arts assessments until FY 2013-14 to allow the State to evaluate the consortia with better information than is currently available.**

Summary of Staff Analysis: Staff sees three significant decisions before the Committee with respect to the development of new assessments:

1. Should Colorado move forward with the development of state-specific assessments for math and English language arts or delay that decision until better information is available to evaluate the viability of consortium-based assessments for Colorado?
 - Staff does not argue that Colorado should absolutely commit to using a consortium-developed test. However, as discussed at figure setting, staff believes that the consortium tests may hold significant promise for Colorado students, including the potential benefit to Colorado high school graduates seeking to attend college out of state and the availability of interim/diagnostic assessments aligned with the summative assessments. Thus, **staff recommends maintaining the consortia as an option and playing a constructive role with one or both consortia (most likely as a governing member of one consortium) to increase the viability of the test for Colorado. Staff's recommendation maintains the option of developing state-specific tests next year and will allow the General Assembly to make that decision with better information on the actual design, cost, and benefits of the consortium-developed test. Staff believes that moving forward with state-specific tests at this time would effectively close the door on the use of**

consortium tests for the foreseeable future, and staff recommends delaying that decision.

2. Setting aside the "Common Core" tests above, should the State move forward with the development of the "other" assessments? If so, which ones?
 - **Staff recommends the development of new science and social studies tests in FY 2012-13 (and updating the other required assessments).** First, the consortia are not factors for these tests because science and social studies are not part of the Common Core. Second, the development of these assessments, aligned with new statewide standards, would provide momentum for the implementation of those standards. Third, and perhaps most importantly Colorado has never had a statewide social studies assessment; while statute does not require one, the State Board and the Colorado Commission on Higher Education have recommended including social studies as part of the statewide assessment system. Staff recognizes that the development of both assessments in FY 2012-13 increases costs that year and increases administration costs in subsequent years. However, staff argues that the benefits of establishing assessments aligned with the new standards (and having a social studies assessment for the first time) warrant the additional cost.
3. Should the State fund the update/augmentation of the alternate assessments for students with significant cognitive disabilities and the CELA assessments to align with statewide standards? Both tests have always been entirely federally funded, and the use of state funds to partially support the tests would be new.
 - **Staff recommends that the Committee approve the requested funds (\$615,282 for the alternate assessment and \$534,169 for the CELA assessment) to align these exams with the current statewide standards.** According to the Department, such alignment is required by both state and federal law, and the federal government will not provide the necessary funds to update the tests because the state elected to modify its standards. Given the number of states that have modified their standards in recent years, many states will be absorbing the increased costs to update these assessments. **Colorado will need to do likewise, and staff recommends moving forward in FY 2012-13.**

Staff Recommendation: Staff continues to recommend that the Committee: (1) support the development of new assessments for science and social studies (including social studies components of personal financial literacy) in FY 2012-13, to be administered for the first time in FY 2013-14; (2) provide funding to update the alternate assessment for special education and the Colorado English Language Assessment (CELA) to align with the statewide standards (as required by state and federal law); and (3) deny the requested funding to develop new math

and English language arts assessments in FY 2012-13 to allow time for the state to evaluate the viability of consortium-created assessments for use in Colorado.

Staff's recommendation includes a total appropriation of \$6,357,743 cash funds from one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230), a decrease of \$1.8 million from staff's recommendation during figure setting. The following table shows the components of staff's revised recommendation.

Staff Recommendation for the Development of New Assessments in FY 2012-13 (Based on Department of Education Estimates)	
English language arts and math	\$0
Development of New Science Assessment	2,706,646
Development of New Social Studies Assessment (including financial literacy component)	2,501,646
Updates to Alternative (SPED) assessments	615,282
ACT modifications	0
ELPA updates/modifications	<u>534,169</u>
Total	\$6,357,743

Note: At figure setting, staff recommended a total of \$8.2 million for the development of new assessments, based on an assumed need for \$7.0 million for the development of science and social studies assessments, and an additional \$1.2 million for updates to the other assessments shown above. However, the Department reports that development of the science and social studies assessments actually cost \$5.2 million, \$1.8 million less than staff assumed at figure setting. Staff has therefore reduced the recommendation by that amount. The original \$7.0 million estimate included funds to augment future math and English language arts assessments, and staff does not recommend funding that augmentation before the tests have even been selected. Staff's revised recommendation also eliminates \$54,639 in funding that the Department had requested associated with the ACT. Increased costs for the ACT based on student counts and the contract with ACT are supported through the CSAP line item (discussed above) and are not appropriate for inclusion in this line item.

Finally, staff recommends that the Committee include the following Long Bill footnote clarifying the intent of the General Assembly that the appropriation for this line item be used to develop the assessments specifically recommended by staff.

Department of Education, Management and Administration, Assessments and Data Analyses, Development of New Science and Social Studies Assessments and Updating Existing Assessments -- It is the intent of the General Assembly that the Department use this appropriation to develop new statewide science and social studies assessments and update the alternate assessment for students with significant cognitive disabilities and the Colorado English Language Assessments to align with statewide academic standards.

EXCERPT FROM MARCH 5, 2012 FIGURE SETTING DOCUMENT:

Colorado Student Assessment Program (CSAP).

Description. This line item provides funding for the staff, operating expenses, and contract expenses associated with CSAP/TCAP.

Request: The Committee received two separate requests for this line item for FY 2012-13:

- For ongoing administration of the CSAP/TCAP in FY 2012-13, the Department requests a total of \$21,735,589 and 11.8 FTE, including \$15,885,363 cash funds from the State Education Fund and \$5,850,226 federal funds.
- With State Board of Education Decision Item #3, the Department/State Board of Education is requesting an additional \$25,900,507 General Fund to support the development of new assessments aligned with the new statewide academic standards adopted by the State Board pursuant to S.B. 08-212 (CAP4K). The request would support the development of new assessments in FY 2012-13, to be administered for the first time in FY 2013-14. The Governor is not requesting any additional resources to support the development of new assessments in FY 2012-13.

Staff Recommendation. **Staff recommends appropriating a total of \$29,939,679 for this line item in FY 2012-13, including:**

- **\$21,735,589 (\$15,885,363 cash funds from the State Education Fund and \$5,850,226 federal funds) and 11.8 FTE, as requested, for ongoing administration of the current set of assessments in FY 2012-13.** This funding supports three contracts: (1) Colorado Student Assessment Program - CSAP; (2) Colorado English Language Assessment - CELA; (3) the American College Testing Program - ACT; and expenditures related to the state staff who administer the assessment program. The Department's contracts for CSAP and CELA are in their sixth and seventh years, respectively. Given the need to transition to new assessments (see next item), State Purchasing authorized the Department to extend both contracts through the period of use of the transitional assessments (TCAP).

- \$8,204,090 cash funds from the State Public School Fund (utilizing one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) for the development of new assessments in FY 2012-13.** These funds, received as General Fund above the statutory reserve level in FY 2010-11, were deposited into the State Public School Fund in case of a need for FY 2011-12 supplementals. The funds were not necessary for mid-year adjustments in FY 2011-12 and are available for appropriation in FY 2012-13. Given the one-time nature of the costs to develop the new assessments, staff believes this would be an entirely appropriate use of these one-time funds. The discussion of the State Board's decision item follows the discussion of the components of staff's recommendation for ongoing administration of the CSAP/TCAP.

Ongoing Administration of CSAP/TCAP

The following table provides an overview of the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13. The narrative that follows provides additional detail for these components.

Summary of Recommendation for CSAP Line Item			
Description	FY 2011-12 Approp.	FY 2012-13 Recomm.	Annual Change
<u>I. CSAPs:</u> Contract for developing, scoring, and reporting CSAPs (other than CSAP-A, CELA, and the ACT)	<u>\$16,486,004</u>	<u>\$16,490,000</u>	<u>\$3,996</u>
Cash Funds - State Education Fund	13,409,149	13,413,825	4,676
Federal Funds	3,076,855	3,076,175	(680)
<u>II. CELA:</u> Contract for developing, scoring, and reporting the Colorado English Language Assessment (CELA) -- Federal Funds	2,060,000	2,162,000	102,000
<u>III. ACT:</u> ACT test for 11th grade students -- Cash Funds - State Education Fund	1,946,700	1,981,540	34,840
<u>IV. Administration:</u> Staff and operating expenses	1,217,513	1,102,049	(115,464)
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fun	523,521	489,998	(33,523)
Federal Funds	693,992	612,051	(81,941)
Total	\$21,710,217	\$21,735,589	\$25,372
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	15,879,370	15,885,363	5,993
Federal Funds	5,830,847	5,850,226	19,379

I. Current contract for development, scoring, and reporting related to the Colorado Student Assessment Program.

The primary ongoing expenditure in this line item is a contract (currently with CTB - McGraw Hill) to develop, maintain, manufacture, score, and report assessments. The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With CTB - McGraw Hill Contract			
Description	FY 2011-12 Approp.*	FY 2012-13 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	539,180	517,701	(21,479)
Development	\$854,584	\$647,220	(\$207,364)
Production	444,804	450,819	6,015
Manufacturing	3,706,976	3,757,101	50,125
Test administration	907,585	919,853	12,268
Scoring and reporting	10,561,635	10,704,447	142,812
Post-test management	<u>10,420</u>	<u>10,560</u>	<u>140</u>
Totals	\$16,486,004	\$16,490,000	\$3,996
Cash Funds -- State Ed. Fund	13,409,149	13,413,825	4,676
Federal Funds	3,076,855	3,076,175	(680)

* Figures provided as the basis for the FY 2011-12 appropriation are reflected here. The actual contract for FY 2011-12 totals \$16,395,704 for a total of 509,179 students.

Recommendation – I. CSAPs: As detailed in the above table, **staff recommends providing \$16,490,000 to cover the costs of this contract for FY 2012-13, including \$13,413,825 cash funds from the State Education Fund and \$3,076,175 from federal funds.** Section 22-7-409 (3), C.R.S., states that, “for the fiscal year 1998-99 and for fiscal years thereafter, the general assembly shall appropriate moneys in the annual general appropriation act to the department to fund the Colorado student assessment program”. However, consistent with the General Assembly's appropriations since FY 2002-03, staff recommends including a portion of the federal funding made available through the federal *No Child Left Behind Act* in this line item, with the balance of the appropriation coming from state funds.

In FY 2007-08 and FY 2008-09, the amount of federal funds applied to this line item was based on the estimated costs of the four assessments that had to be added due to *No Child Left Behind*, based on the actual number of assessments administered. This methodology allocated 14.7 percent of costs to federal funds. Figures provided by the Department for this contract, reflected above, utilize 18.6

percent federal funds. Thus, it does not appear that state funds would be necessary to support the four newest tests.

II. Colorado English Language Assessment.

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

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

The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With CTB - McGraw Hill CELA Contract			
Description	FY 2011-12 Approp.*	FY 2012-13 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	<i>90,000</i>	<i>110,000</i>	<i>20,000</i>
Development	\$146,517	\$153,771	\$7,254
Printing/Distribution/Collection	587,303	616,384	29,081
Scoring	684,555	718,450	33,895
Ongoing Development	19,992	20,982	990
Data Analysis	397,519	417,202	19,683
Reporting	<u>224,114</u>	<u>235,211</u>	<u>11,097</u>
Total – Federal Funds	\$2,060,000	\$2,162,000	\$102,000

* Figures provided as the basis for the FY 2011-12 appropriation are reflected here. The actual contract for FY 2011-12 totals \$2,850,847.

Recommendation – II. CELA: Staff recommends appropriating \$2,162,000 federal funds to cover the costs of the CELA contract for FY 2012-13.

III. Funding for Administration of Spring 2012 ACT Test.

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

The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With ACT Contract			
Description	FY 11-12 Approp.*	FY 12-13 Projection/ Recomm.	Annual Change
<i>Estimated # of students taking ACT on statewide test date</i>	58,000	59,000	1,000
Price per student (same as national rate)	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$0.00</u>
Subtotal: Statewide test date	1,856,000	1,888,000	32,000
<i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i>	1,600	1,600	0
Price per student for voucher	<u>\$33.00</u>	<u>\$35.00</u>	<u>\$2.00</u>
Subtotal: Statewide test date	52,800	56,000	3,200
Subtotal: Student testing service costs	1,908,800	1,944,000	35,200
Test administration training workshops	11,900	11,540	(360)
College Readiness Standards reports (@\$80/request)	0	0	0
Data sent on CDs to schools (@ \$125/CD)	26,000	26,000	0
Subtotal: Other costs	37,900	37,540	(360)
Total	\$1,946,700	\$1,981,540	\$34,840

* Figures provided as the basis for the FY 2011-12 appropriation were based on the contract for FY 2010-11 contracts. The actual contract for FY 2011-12 totals \$1,826,317.

Recommendation – III. ACT: Staff recommends appropriating \$1,981,540 cash funds from the State Education Fund for the ACT contract for FY 2012-13.

IV. Support for state staff that administer exams.

The following table details the calculation for staff's recommendation for FY 2012-13.

Summary of Recommendation: Administration Portion of CSAP Line Item						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
Actual personal services expenditures based on existing, filled positions (prior to 2.5 percent reduction in employer's PERA contribution)	\$0	\$454,064	\$0	\$576,233	\$1,030,297	11.8
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	454,064	0	576,233	1,030,297	11.8
Operating Expenses:						
Average of actual expenditures incurred in last two fiscal years	0	35,934	0	35,818	71,752	
FY 2012-13 Staff Recommendation	\$0	\$489,998	\$0	\$612,051	\$1,102,049	11.8

Recommendation – IV. Administrative Staff: Staff recommends appropriating \$1,102,049 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program for FY 2012-13. Rather than building on prior year calculations, this recommendation rebuilds the appropriation based on existing, filled positions. Thus, staff does not recommend applying any vacancy savings or base reductions to the line item. **The fund sources in staff's recommendation are based on information provided by the Department.**

STATE BOARD DECISION ITEM #3 - FUNDING FOR NEW STATE ASSESSMENTS

Note: For an in depth discussion of the need for new assessments and the State Board's request, see the issue paper beginning on page 23 of the FY 2012-13 JBC Staff Budget Briefing on the Department of Education (Except Public School Finance).

State Board of Education Request: The State Board of Education (State Board) requests an additional \$25,900,507 General Fund for FY 2012-13 to support the development of new statewide assessments aligned with the statewide academic standards adopted pursuant to S.B. 08-212 (CAP4K). The request would support the development of new assessments in FY 2012-13, with the

first administration of the assessments in FY 2013-14. As required by CAP4K, the total request would support the development of:

1. Summative (year-end) assessments in reading, writing, and math in grades 3 through 10, continuing the cycle currently in place for the CSAP;
2. New summative assessments in social studies and science administered at least once in elementary, middle, and high school; and
3. Alternate assessments for students with significant cognitive disabilities.

In addition, the full request would support the development of interim (mid-year) assessments, aligned with the summative tests, to provide instructional feedback during the school year.

Governor's Request: The Governor is not requesting *any* additional resources to support the development of new assessments in FY 2012-13. The Governor's plan, as detailed a February 2, 2012, letter to the JBC (attached as Appendix B), is based on Colorado participation in the Partnership for Assessment of Readiness for College and Careers (PARCC), a multi-state consortium¹ developing assessments based on the Common Core State Standards (Common Core). Specifically, the request would:

4. Provide no additional resources for assessment development in FY 2012-13;
5. Have Colorado join PARCC as a "governing member" (Colorado is currently a "participating member," which limits Colorado's role);
6. Rely upon the PARCC assessments for English-language arts and mathematics, which PARCC is committed to have fully available in FY 2014-15; and
7. Collaborate with other states for the development of science and social studies assessments, with approximately \$7 million in development and augmentation costs likely in FY 2013-14.

Senate Education Committee Recommendation: As discussed on page 1 of this document, the Senate Education Committee recommended the following changes with respect to the State Board's request:

- The Committee recommended that the \$25.9 million requested for new state assessments [by the State Board of Education, not the Governor] be only partially funded, and that the remainder of the \$25.9 million be used for the School Finance Act. Specifically, the Committee recommended that partial funding be provided as follows:

¹According to the PARCC website (www.parcconline.org/about-parcc), PARCC includes 23 states (Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, and Tennessee) and the District of Columbia.

- Up to \$1 million to fund optional administration of ACCUPLACER assessments for high school students;
- The necessary amount to fund development of an assessment for financial literacy; and
- Up to \$2 million to fund development of science and social studies assessments (and the use of multi-state consortia assessments if available). (Please note that this recommendation was verbally increased to \$7 million during the Joint Budget Committee's meeting with both Education Committees on February 1, 2012.)

Staff Recommendation: **Staff recommends that the Committee appropriate \$8,204,090 cash funds from the State Public School Fund (utilizing one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) to support the development of new assessments for science, social studies, and financial literacy in FY 2012-13, for initial administration in FY 2013-14. Staff's recommendation also includes the necessary funding to develop: new alternative assessments for students with significant cognitive disabilities; make necessary modifications and updates to the ACT; and update the English language proficiency exam (ELPA).**

Staff recommends that Colorado acquire its assessments for math and English-language arts through PARCC, as requested by the Governor. If, based on progress over the next year, the PARCC assessments do not appear to be appropriate for Colorado, then staff would recommend that the Committee consider funding the development of mathematics and English-language arts assessments through the FY 2013-14 budget process.

Staff's recommendation aligns with the Senate Education Committee's recommendation to provide funding to develop new science, social studies, and financial literacy assessments. Staff's recommendation does not include the recommended \$1.0 million for optional ACCUPLACER administration, which was part of neither the Governor's nor the State Board's request. Please note that the Senate Education Committee letter is silent with respect to state-specific vs. PARCC assessments but does not recommend funding for state-specific math and English-language arts assessments.

Staff's recommendation to implement the PARCC assessments assumes increased participation in PARCC by Colorado, which would likely require becoming a governing member, as recommended by the Governor. According to the Governor's Office current law allows the State Board of Education to make the decision regarding whether to join a consortium as a governing member. **If the Committee wishes to see Colorado become a governing member, staff recommends that the Committee discuss potential legislation directing the Department/State Board to do so with the Education Committee.**

Staff Analysis: As discussed in the briefing issue beginning on page 23 of the FY 2012-13 Staff Budget Briefing on the Department of Education (Except Public School Finance), staff believes the implementation of new assessments aligned with statewide academic standards is necessary for the successful implementation of four pieces of education reform legislation enacted since 2008: (1) S.B. 08-212 (CAP4K); (2) H.B. 08-1168 (Financial Literacy); (3) S.B. 09-163 (Education Accountability); and (4) S.B. 10-191 (Educator Effectiveness). Thus, staff's analysis assumes that the General Assembly should move forward with the development and implementation of new assessments *by some means*.

Staff presents the analysis of the two requests in three basic components: (1) cost, including up-front and long term costs; (2) timing; and (3) outcomes. Each component is discussed below.

Cost: Fully funding the State Board's request would require \$25.9 million General Fund in FY 2012-13. By relying on PARCC for math and English-language arts and delaying the development of all other new assessments beyond FY 2012-13, the Governor's plan requires *no additional resources* in FY 2012-13.

However, the State Board's request includes a variety of components, including:

- summative and interim assessments in mathematics, English-language arts, science, and social studies;
- new Spanish literacy tests;
- new alternative exams for students with cognitive disabilities; and
- a replacement English language proficiency exam (replacement CELA).

In response to concerns about the price of the full request, the Department provided a matrix (summarized in the following table) of potential funding options based on eliminating or delaying specific components of the request. As shown below, eliminating the development of interim assessments (which inform instruction mid-year and could therefore be useful to educators, parents, and students within a given school year) in "option 2" reduces the total cost by \$12.4 million, or 47.7 percent. Delaying additional components in options 3 through 5 creates similar savings, with option 6 (delaying all development of new assessments as requested by the Governor) costing nothing in FY 2012-13.

Options to Reduce System Development Costs in FY 2012-13

Option/Description	FY 2012-13 Cost	FY 2013-14 Cost	FY 2014-15 Cost
(1) State Board Request	\$25,900,507	\$16,099,507	\$15,496,683
(2) Delay Interim	13,544,167	7,782,177	6,892,525
(3) Delay Interim and Spanish Literacy	12,554,641	6,927,511	6,037,859
(4) Delay Interim and	10,120,905	6,043,966	6,724,731

Option/Description	FY 2012-13 Cost	FY 2013-14 Cost	FY 2014-15 Cost
Spanish Literacy, phase in writing and social studies			
(5) Develop Only Science in FY 2012-13	3,910,736	10,975,466	7,021,338
(6) Delay Entire System*	0	10,803,890	6,883,021

* Estimates for Option 6 assume that the state adopts assessments developed by national consortia for reading, writing, and math, and develops the other assessments in FY 2013-14 for implementation in FY 2014-15.

In response to a Committee request to compare the costs of the State Board's and Governor's plans, the Department elected to compare Option 4 (which would postpone development of interim assessments (for all subjects) and the development of new Spanish literacy assessments and phase in social studies at a later time) to the Governor's request. The Department's analysis for FY 2012-13 through FY 2017-18 is summarized in the following tables. In short, the Governor's proposal, with no state cost in FY 2012-13, is clearly less expensive in the near term but would result in higher long term/administrative costs than the State Board's proposal (\$29.9 million over six years vs. \$25.4 million for State Board Option 4).

Table 1: CDE Cost Estimate for State Board of Education's Option 4 Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /a	\$8,916,815	\$16,395,704 for TCAP	\$25,312,519	\$2,839,412	\$13,556,292	\$8,916,815
FY 13-14 /b		20,920,100	20,920,100	2,839,412	13,556,292	4,524,396
FY 14-15 /c		21,389,413	21,389,413	2,839,412	13,556,292	4,993,709
FY 15-16 /d		18,494,981	18,494,981	2,839,412	13,556,292	2,099,277
FY 16-17 /d		18,528,585	18,528,585	2,839,412	13,556,292	2,132,881
FY 18-19 /d		19,084,443	19,084,443	2,839,412	13,556,292	2,688,739
Total						\$25,355,817

/a Includes development of reading, math, and science assessments and administration of TCAP.

/b Administration of reading, mathematics and science assessments.

/c Administration of reading, writing, mathematics and science assessments (the State Board would develop writing as a separate assessment while PARCC would include writing within English-language arts). Also development of social studies assessment.

/d Administration of reading, writing, math, science, and social studies assessments.

Table 2: CDE Cost Estimate for Governor's Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /e	\$0	\$16,395,704 for TCAP	\$16,395,704	\$2,839,412	\$13,556,292	\$0
FY 13-14 /f	7,000,000	\$16,395,704 for TCAP	23,395,704	2,839,412	13,556,292	7,000,000
FY 14-15 /g		19,643,071	19,643,071	2,839,412	13,556,292	3,247,367
FY 15-16 /h		22,273,793	22,273,793	2,839,412	13,556,292	5,878,089
FY 16-17 /h		22,962,771	22,962,771	2,839,412	13,556,292	6,567,067
FY 18-19 /h		23,651,654	23,651,654	2,839,412	13,556,292	7,255,950
Total						\$29,948,473

/e Administration of TCAP.

/f Assumes shared development of Science and full development of social studies assessments; augmentation development for consortium assessments; administration of TCAP.

/g Administration of consortium math and English language arts assessments; administration of Colorado science assessment.

/h Administration of consortium math and English language arts assessments; administration of Colorado science and social studies assessments.

Timing: The Department retired the CSAP in 2011 and is already committed to administering the TCAP in FY 2011-12 and FY 2012-13 to allow local education providers time to transition to the new standards and to allow the State time to transition to new assessments that are fully aligned with the new standards. Outside of options 5 and 6, the State Board request would continue with the planned two-year use of the TCAP, while the Governor's proposal would utilize the TCAP for three years (FY 2011-12 through FY 2013-14) and implement new exams in FY 2014-15.

- The State Board's options 1 through 3 would implement math, English language arts, science, and social studies assessments in the 2013-14 school year, in compliance with statutory guidelines under CAP4k and S.B. 10-191. Option 4 would delay implementation of the social studies assessment until FY 2015-16.
- Under the Governor's proposal, Colorado would utilize the TCAP for an additional year because the PARCC assessments for math and English language arts would not be available until the 2014-15 school year. The Governor's proposal would also include administration of the science assessment (developed through collaboration with other states if possible) in 2014-15 and the social studies assessment in the 2015-16 school year. *Please note that if the General Assembly moves forward with the Governor's proposal or staff's recommendation, the Education Committees may wish to change the statutory guidelines associated with*

CAP4K and S.B. 10-191. Staff would recommend that the Committee discuss the potential need for such legislation with members of the Education Committee.

Outcomes: Both proposals aim to provide assessments aligned with statewide content standards, and both proposals would provide feedback to educators, parents, and students in a much more timely fashion than the CSAP/TCAP (which often does not provide scores to parents before the fall of the succeeding school year). However, the two proposals represent significantly different paths forward for Colorado. The following discussion provides key arguments from the Department and the Governor's Office in support of their respective proposals for new assessments.

The Department argues that the State Board proposal represents a more cohesive package of assessments, with fewer complications for implementation. The Department includes the following arguments:

- If fully funded, the proposal would provide state-specific summative and interim assessments in FY 2013-14 that would be fully aligned with Colorado's standards and would not require any augmentation (the PARCC assessments would require augmentation for additional subject areas and additional Colorado-specific standards within the tested subject areas).
- The Department proposal would allow for flexibility to continue to use paper-based tests, and the Department argues that PARCC would require fully on-line administration in FY 2014-15. Based on updated information from PARCC, the consortium understands that many states may have difficulty transitioning to fully on-line administration in FY 2014-15 and is going forward with proposals to allow for paper-based testing as well.
- The proposed assessments would be available for administration in FY 2013-14, in alignment with statutory guidelines and maintaining the momentum of reform efforts.
- The Department believes that the development of state-specific assessments with a single provider for all assessments would create a more cohesive package than the use of multiple providers under the PARCC/collaborative approach.
- If fully funded, the proposal would, for the first time, provide interim assessments to improve feedback mid-year and allow for instructional improvements.²
- The Department and State Board argue that maintaining autonomy over content, length, delivery, performance expectations (cut scores), and other aspects of the tests benefits Colorado.
- According to the Department, the PARCC assessments could present complications with high school mathematics by preventing statewide comparison of results from districts using different curricula (and curriculum has historically been a local control decision in Colorado).

² Please note that, according to the Department, most (75 to 80 percent) of school districts already use their own interim assessments, so the availability of optional statewide interim assessments may not impact those districts.

The Governor's Office makes the following arguments in support of its proposal to go forward with PARCC assessments for English language arts and math.

- The Governor's proposal costs nothing in FY 2012-13.
- Like the fully funded option from the State Board (*but unlike any of the other State Board options*), PARCC includes interim assessments for English-language arts and math, which would provide instructionally useful information mid-year. (The Governor's Office, the Department, and JBC staff agree that the availability of statewide interim assessments aligned with both the statewide content standards and the summative assessments would be beneficial.)
- The Governor's Office argues that the collaborative developing the PARCC assessments represents greater expertise than Colorado would be able to afford or facilitate through a contract with a single assessment provider.
- Similarly, the Governor's Office argues that the \$186 million investment of federal Race to the Top funds will allow for the development of better assessments than would be available to Colorado acting alone.
- PARCC is focused specifically on postsecondary- and workforce-readiness (PWR), in alignment with CAP4K and Colorado requirements.
- Pursuant to CAP4K, the Colorado Department of Higher Education has agreed to recognize summative assessments establishing PWR as part of the admission process. The Governor's Office argues that other states are likely to move forward with similar recognition of the PARCC assessments for college admission purposes, and that those states would be less likely to recognize a state-specific assessment. For more information, see the February 29, 2012, letter from the Lieutenant Governor to the JBC (attached as Appendix C).
- Finally, the Governor's Office argues that collaborating with other "like-minded" states, and allowing for multi-state comparability, would benefit Colorado.

In effect, the two proposals represent two distinct policies for Colorado with respect to assessments: The State Board/Department argue that maintaining autonomy for Colorado, with fewer potential complications (such as required augmentation of the PARCC assessments) makes the State Board's proposal preferable for Colorado. Meanwhile, the Governor's Office argues that collaborating with multiple states through the consortia, with much greater resources available and the potential economies of scale provided by such collaboration, holds greater promise, especially with the lower (or nonexistent) short term cost.

Staff Proposal: Staff recommends a hybrid approach, moving forward with PARCC for English-language arts and math assessments (as requested by the Governor) and providing funding (\$8,204,090 cash funds from one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) for the Department to develop new

science and social studies assessments, as well as fund updates to the alternative assessments, the ACT, and the English language proficiency assessment (ELPA) in FY 2012-13.

English language arts and math: **Staff recommends that the Committee deny the requested funding for English language arts and math assessments in FY 2012-13 and encourage the Department to increase participation in the PARCC process (including discussing potential legislation that would directing the Department to do so with the Education Committees). If it becomes clear with increased participation that PARCC is not a viable option for Colorado, then the General Assembly may revisit this question during the FY 2013-14 budget process.** That timeline would still provide state-specific assessments by the time the PARCC tests would be available.

Staff agrees with the Department that autonomy has benefits for Colorado. In addition, based on the available information, staff shares some of the Department's concerns about potential complications associated with the PARCC assessments, including: (1) the potential need for on-line administration sooner than would be necessary under the State Board's plan; and (2) the need to augment the PARCC assessments for additional subject matter beyond the Common Core. Based on these concerns, staff believes that the State should thoroughly evaluate the viability of proceeding with the PARCC assessments in time for the FY 2013-14 budget process.

However, staff also believes that use of consortium-developed tests holds promise. In particular, staff highlights: (1) the availability of interim assessments under PARCC that do not appear to be fiscally feasible under the State Board proposal; (2) the potential for multi-state comparability; and (3) the potential benefit to high school graduates if other states' institutions of higher education recognize the PARCC assessments in their admission processes.

Other Assessments: **Staff recommends that the Committee provide the necessary resources (an estimated total of \$8,204,090) to develop new science , social studies, and financial literacy assessments and update the other required assessments (alternative assessments for students with significant cognitive disabilities; modifications to the ACT; and ELPA updates) in FY 2012-13.** PARCC will only provide assessments for English language arts and math. As there are not Common Core standards for science and social studies, both of which require assessments under either federal (science) or state (social studies) law, there are not consortium tests available for those subject areas. The Governor's Office would postpone development of those tests beyond FY 2012-13, presumably as a cost savings measure. In addition, the Governor proposes collaboration with other states to reduce the costs of the science and social studies assessments. Given regional differences, staff is skeptical that collaboration would yield any savings on the social studies assessment. The science assessment may present greater opportunities for cost savings and collaboration. Staff recommends that the Committee and General Assembly encourage such collaboration but also recommends that the General Assembly provide the necessary resources to

move forward with the development of science and social studies assessments in FY 2012-13. The components of staff's recommendation are shown in the following table.

Staff Recommendation for the Development of New Assessments in FY 2012-13	
(Based on Department of Education Estimates)	
English language arts and math	\$0
Science, social studies, and financial literacy development	7,000,000
Updates to Alternative (SPED) assessments	615,282
ACT modifications	54,639
ELPA updates/modifications	<u>534,169</u>
Total	\$8,204,090

EDUCATOR EFFECTIVENESS UNIT ADMINISTRATION (New line item recommended)

Request: With decision item #4, the Department requests a statutory change to transfer \$424,390 cash funds from the Contingency Reserve fund to the Great Teachers and Leaders Fund in FY 2012-13 to support the continued operations of the Educator Effectiveness Unit (Unit). Senate Bill 10-191 allowed for similar transfers of \$250,000 per year in FY 2010-11 and FY 2011-12 if the Department did not receive *at least* that much in funding each year in federal grants. The Department did not receive the anticipated federal grants, and the transfers took place in FY 2010-11 and FY 2011-12. The Department is requesting a statutory change to enable a transfer in FY 2012-13 and increase the transfer by \$174,390.

Staff Recommendation: As discussed a March 5, 2012, memorandum to the JBC members (excerpted below), Section 24-75-1305, C.R.S., prohibits state agencies from requesting and the General Assembly from approving appropriations of state funds to support state programs that were previously supported with grant funds. The Educator Effectiveness Unit has received significant grant funding in FY 2010-11 and FY 2011-12. **Based on the statutory prohibition against replacing lost grant funds, staff recommends that the Committee approve no more than \$250,000 General Fund associated with Decision Item #4 (staff recommended the full amount (\$424,390) in the figure setting document).** The Educator Effectiveness Unit has received \$250,000 per year in state funds (transferred from the Contingency Reserve Fund) for FY 2010-11 and FY 2011-12.

To allow for the continued operations of the Educator Effectiveness Unit at current levels, staff recommends that the Committee discuss the potential need for legislation authorizing the use of additional state funds with members of the Education Committees. The Department may be

able to utilize new federal Race to the Top Funding to backfill the Rose Foundation grants in the near-term but doing so would require the Department to scale back some activities currently planned for the Race to the Top Funding (the \$174,390 equates to more than 9.0 percent of planned spending of federal funds in FY 2012-13).

EXCERPT FROM MARCH 5, 2012 MEMORANDUM TO JBC (PRESENTED AT FIGURE SETTING)

Issue 1: Prohibition on backfilling grant funds used to implement legislation.

Through decision item #4, the Department is requesting \$424,390 (requested as cash funds transferred from the Department's Contingency Reserve Fund) to continue the operations of the Educator Effectiveness Unit established to implement S.B. 10-191. As discussed on page 60 of the figure setting document, the Department has supported the unit for the past two years with: (1) transfers of \$250,000 per year from the Contingency Reserve Fund to the Great Teachers and Leaders Fund pursuant to Section 22-9-105.7 (3), C.R.S.; and (2) private grant funding (specifically a grant from the Rose Foundation which the Department indicates provides approximately \$85,000 per year). The Rose Foundation provided the grant as one-time funding, and the Department is effectively asking the General Assembly to backfill the loss of those private funds with state funding to continue to operate the Educator Effectiveness Unit.

However, staff and the Department were previously unaware that statute (Section 24-75-1305, C.R.S., which is shown on the following page) prohibits: (1) state agencies from asking the General Assembly to backfill grant funds used to support agency activities (Section 24-75-1305 (2), C.R.S.); and (2) *prohibits the General assembly from appropriating state funds to backfill such grants* (Section 24-75-1305 (1), C.R.S.). The statute does allow the appropriation of state funds to backfill grants *if the General Assembly enacts new legislation reauthorizing the program and providing an appropriation to replace the lost grant funding.*

Based on the statutory prohibition against replacing lost grant funds, staff recommends that the Committee approve no more than \$250,000 General Fund associated with Decision Item #4 (staff recommended the full amount (\$424,390) in the figure setting document). The Educator Effectiveness Unit has received \$250,000 per year in state funds (transferred from the Contingency Reserve Fund) for FY 2010-11 and FY 2011-12, and continuing that level of funding for the Unit would not violate the prohibition on backfilling grant funds.

To allow for the continued operations of the Educator Effectiveness Unit at current levels, staff recommends that the Committee discuss the potential need for legislation providing new state funds with members of the Education Committees. The Department may be able to utilize new federal Race to the Top Funding to backfill the Rose Foundation grants in the near-term but doing so would require the Department to scale back some activities currently planned for the Race to the Top Funding (the \$174,390 more than 9.0 percent of planned spending of federal funds in FY 2012-13).

Section 24-75-1305, C.R.S., is below:

"24-75-1305. Programs or services reliant on grants - statutory reauthorization of program.

(1) Except as otherwise provided in subsection (3) of this section, beginning January 1, 2011, the general assembly shall not make an appropriation of moneys from the general fund or from any other source of state moneys to fund a program, service, study, or other function of state government that was previously funded through grant moneys and that has not received adequate grant moneys to support the program, service, study, or other function of state government for the applicable fiscal year.

(2) Except as otherwise provided in subsection (3) of this section, beginning January 1, 2011, a state agency that oversees any program, service, study, or other function of state government shall not request as part of its annual budget request to the joint budget committee that the general assembly make an appropriation from the general fund or any other source of state moneys to fund a program, service, study, or other function of state government that was previously funded through grant moneys and that has not received adequate grant moneys to support the program, service, study, or other function of state government for the applicable fiscal year.

(3) The general assembly may adopt legislation to reauthorize any program, service, study, or other function of state government that was previously funded through grant moneys and, if such legislation includes an appropriation from the general fund or any other source of state moneys and becomes law, may make an appropriation from the general fund or from any other source of state moneys to a state agency to oversee the program, service, study, or other function of state government."

EXCERPT FROM MARCH 5, 2012 FIGURE SETTING DOCUMENT:

Request: With decision item #4, the Department requests a statutory change to transfer \$424,390 cash funds from the Contingency Reserve fund to the Great Teachers and Leaders Fund in FY 2012-13 to support the continued operations of the Educator Effectiveness Unit (Unit). Senate Bill 10-191 allowed for similar transfers of \$250,000 per year in FY 2010-11 and FY 2011-12 if the Department did not receive *at least* that much in funding each year in federal grants. The Department did not receive the anticipated federal grants, and the transfers took place in FY 2010-11 and FY 2011-12. The Department is requesting a statutory change to enable a transfer in FY 2012-13 and increase the transfer by \$174,390.

***Recommendation:* Staff recommends that the Committee deny the request to transfer additional funds from the Contingency Reserve Fund in FY 2012-13. Instead, staff recommends that the Committee create a new Long Bill line item entitled, "Educator Effectiveness Unit Administration" and appropriate \$424,390 General Fund and 3.0 FTE for the line item in FY**

2012-13. Staff does not believe that the Contingency Reserve fund is an appropriate fund source to support ongoing operations of the Educator Effectiveness Unit, and recommends that the Committee create a separate line item to fund the office's ongoing operations from the General Fund.

Staff Analysis: Staff's analysis of this request includes two basic components: (1) the fund source; and (2) the requested amount. A brief discussion of each follows.

Fund Source: The Department is requesting a statutory change to allow for a transfer of \$424,390 cash funds from the Contingency Reserve Fund (which effectively operates as a revolving loan fund to support school districts in specific financial emergencies) to the Great Teachers and Leaders Fund in FY 2012-13. This request requires a statutory change to allow for the transfer in FY 2011-12; current law allows for transfers of \$250,000 in FY 2010-11 and FY 2011-12 but does not allow for a transfer in FY 2012-13.

When enacting S.B. 10-191, the General Assembly and the Department anticipated potential funding from federal Race to the Top (RTTT) grants to support implementation of S.B. 10-191. The bill allowed for a transfer of \$250,000 per year from the Contingency Reserve Fund to the Great Teachers and Leaders Fund for two years *if the Department did not receive federal grants to implement the bill*. Because the Department did not receive RTTT funds for those years, the State Treasurer transferred \$250,000 into the Great Teachers and Leaders Fund in FY 2010-11 and again in FY 2011-12. The Department has supported the Unit thus far with a mix of state funds transferred from the Contingency Reserve Fund and one-time external grant funding.

Based on potential use of the Contingency Reserve Fund by school districts in FY 2011-12, the Contingency Reserve Fund may end FY 2011-12 with a balance of only \$600,000. If so, transferring the requested funds out of the Contingency Reserve in FY 2012-13 would leave only about \$175,000 available for the fund's intended use.

Staff feels that the Contingency Reserve Fund is not an appropriate fund source to support the ongoing operations of the Unit. Staff recommends that the Committee appropriate General Fund because of the ongoing nature of the costs and the potentially severe impact on the availability of funds for school district financial emergencies.

Funding Amount: The request represents an increase of \$174,390 above the annual transfers implemented in FY 2010-11 and FY 2011-12 pursuant to S.B. 10-191 and therefore represents an increase of that amount above the *state* funding levels for the prior years. Because the Department has received \$195,000 in private grant funding (\$170,000 from the Rose Foundation and \$25,000 from the Colorado Legacy Foundation) for the first two years of implementation, the request represents an increase of \$55,978 above estimated expenditures in FY 2011-12.

The Unit is now fully staffed with 3.0 FTE, with estimated personal services costs of \$332,760 in FY 2012-13. In addition, because of the statewide nature of the Unit's work and the required degree of outreach, training, and collaboration with local school districts and educators, the Unit also incurs and anticipates significant operating expenses. The following table shows the components of the Department's request to support the Unit's continued operations.

Estimated Expenditures for Educator Effectiveness Unit in FY 2011-12 and FY 2012-13		
Expense Description	FY 2011-12 Est.*	FY 2012-13 Request
Salaries and Benefits for 3.0 FTE	\$326,412	\$332,760
Leased Space, Phone, and Routine Operating Expenses	32,400	24,630
Travel**	<u>15,600</u>	<u>27,000</u>
Local	10,000	15,000
National	5,600	12,000
Program Evaluation	0	20,000
Pilot Implementation Costs	<u>0</u>	<u>20,000</u>
Training (3 trainings at \$3,000 each)	0	9,000
Tracking/Monitoring pilot results	0	5,000
Tech. Validation Performance Metrics	<u>0</u>	<u>6,000</u>
Total	\$374,412	\$424,390

*The estimate for FY 2011-12 is based on an estimate of 12 months of expenditures *with the Unit fully staffed*. Actual expenditures are likely to be lower because of vacancies in early FY 2011-12.

** Travel expenses in FY 2012-13 assume 10 local trips for 3.0 FTE at a cost of \$500 per trip per FTE and 2 national trips at a cost of \$2,000 per trip per FTE.

As discussed at the FY 2012-13 briefing for this department, staff raises the following points about this Decision Item #4:

- Senate Bill 10-191 provided for \$250,000 in annual state funding for FY 2010-11 and FY 2011-12 if the state did not receive RTTT funds. However, the bill did not address any years beyond FY 2011-12. Thus, the intent for FY 2012-13 is unclear.
- The Department exceeded available state funding when it fully staffed the Educator Effectiveness Unit in FY 2011-12; the annual salaries and benefits for the 3.0 FTE total over \$332,000 while the bill provided only \$250,000 per year. The FY 2012-13 request includes another \$91,630 in operating expenses in FY 2012-13.
- The Department was able to support the additional expenditures in FY 2011-12 with one-time grant funding and remaining fund balance from FY 2010-11 but the FY 2012-13 request is effectively asking the General Assembly to backfill the external grants with state funding.

Staff Comeback - Assessments and Data Analyses
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Staff assumes that the General Assembly intends to continue to support the Educator Effectiveness Unit to implement S.B. 10-191. Although the Unit's expenses are well above the \$250,000 in annual state funding provided through S.B. 10-191, staff agrees with the Department that \$250,000 does not appear to be sufficient to support the Unit's required amount of work. **Based on the actual costs to operate the Unit as staffed, and to allow the Unit to continue to operate, staff recommends that the Committee appropriate \$424,390 General Fund to the newly created line item in FY 2012-13.**

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper (303-866-3481)

SUBJECT: BEST Program FY 2012-13 Staff Comeback

DATE: March 15, 2012

The Joint Budget Committee (JBC) has not yet taken action on the following line items associated with the Building Excellent Schools Today (BEST) Program for FY 2012-13: Division of Public School Capital Construction Assistance (which supports the program's personal services and operating expenses); and Public School Capital Construction Assistance Board - Lease Payments (which funds certificate of participation (C.O.P.) payments for BEST).

In addition, after figure setting for the Department was complete, the Department submitted a FY 2011-12 supplemental request and a FY 2012-13 budget amendment to increase the appropriation for BEST C.O.P. payments.

This memorandum includes staff's FY 2012-13 comeback associated with BEST, including the Department's FY 2012-13 budget amendment.

Division of Public School Capital Construction Assistance

EXCERPT FROM MARCH 5, 2012 FIGURE SETTING DOCUMENT:

Description. This line item supports the Public School Capital Construction Assistance (PSCCA) Board and the Division of PSCCA.

Request. The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$874,523 cash funds and 9.0 FTE for FY 2012-13.

Recommendation: Staff's total recommendation for this line item is **pending the legal services rate for FY 2012-13. Outside of legal services expenses, staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The personal services recommendation is \$14,191 below the request because of the application of a 2.0 percent personal services base reduction. The components of staff's recommendation are detailed in the following

table. **Staff also recommends appropriating funds sufficient to purchase 200.0 hours of legal services for FY 2012-13.**

Summary of Recommendation for Division of PSCCA						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$786,588	\$0	\$0	\$786,588	9.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	13,250	0	0	13,250	0.0
Base reduction (2.0%)	<u>0</u>	<u>(14,191)</u>	<u>0</u>	<u>0</u>	<u>(14,191)</u>	<u>0.0</u>
Subtotal: Personal Services	0	785,647	0	0	785,647	9.0
Operating and Board Expenses:						
FY 2011-12 Appropriation	0	59,543	0	0	59,543	
Legal Services Expenses:						
FY 2011-12 Appropriation	0	15,142	0	0	15,142	
Increase/ Decrease based on FY 2012-13 legal services hourly rate and 200.0 hours of legal services)	<u>0</u>	<u>Pending</u>	<u>0</u>	<u>0</u>	<u>Pending</u>	
Subtotal: Legal Services Expenses	0	Pending	0	0	Pending	
Staff Recommendation	0	Pending	0	0	Pending	9.0

JBC STAFF COMEBACK AND LATE BUDGET AMENDMENT REQUEST

Public School Capital Construction Assistance Board - Lease Payments

Note: The Committee did not take action on this line item at figure setting because members requested additional information from the Department. After figure setting, the Department submitted a late budget amendment (associated with the supplemental request discussed above) increasing the FY 2012-13 request for this line item by \$15.0 million.

Budget Amendment Request: The Department requests an increase of \$15.0 million cash funds from the Public School Capital Construction Assistance Fund (above the November 1, 2011, request) in FY 2012-13 to: (1) account for additional certificates of participation issued in December 2011 (discussed in a previous presentation of the supplemental request); and (2) allow for an additional issuance in December 2012, requiring payment beginning in FY 2012-13. The November 1, 2011,

request included a total of \$29.0 million for BEST C.O.P. payments, continuing the FY 2011-12 Long Bill appropriation. The Department is now requesting a total of \$44.0 million cash funds from the Public School Capital Construction Assistance Fund for C.O.P. payments in FY 2012-13 (assuming \$33.9 million in state funds and \$9.4 million in local matching funds).

The Committee already approved the Department's supplemental request for an additional \$7.0 million cash funds in FY 2011-12. The budget amendment continues that increased appropriation and adds an additional \$8.0 million to accommodate an anticipated issuance in December 2012.

Staff Recommendation: Based on current law, staff recommends approving the request. Under current law, the Department intends to make the additional issuance in December 2012, which would require the increased appropriation in FY 2012-13. If the General Assembly passes legislation changing current law and reducing the potential obligation in FY 2012-13, then staff recommends adjusting the appropriation through the separate legislation. The Committee could deny the requested increase but that would not necessarily stop the program from moving forward with an additional issuance (and repeating the need for a supplemental next year).

New Information Requested by the Committee During Figure Setting:

1. The Committee requested additional information on the basis for staff's recommendation to provide \$37.0 million cash funds in FY 2012-13.

Based on estimates from the Department and the BEST program, staff recommended a total appropriation of \$37.0 million in FY 2012-13 at figure setting. However, as discussed above, *staff has now confirmed that the \$37.0 million estimate did not assume a December 2012 C.O.P. issuance requiring payment in FY 2012-13.* Based on current law, the BEST program is planning an additional issuance in December 2012. As shown in the following table, program staff estimate that the total payment required in FY 2012-13 would be \$43.4 million (including \$33.9 million state share and \$9.4 million local share).

BEST C.O.P. Payment History and Projections

Fiscal Year	Net Fiscal Year Payment	Total Fiscal Year State Share	Total Fiscal Year Local Share
2009-10	\$3,535,000	\$2,733,737	\$801,263
2010-11	11,879,355	8,317,261	3,562,094
2011-12	35,313,692	28,080,359	7,233,333
2012-13	43,372,030	33,946,246	9,425,784
2013-14	51,969,719	39,995,366	11,974,353
2014-15	54,982,149	39,997,009	14,985,140

2. The Committee requested additional information on the program's reserves.
 - a. Does BEST have a reserve that could/would be accessed during low-revenue years (for example, when State land Board revenues are low)?

BEST does not have a reserve. Current law assures sufficient revenue to make annual lease payments (with any revenues above that amount available for cash grants), and the program does not maintain a reserve.

- b. What is the available cash fund balance in the Public School Capital Construction Assistance Fund?

According to the Department, as of January 31, 2012, the program had a total fund balance of \$123,070,953.47 and an "unallocated cash on hand balance" of \$66,426,499.02. All of the "unallocated" balance is made up of state funds. The Department provided the following detail on the cash fund balance (see table below).

FY 2011-12 Fund Balance as of Jan. 31, 2012	
Designated Cash on Hand	
Emergency Fund Set-Aside (Statutory)	\$1,000,000
Bond Obligation Payment - March 2012	28,835,988
District Cash Match Set-Aside	1,875,863
FY 2008-09 Cash Grant Encumbrances	3,828,764
FY 2009-10 Cash Grant Encumbrances	4,228,111
FY 2010-11 Cash Grant Encumbrances	3,513,194
FY 2011-12 Cash Grant Encumbrances	<u>13,362,534</u>
Total Designated Cash on Hand	\$56,644,454
Unallocated Cash on Hand	\$66,426,499
Total Cash on Hand	\$123,070,953

The Department reports that the unallocated cash on hand balance grew because of higher-than-anticipated revenues from the State Land Board in FY 2010-11.

3. How does the BEST program plan to spend the available fund balance?

Program staff and the Public School Capital Construction Assistance Board intend to use the unallocated cash fund balance for cash grants over the next two years. The Department recently received applications for the next round of cash grant applications, which the program intends to award in June 2012. The Department reports that the program intends to spend the majority of the unallocated balance on cash grants over the next two years "depending on the number, amounts, and quality of grant applications that are received, reviewed, and awarded."

4. How does BEST decide how much to award in cash grants each year?

The amount of cash grant funding awarded depends on: (1) the available fund balance in the Public School Capital Construction Assistance Fund; and (2) the amount of funding required for C.O.P. payments in that year. As a competitive grant program, the program receives applications once per year, and the Public School Capital Construction Assistance Board provides C.O.P. grants and cash grants based on "the level of need in the applications, the amount of moneys in the Assistance Fund, and the room under the [\$40 million] Lease Purchase payment cap." In the end, under current law, the program's intention is to spend all available moneys on either Lease Purchase payments or cash grants although spending down a large balance (as accumulated in FY 2010-11) may take more than one year.

5. Please explain the program's use of statutory prioritization criteria in selecting projects. How does BEST prioritize projects? Is the process different for COPs vs. grants?

Section 22-43.7-109 (5), C.R.S., provides the following criteria for the Public School Capital Construction Assistance Board's review of grant applications, in descending order of importance:

"(a)(I) Projects that will address safety hazards or health concerns at existing school facilities, including concerns relating to public school facility security.

(II) In prioritizing an application for a public school facility renovation project that will address safety hazards or health concerns, the board shall consider the condition of the entire public school facility for which the project is proposed and determine whether it would be more fiscally prudent to replace the entire facility than to provide financial assistance for the renovation project.

(b) Projects that will relieve overcrowding in public school facilities, including but not limited to projects that will allow students to move from temporary instructional facilities into permanent facilities;

(c) Projects that are designed to incorporate technology into the educational environment; and

(d) All other projects."

For cash grants, program staff report that the average grant awards approximately \$5 million, and all approved projects focus on safety hazards, health concerns, and security. According to the program staff, the need for health and safety projects has meant that no funding is available for any cash grant projects submitted under the other criteria. The projects generally address a single issue (such as asbestos abatement) and are prioritized based on a list developed by the Public School Capital Construction Assistance Board and the program staff that ranks specific categories of health and safety projects relative to each other. The program uses the Financial Assistance Priority Assessment (created through an inventory of all public school buildings as a result of the BEST legislation) to verify the need for a given project, make sure there are not greater needs to be addressed, and to verify that a repair is a more fiscally prudent solution than a larger renovation or school replacement.

For lease purchase (C.O.P.) grants, the typical award is larger because the projects are financed over a period of time. Because of the larger awards, the projects are generally larger in scope (major renovations, school replacements, etc.) and may address multiple problems. As with the cash grants, program staff report that *all* of the awards support health, safety, and security projects because the available funding will not address all of those projects. However, because of the larger scope, projects may also address additional issues under the BEST criteria. According to the program staff, when prioritizing these projects the Board considers the following additional criteria:

- The Colorado Facility Index (CFI) and the Facility Condition Index (FCI), which compare the cost of addressing specific issues with a facility to the cost of replacing the entire building;
- Whether the application includes the minimum calculated local match, exceeds the minimum local match, or requests a waiver of part or all of the local match;
- The level of master planning prior completed prior to application submission;
- Previous grants received by the applicant;
- The ability of an applicant to fund the project without BEST assistance; and
- A priority score that considers the importance and urgency of the project.

Finally, in response to a request for a priority list of projects, the Department provided the programs 2012 legislative report. The report is also available on-line at:

<http://www.cde.state.co.us/cdefinance/download/pdf/CCABESTLegislativeReport02.15.2012.pdf>

EXCERPT FROM MARCH 5, 2012 FIGURE SETTING DOCUMENT:

Description. This line item provides spending authority to make payments as required by lease-purchase agreements. Pursuant to Section 22-43.7-110, C.R.S., the maximum *total* amount of annual lease payments payable by the State during FY 2011-12, under the terms of all outstanding lease-purchase agreements entered into by the State Treasurer as instructed by the PSCCA Board, is limited to \$80.0 million. The State portion of funding required to make lease payments may not exceed 50 percent of the maximum total annual lease payments (i.e., \$40 million for FY 2011-12). Further, pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements entered into shall be subject to annual appropriation by the General Assembly.

Request. The Department's budget request includes a continuation of the \$29,000,000 cash funds appropriation for this line item for FY 2012-13.

Recommendation. Based on more recent information provided by program staff, **staff recommends appropriating \$37,000,000 cash funds from the PSCCA Fund for the purpose of making lease payments for FY 2012-13.** The program staff anticipates \$36.9 million in total payments in FY 2012-13, including \$28.1 million in state funds and \$8.8 million in local matching funds. Both state and local funds are considered cash funds for the appropriation to this line item.

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper (303-866-3481)

SUBJECT: BEST Program FY 2011-12 Supplemental

DATE: March 12, 2012

The Joint Budget Committee (JBC) has not yet taken action on the following line items associated with the Building Excellent Schools Today (BEST) Program for FY 2012-13: Division of Public School Capital Construction Assistance (which supports the program's personal services and operating expenses); and Public School Capital Construction Assistance Board - Lease Payments (which funds certificate of participation (C.O.P.) payments for BEST).

In addition, after figure setting for the Department was complete, the Department submitted a FY 2011-12 supplemental request and a FY 2012-13 budget amendment to increase the appropriation for BEST C.O.P. payments.

In this memo, staff presents: (1) the Department's FY 2011-12 supplemental request for BEST lease payments. Staff will present the FY 2012-13 comeback and budget amendment in a future presentation.

FY 2011-12 SUPPLEMENTAL REQUEST - BEST Lease Payment Increase
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Public School Capital Construction Assistance Board - Lease payments

Request: The Department requests an increase of \$7.0 million cash funds from the Public School Capital Construction Assistance Fund to support required C.O.P. payments **in FY 2011-12**. The FY 2011-12 Long Bill included \$29.0 million for BEST C.O.P. payments in FY 2011-12. However, because of a C.O.P. issuance in December 2011 (with an initial payment due in March 2012), the program must pay a total of \$35.3 million (including \$28.1 million state share and \$7.2 million local share, both of which are appropriated as cash funds) in the current year, \$6.3 million above the current appropriation.

Staff Recommendation: **Staff recommends approving the request.** The State Treasurer will make the payment this week (rather than have the State default on the C.O.P. payments) and without the supplemental will overspend the FY 2011-12 appropriation by \$6.3 million.

Staff Analysis: Section 22-43.7-104 (3), C.R.S., makes lease payments subject to annual appropriation by the General Assembly. The FY 2011-12 Long Bill appropriation, based on payment estimates provided by the Department and BEST program staff, provided a total of \$29.0 million for C.O.P. payments. However, the appropriation *did not assume or provide for any additional issuance of certificates of participation requiring payment in FY 2011-12*. Because of the additional issuance in December 2011, and the commitment (agreed to by the State Treasurer) to make the initial payment in March 2012, the state is now obligated to pay a total of \$35.3 million in the current year.

The additional payment is necessary to avoid default. The Treasurer intends to make the required payment this week, and **staff recommends that the Committee approve the requested increase (to be attached to the FY 2012-13 Long Bill as an "Add-on")**.

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper, JBC Staff

SUBJECT: Updated Analysis of Educator Effectiveness Decision Items

DATE: March 5, 2012

As discussed in today's figure setting document for the Department of Education (except Public School Finance), the Department is requesting a total of \$8.1 million in state funds (\$7.7 million General Fund and \$424,390 cash funds) associated with the implementation of S.B. 10-191 (Educator Effectiveness). Two potential statutory issues related to the Department's request came to my attention after the figure setting document was finalized.

Issue 1: Prohibition on backfilling grant funds used to implement legislation.

Through decision item #4, the Department is requesting \$424,390 (requested as cash funds transferred from the Department's Contingency Reserve Fund) to continue the operations of the Educator Effectiveness Unit established to implement S.B. 10-191. As discussed on page 60 of the figure setting document, the Department has supported the unit for the past two years with: (1) transfers of \$250,000 per year from the Contingency Reserve Fund to the Great Teachers and Leaders Fund pursuant to Section 22-9-105.7 (3), C.R.S.; and (2) private grant funding (specifically a grant from the Rose Foundation which the Department indicates provides approximately \$85,000 per year). The Rose Foundation provided the grant as one-time funding, and the Department is effectively asking the General Assembly to backfill the loss of those private funds with state funding to continue to operate the Educator Effectiveness Unit.

However, staff and the Department were previously unaware that statute (Section 24-75-1305, C.R.S., which is shown on the following page) prohibits: (1) state agencies from asking the General Assembly to backfill grant funds used to support agency activities (Section 24-75-1305 (2), C.R.S.); and (2) *prohibits the General assembly from appropriating state funds to backfill such grants* (Section 24-75-1305 (1), C.R.S.). The statute does allow the appropriation of state funds to backfill grants *if the General Assembly enacts new legislation reauthorizing the program and providing an appropriation to replace the lost grant funding.*

Based on the statutory prohibition against replacing lost grant funds, staff recommends that the Committee approve no more than \$250,000 General Fund associated with Decision Item #4 (staff recommended the full amount (\$424,390) in the figure setting document). The Educator Effectiveness Unit has received \$250,000 per year in state funds (transferred from the Contingency Reserve Fund) for FY 2010-11 and FY 2011-12, and continuing that level of funding

for the Unit would not violate the prohibition on backfilling grant funds.

To allow for the continued operations of the Educator Effectiveness Unit at current levels, staff recommends that the Committee discuss the potential need for legislation providing new state funds with members of the Education Committees. The Department may be able to utilize new federal Race to the Top Funding to backfill the Rose Foundation grants in the near-term but doing so would require the Department to scale back some activities currently planned for the Race to the Top Funding (the \$174,390 more than 9.0 percent of planned spending of federal funds in FY 2012-13).

Section 24-75-1305, C.R.S., is below:

"24-75-1305. Programs or services reliant on grants - statutory reauthorization of program.

(1) Except as otherwise provided in subsection (3) of this section, beginning January 1, 2011, the general assembly shall not make an appropriation of moneys from the general fund or from any other source of state moneys to fund a program, service, study, or other function of state government that was previously funded through grant moneys and that has not received adequate grant moneys to support the program, service, study, or other function of state government for the applicable fiscal year.

(2) Except as otherwise provided in subsection (3) of this section, beginning January 1, 2011, a state agency that oversees any program, service, study, or other function of state government shall not request as part of its annual budget request to the joint budget committee that the general assembly make an appropriation from the general fund or any other source of state moneys to fund a program, service, study, or other function of state government that was previously funded through grant moneys and that has not received adequate grant moneys to support the program, service, study, or other function of state government for the applicable fiscal year.

(3) The general assembly may adopt legislation to reauthorize any program, service, study, or other function of state government that was previously funded through grant moneys and, if such legislation includes an appropriation from the general fund or any other source of state moneys and becomes law, may make an appropriation from the general fund or from any other source of state moneys to a state agency to oversee the program, service, study, or other function of state government."

Issue 2: Statutory deadlines for S.B 10-191 subject to available funding

The Department's rationale for the full \$8.1 million request for state funds in FY 2012-13 is largely

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associated with an assumed need to meet statutory deadlines for the implementation of S.B. 10-191. Staff has assumed that the General Assembly intended for the Department to meet the deadlines in the bill, which would require the Department to pilot test the educator evaluation system in the 2012-13 school year (see Section 22-9-105.5 (10) (a) (III), C.R.S.) and to implement the system statewide in FY 2013-14. In order to meet those deadlines, the Department has argued, and staff agrees, that significant additional funding will be necessary in FY 2012-13.

However, staff notes that the enactment of S.B. 10-191 largely assumed the receipt of significant Race to the Top (Round 1) funding beginning in FY 2010-11 and FY 2011-12. In reviewing the S.B. 10-191 statute, **staff argues that the statutory deadlines assumed by the Department and detailed in S.B. 10-191 need not apply because the Department did not receive the anticipated federal grant funding.** Specifically, Section 22-9-105.5 (12), C.R.S., states:

"(12) The department shall not be obligated to implement the provisions of this section until sufficient funds have been received and credited to the great teachers and leaders fund, created in section 22-9-105.7. The department is hereby authorized to hire any employees necessary to carry out the provisions of this section. Any new positions created pursuant to this section shall be subject to the availability of funding and shall be eliminated at such time as moneys are no longer available in the great teachers and leaders fund. All position descriptions and notice to hire for positions created pursuant to this section shall clearly state that such position is subject to available funding."
[emphasis added]

Based on this language, and the fact that the Department did not receive the anticipated federal funds to implement S.B. 10-191 (prior to the much smaller Round 3 Race to the Top award received in December, staff believes that the statutory deadlines need not apply. Staff continues to assume that the Committee and General Assembly intend for the Department to meet the specified deadlines, which would likely require the approval of significant funding under the Governor's decision item #7 as adjusted by budget amendment #2 (requesting \$7.7 million General Fund to be spent over three years). However, based on the contingent nature of the statutory deadlines, the Committee could deny the requested funding for FY 2012-13 and require the Department to proceed only with the federal Race to the Top funds awarded in December 2011 (and potentially the continued \$250,000 per year in state funding discussed above).

MEMORANDUM

TO: Joint Budget Committee Members

FROM: Craig Harper, JBC Staff

SUBJECT: Revised Allocation of Required Increase in Categorical Programs

DATE: March 5, 2012

Staff's figure setting document overstates the necessary increase in total spending on categorical programs by \$16,651. The following table shows staff's revised recommendation for allocation of the minimum required increase in categorical spending:

Line Item	Figure Setting Recommendation	Revised Recommendation	Difference
Special Education Programs for Children with Disabilities	\$4,853,400	\$4,844,144	(\$9,256)
English Language Proficiency Programs	1,377,104	1,374,477	(2,627)
Public School Transportation	1,592,101	1,589,065	(3,036)
Career and Technical Education	634,731	633,520	(1,211)
Special Education Programs for Gifted and Talented Children	273,020	272,500	(521)
Expelled and At-risk Student Services Grant Program	0	0	0
Small Attendance Center Aid	0	0	0
Comprehensive Health Education	0	0	0
Total	\$8,730,357	\$8,713,706	(\$16,651)

Staff recommends approval of the revised amounts to allocate the constitutionally required increase among categorical programs. The following table revises "Table C" from the figure setting document.

TABLE C: Required Increase in State Funding for Categorical Programs in FY 2012-13 (Revised March 5, 2012)

Long Bill Line Item	FY 11-12 Approp.	Examples of Options for Allocating Required Increase							
		A: Staff Recomm.	%	B: Dept. Request	%	C	%	D	%
Special education programs for children with disabilities	\$129,797,797	\$4,844,144	3.7%	\$4,543,643	3.5%	\$7,915,674	6.1%	\$4,802,519	3.7%
English language proficiency programs	13,085,778	1,374,477	10.5%	1,289,213	9.9%	\$798,032	6.1%	484,174	3.7%
Public school transportation	50,378,042	1,589,065	3.2%	1,753,772	3.5%	0	0.0%	1,863,988	3.7%
Career and technical education	23,584,498	633,520	2.7%	594,220	2.5%	0	0.0%	872,626	3.7%
Special education programs for gifted and talented children	9,201,106	272,500	3.0%	255,596	2.8%	0	0.0%	340,441	3.7%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	277,262	3.7%	0	0.0%	277,262	3.7%
Small attendance center aid	959,379	0	0.0%	0	0.0%	0	0.0%	35,497	3.7%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	37,200	3.7%
Totals (may not sum due to rounding)	\$235,505,556	\$8,713,706	3.7%	\$8,713,706	3.7%	\$8,713,706	3.7%	\$8,713,706	3.7%

Description of Potential Allocation Options

A: Staff recommendation.

B: Department's request, prorated to reflect actual inflation rate of 3.7% rather than 3.5%.

C: Provide a 6.1% increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all programs.

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2012-13 STAFF FIGURE SETTING

DEPARTMENT OF EDUCATION

(Except Public School Finance)

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

**Prepared By:
Craig Harper, JBC Staff
March 5, 2012**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

**DEPARTMENT OF EDUCATION:
FY 2012-13**

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n/a

B: Letter from the Governor Regarding Development of New
Statewide Assessments

n/a

C: Letter from the Lietenant Governor Regarding Development of
New Statewide Assessments and Participation in the PARCC
Consortium

n/a

DEPARTMENT OF EDUCATION
(Except Public School Finance)
FY 2012-13

Committee of Reference SMART Act Recommendation Letter for the Department

House Education Committee

Received January 31, 2012

Recommendations

The House Education Committee did not provide a recommendation on the Department's FY 2012-13 budget.

Senate Education Committee

Received January 31, 2012

Recommendations

The Senate Education Committee recommended the following changes:

- The Committee recommended that the \$25.9 million requested for new state assessments [by the State Board of Education, not the Governor] be only partially funded, and that the remainder of the \$25.9 million be used for the School Finance Act. Specifically, the Committee recommended that partial funding be provided as follows:
 - Up to \$1 million to fund optional administration of ACCUPLACER assessments for high school students;
 - The necessary amount to fund development of an assessment for financial literacy; and
 - Up to \$2 million to fund development of science and social studies assessments (and the use of multi-state consortia assessments if available). Please note that this recommendation was verbally increased to \$7 million during the Joint Budget Committee's meeting with both Education Committees on February 1, 2012.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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DEPARTMENT OF EDUCATION Robert Hammond, Commissioner

(1) MANAGEMENT AND ADMINISTRATION

This section provides funding and staff for: the State Board of Education; the administration of a variety of education-related programs and for the general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, as well as funding associated with the State Charter School Institute. The primary source of cash funds is the Educator Licensure Cash Fund and the primary source of reappropriated funds consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds are from a variety of sources.

(A) Administration and Centrally-Appropriated Line Items

State Board of Education	267,099	285,444	282,837	290,998	287,740
<i>FTE</i>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
General Fund	267,099	285,444	282,837	290,998	287,740
General Department and Program Administration	3,552,289	3,565,982	3,733,261	3,810,886	3,754,013
<i>FTE</i>	<u>33.0</u>	<u>32.1</u>	<u>39.6</u>	<u>39.6</u>	<u>34.6</u>
General Fund	2,160,169	2,092,763	1,553,500	1,604,896	1,573,538
Cash Funds	92,233	116,580	169,039	170,596	167,868
Reappropriated Funds	1,299,887	1,356,639	2,010,722	2,035,394	2,012,607
Office of Professional Services	1,765,442	1,542,627	2,061,483	2,694,311	Pending
<i>FTE</i>	<u>22.2</u>	<u>20.7</u>	<u>23.9</u>	<u>30.1</u>	
Cash Funds	1,765,442	1,542,627	2,061,483	2,694,311	
Division of On-line Learning	238,574	226,081	334,134	337,334	331,903
<i>FTE</i>	2.4	2.0	3.3	3.3	3.3
Cash Funds	238,574	226,081	334,134	337,334	331,903
Health, Life, and Dental	2,642,463	2,537,559	3,140,202	3,091,525	3,406,391
General Fund	1,432,921	1,379,708	1,450,460	1,311,943	1,442,412

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Cash Funds	84,288	95,480	241,795	303,426	332,074
Reappropriated Funds	186,393	73,100	377,766	295,732	326,418
Federal Funds	938,861	989,271	1,070,181	1,180,424	1,305,487
Short-term Disability	<u>43,717</u>	<u>27,174</u>	<u>52,767</u>	<u>58,757</u>	<u>50,033</u>
General Fund	21,845	1,000	21,124	19,713	19,319
Cash Funds	3,286	1,951	6,088	5,786	5,670
Reappropriated Funds	0	5,745	5,237	6,419	5,132
Federal Funds	18,586	18,478	20,318	26,839	19,912
S.B. 04-257 Amortization Equalization Disbursement	<u>580,925</u>	<u>704,407</u>	<u>830,745</u>	<u>1,062,265</u>	<u>1,060,549</u>
General Fund	288,373	275,835	330,197	356,385	368,785
Cash Funds	43,245	55,516	96,286	104,605	102,513
Reappropriated Funds	0	88,481	82,859	116,055	126,158
Federal Funds	249,307	284,575	321,403	485,220	463,093
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>369,981</u>	<u>452,564</u>	<u>665,531</u>	<u>912,884</u>	<u>909,892</u>
General Fund	177,137	140,309	263,308	306,268	315,408
Cash Funds	27,028	41,279	77,371	89,895	88,097
Reappropriated Funds	10,000	64,270	66,582	99,735	108,417
Federal Funds	155,816	206,706	258,270	416,986	397,970
Workers' Compensation	<u>284,799</u>	<u>267,313</u>	<u>280,433</u>	<u>471,792</u>	<u>Pending</u>
General Fund	112,458	119,340	107,181	180,318	
Cash Funds	12,211	23,029	24,539	41,283	
Reappropriated Funds	43,885	24,573	34,437	57,936	
Federal Funds	116,245	100,371	114,276	192,255	

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Legal Services	<u>349,921</u>	<u>257,395</u>	<u>423,976</u>	<u>423,976</u>	<u>Pending</u>
General Fund	168,075	134,613	210,625	210,625	
Cash Funds	178,366	107,843	160,354	160,354	
Reappropriated Funds	3,480	14,939	52,997	52,997	
Administrative Law Judge Services	<u>56,177</u>	<u>63,725</u>	<u>38,258</u>	<u>63,293</u>	<u>Pending</u>
Cash Funds	26,759	34,303	31,654	52,368	
Reappropriated Funds	29,418	29,422	6,604	10,925	
Payment to Risk Management and Property Funds	<u>104,085</u>	<u>30,477</u>	<u>53,752</u>	<u>77,725</u>	<u>Pending</u>
General Fund	90,111	26,385	43,770	77,725	
Cash Funds	5,160	1,511	3,403	0	
Reappropriated Funds	8,814	2,581	6,579	0	
Capitol Complex Leased Space	<u>555,362</u>	<u>538,886</u>	<u>561,093</u>	<u>624,643</u>	<u>Pending</u>
General Fund	107,165	103,425	81,077	90,260	
Cash Funds	51,356	94,638	131,435	66,088	
Reappropriated Funds	121,935	70,948	88,389	160,409	
Federal Funds	274,906	269,875	260,192	307,886	
Reprinting and Distributing Laws Concerning Education	<u>32,610</u>	<u>34,109</u>	<u>35,480</u>	<u>35,480</u>	<u>35,480</u>
Cash Funds	32,610	34,109	35,480	35,480	35,480
Emeritus Retirement	<u>5,386</u>	<u>5,386</u>	<u>5,387</u>	<u>5,387</u>	<u>0</u>
General Fund	5,386	5,386	5,387	5,387	0
Feasibility Study Concerning Creation and Operation of State Residential Schools	<u>42,356</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	42,356	0	0	0	0

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (A) Administration and Centrally-Appropriated Line Items	10,891,186	10,539,129	12,499,339	13,961,256	9,836,001
<i>FTE</i>	<u>59.6</u>	<u>56.8</u>	<u>68.8</u>	<u>75.0</u>	<u>39.9</u>
General Fund	4,873,095	4,564,208	4,349,466	4,454,518	4,007,202
Cash Funds	2,560,558	2,374,947	3,373,061	4,061,526	1,063,605
Reappropriated Funds	1,703,812	1,730,698	2,732,172	2,835,602	2,578,732
Federal Funds	1,753,721	1,869,276	2,044,640	2,609,610	2,186,462

(B) Information Technology

Information Technology Services	<u>0</u>	<u>0</u>	<u>2,708,158</u>	<u>2,738,547</u>	<u>2,708,880</u>
<i>FTE</i>			<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
General Fund	0	0	2,082,473	2,112,862	2,085,058
Reappropriated Funds	0	0	625,685	625,685	623,822
Purchase of Services from Computer Center	<u>45,860</u>	<u>45,635</u>	<u>144,254</u>	<u>193,548</u>	<u>188,478</u>
General Fund	45,860	45,635	144,254	193,548	188,478
Multiuse Network Payments	<u>35,952</u>	<u>0</u>	<u>28,398</u>	<u>97,664</u>	<u>103,055</u>
General Fund	35,952	0	28,398	97,664	103,055
Information Technology Asset Maintenance	<u>303,540</u>	<u>303,427</u>	<u>303,830</u>	<u>303,830</u>	<u>303,830</u>
General Fund	303,540	303,427	303,830	303,830	303,830
Disaster Recovery	<u>7,387</u>	<u>13,783</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>
General Fund	7,387	13,783	19,722	19,722	19,722

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Information Technology Services	868,059	1,431,090	0	0	0
<i>FTE</i>	<u>9.8</u>	<u>9.7</u>			
General Fund	830,056	806,717	0	0	0
Reappropriated Funds	38,003	624,373	0	0	0
School Accountability Reports and State Data Reporting System	1,257,200	1,281,151	0	0	0
<i>FTE</i>	<u>6.3</u>	<u>6.4</u>			
General Fund	1,257,200	1,281,151	0	0	0
Total Funds - (B) Information Technology	2,517,998	3,075,086	3,204,362	3,353,311	3,323,965
<i>FTE</i>	<u>16.1</u>	<u>16.1</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
General Fund	2,479,995	2,450,713	2,578,677	2,727,626	2,700,143
Reappropriated Funds	38,003	624,373	625,685	625,685	623,822

(C) Assessments and Data Analyses

Colorado Student Assessment Program	21,422,184	21,415,429	21,710,217	21,735,589	29,939,679 *
<i>FTE</i>	<u>15.0</u>	<u>16.2</u>	<u>11.8</u>	<u>11.8</u>	<u>11.8</u>
General Fund	0	0	0	0	0
Cash Funds	15,717,448	15,584,332	15,879,370	15,885,363	24,089,453
Federal Funds	5,704,736	5,831,097	5,830,847	5,850,226	5,850,226
Federal Grant for State Assessments and Related Activities	2,161,644	2,161,644	2,247,224	2,247,224	2,247,224
<i>FTE</i>	<u>5.7</u>	<u>5.7</u>	<u>5.7</u>	<u>5.7</u>	<u>5.7</u>
Federal Funds	2,161,644	2,161,644	2,247,224	2,247,224	2,247,224

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Longitudinal Analyses of Student Assessment Results	255,792	249,102	7,698,006	7,703,411	8,040,148
<i>FTE</i>	<u>2.9</u>	<u>2.2</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
General Fund	255,792	249,102	280,906	286,311	281,948
Federal Funds	0	0	7,417,100	7,417,100	7,758,200
Preschool to Postsecondary Education Alignment	716,891	397,943	563,176	567,685	560,718
<i>FTE</i>	<u>2.6</u>	<u>2.3</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>
Cash Funds	716,891	397,943	563,176	567,685	560,718
Educator Effectiveness Unit Administration	0	0	0	0	424,390 *
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>3.0</u>
General Fund	0	0	0	0	424,390
Transfer to Great Teachers and Leaders Fund	0	0	0	7,700,000	0 *
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>6.0</u>	<u>0.0</u>
General Fund	0	0	0	7,700,000	0
Educator Effectiveness Implementation	0	0	0	0	8,258,981 *
<i>FTE</i>					<u>17.5</u>
Cash Funds	0	0	0	0	6,426,830
Federal Funds	0	0	0	0	1,832,151
Total Funds – (C) Assessments and Data Analyses	24,556,511	24,224,118	32,218,623	39,953,909	49,471,140
<i>FTE</i>	<u>26.2</u>	<u>26.4</u>	<u>24.0</u>	<u>30.0</u>	<u>41.5</u>
General Fund	255,792	249,102	280,906	7,986,311	706,338
Cash Funds	16,434,339	15,982,275	16,442,546	16,453,048	31,077,001
Federal Funds	7,866,380	7,992,741	15,495,171	15,514,550	17,687,801

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management	1,692,911	1,327,971	1,689,063	2,042,831	1,831,657 *
<i>FTE</i>	<u>11.8</u>	<u>9.2</u>	<u>10.7</u>	<u>10.7</u>	<u>10.7</u>
Reappropriated Funds	1,692,911	1,327,971	1,689,063	2,042,831	1,831,657
Institute Charter School Assistance Fund	0	0	550,000	550,000	460,000
Cash Funds	0	0	550,000	550,000	460,000
Other Transfers to Institute Charter Schools	1,924,569	1,630,348	2,013,615	2,013,615	2,013,615
Reappropriated Funds	1,924,569	1,630,348	2,013,615	2,013,615	2,013,615
Transfer of Federal Moneys to Institute Charter Schools	5,729,547	3,760,840	5,730,000	5,730,000	5,730,000
<i>FTE</i>	<u>4.1</u>	<u>4.3</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Reappropriated Funds	5,729,547	3,760,840	5,730,000	5,730,000	5,730,000
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	195,665	184,989	210,014	210,014	210,014
<i>FTE</i>	<u>2.8</u>	<u>2.9</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
Reappropriated Funds	195,665	184,989	210,014	210,014	210,014
State Charter School Institute Emergency Reserve	0	0	195,004	0	230,000
Reappropriated Funds	0	0	195,004	0	230,000
Total Funds - (D) State Charter School Institute	9,542,692	6,904,148	10,387,696	10,546,460	10,475,286
<i>FTE</i>	<u>18.7</u>	<u>16.4</u>	<u>17.8</u>	<u>17.8</u>	<u>17.8</u>
Cash Funds	0	0	550,000	550,000	460,000
Reappropriated Funds	9,542,692	6,904,148	9,837,696	9,996,460	10,015,286

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Education
(Except Public School Finance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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Total Funds - (1) Management and Administration	47,508,387	44,742,481	58,310,020	67,814,936	73,106,392
<i>FTE</i>	<u>120.6</u>	<u>115.7</u>	<u>133.6</u>	<u>145.8</u>	<u>122.2</u>
General Fund	7,608,882	7,264,023	7,209,049	15,168,455	7,413,683
Cash Funds	18,994,897	18,357,222	20,365,607	21,064,574	32,600,606
Reappropriated Funds	11,284,507	9,259,219	13,195,553	13,457,747	13,217,840
Federal Funds	9,620,101	9,862,017	17,539,811	18,124,160	19,874,263

(2) ASSISTANCE TO PUBLIC SCHOOLS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts.

(A) Public School Finance

Administration	1,332,914	1,452,478	1,473,395	1,501,265	1,474,449
<i>FTE</i>	<u>15.4</u>	<u>15.0</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>
Cash Funds	0	64,790	20,418	20,418	20,046
Reappropriated Funds	1,332,914	1,387,688	1,452,977	1,480,847	1,454,403
State Share of Districts' Total Program Funding	<u>3,518,869,631</u>	<u>3,206,198,052</u>	<u>3,331,922,155</u>	<u>3,259,359,720</u>	<u>3,309,457,170</u> *
General Fund	3,076,191,636	2,636,387,224	2,387,670,327	2,454,670,327	2,500,512,304
General Fund Exempt	0	161,444,485	284,175,417	284,175,417	284,175,417
Cash Funds	442,677,995	408,366,343	660,076,411	520,513,976	524,769,449
Hold-Harmless On-line Charters	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(676,815)</u> *
General Fund	0	0	0	0	<u>(676,815)</u>

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Hold-harmless Full-day Kindergarten Funding	<u>7,698,050</u>	<u>6,925,561</u>	<u>6,913,913</u>	<u>6,814,019</u>	<u>6,844,486</u> *
Cash Funds	7,698,050	6,925,561	6,913,913	6,814,019	6,844,486
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>0</u>	<u>17,626</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash Funds	0	17,626	100,000	100,000	100,000
Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA	<u>0</u>	<u>49,148,594</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	0	49,148,594	0	0	0
Education Jobs Fund Program	<u>0</u>	<u>153,039,578</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	0	153,039,578	0	0	0
Accelerating Students Through Concurrent Enrollment Program (ASCENT) Administration	<u>2,397</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	2,397	0	0	0	0
Declining Enrollment Study	<u>160,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	160,000	0	0	0	0
State Share Correction for Local Share Overpayments in Prior Fiscal Years	<u>3,684,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	3,684,365	0	0	0	0
Total Funds - (A) Public School Finance	3,531,747,357	3,416,781,889	3,340,409,463	3,267,775,004	3,317,199,290
FTE	<u>15.4</u>	<u>15.0</u>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>
General Fund	3,076,191,636	2,636,387,224	2,387,670,327	2,454,670,327	2,499,835,489
General Fund Exempt	0	161,444,485	284,175,417	284,175,417	284,175,417
Cash Funds	454,220,410	415,374,320	667,110,742	527,448,413	531,733,981

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Reappropriated Funds	1,332,914	1,387,688	1,452,977	1,480,847	1,454,403
Federal Funds	2,397	202,188,172	0	0	0

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	269,814,937	272,304,048	288,628,104	292,926,144	293,481,504	*
<i>FTE</i>	<u>71.3</u>	<u>71.2</u>	<u>64.5</u>	<u>64.5</u>	<u>64.5</u>	
General Fund	70,784,064	71,216,792	71,572,347	71,572,347	71,572,347	
Cash Funds	56,578,061	56,145,333	58,225,450	62,523,490	63,078,850	
Reappropriated Funds	0	0	101,812	101,812	101,812	
Federal Funds	142,452,812	144,941,923	158,728,495	158,728,495	158,728,495	
English Language Proficiency Program	22,328,316	21,739,150	24,377,497	25,597,023	25,754,601	*
<i>FTE</i>	<u>6.4</u>	<u>6.2</u>	<u>4.6</u>	<u>4.6</u>	<u>4.6</u>	
General Fund	3,051,644	3,088,808	3,101,598	3,101,598	3,101,598	
Cash Funds	9,069,556	9,307,545	9,984,180	11,203,706	11,361,284	
Federal Funds	10,207,116	9,342,797	11,291,719	11,291,719	11,291,719	

Total Funds - (I) District Programs Required by Statute	292,143,253	294,043,198	313,005,601	318,523,167	319,236,105
<i>FTE</i>	<u>77.7</u>	<u>77.4</u>	<u>69.1</u>	<u>69.1</u>	<u>69.1</u>
General Fund	73,835,708	74,305,600	74,673,945	74,673,945	74,673,945
Cash Funds	65,647,617	65,452,878	68,209,630	73,727,196	74,440,134
Reappropriated Funds	0	0	101,812	101,812	101,812
Federal Funds	152,659,928	154,284,720	170,020,214	170,020,214	170,020,214

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
(II) Other Categorical Programs					
Public School Transportation	50,106,914	50,777,960	50,828,042	52,487,015	52,420,143 *
<i>FTE</i>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
General Fund	36,342,243	37,419,163	36,922,227	36,922,227	36,922,227
Cash Funds	13,764,671	13,358,797	13,905,815	15,564,788	15,497,916
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>23,189,191</u>	<u>23,296,124</u>	<u>23,584,498</u>	<u>24,146,598</u>	<u>24,219,229</u> *
General Fund	17,715,890	17,727,636	17,792,850	17,792,850	17,792,850
Cash Funds	5,473,301	5,568,488	5,791,648	6,353,748	6,426,379
Special Education Programs for Gifted and Talented Children	8,988,280	9,057,765	9,201,106	9,442,886	9,474,127 *
<i>FTE</i>	<u>0.0</u>	<u>0.4</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
General Fund	5,485,160	5,456,826	5,500,000	5,500,000	5,500,000
Cash Funds	3,503,120	3,600,939	3,701,106	3,942,886	3,974,127
Expelled and At-risk Student Services Grant Program	7,325,776	7,108,239	7,493,560	7,755,835	7,493,560 *
<i>FTE</i>	<u>1.7</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
General Fund	5,771,023	5,651,021	5,788,807	5,788,807	5,788,807
Cash Funds	1,554,753	1,457,218	1,704,753	1,967,028	1,704,753
Small Attendance Center Aid	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>	<u>959,379</u>
General Fund	716,252	765,582	787,645	787,645	787,645
Cash Funds	243,127	193,797	171,734	171,734	171,734
Comprehensive Health Education	988,246	955,578	1,005,396	1,005,396	1,005,396
<i>FTE</i>	<u>0.9</u>	<u>0.6</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
General Fund	300,000	300,000	300,000	300,000	300,000

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Cash Funds	688,246	655,578	705,396	705,396	705,396
Total Funds - (II) Other Categorical Programs	91,557,786	92,155,045	93,071,981	95,797,109	95,571,834
<i>FTE</i>	<u>4.6</u>	<u>4.0</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
General Fund	66,330,568	67,320,228	67,091,529	67,091,529	67,091,529
Cash Funds	25,227,218	24,834,817	25,980,452	28,705,580	28,480,305
Total Funds - (B) Categorical Programs	383,701,039	386,198,243	406,077,582	414,320,276	414,807,939
<i>FTE</i>	<u>82.3</u>	<u>81.4</u>	<u>73.6</u>	<u>73.6</u>	<u>73.6</u>
General Fund	140,166,276	141,625,828	141,765,474	141,765,474	141,765,474
Cash Funds	90,874,835	90,287,695	94,190,082	102,432,776	102,920,439
Reappropriated Funds	0	0	101,812	101,812	101,812
Federal Funds	152,659,928	154,284,720	170,020,214	170,020,214	170,020,214
(C) Grant Programs, Distributions, and Other Assistance					
(I) Health and Nutrition					
Federal Nutrition Programs	138,867,055	147,405,447	156,616,096	156,631,328	156,631,328
<i>FTE</i>	<u>8.5</u>	<u>9.4</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
General Fund	64,409	81,764	80,528	82,327	82,327
Federal Funds	138,802,646	147,323,683	156,535,568	156,549,001	156,549,001
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>	<u>2,472,644</u>
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	2,472,644

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Child Nutrition School Lunch Protection Program	<u>739,790</u>	<u>688,274</u>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>
Cash Funds	739,790	688,274	850,000	850,000	850,000
Start Smart Nutrition Program Fund	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
General Fund	700,000	700,000	700,000	700,000	700,000
Start Smart Nutrition Program	<u>696,019</u>	<u>679,996</u>	<u>843,495</u>	<u>843,495</u>	<u>843,495</u>
Cash Funds	0	6,015	143,495	143,495	143,495
Reappropriated Funds	696,019	673,981	700,000	700,000	700,000
S.B. 97-101 Public School Health Services	<u>129,115</u>	<u>71,662</u>	<u>140,388</u>	<u>142,073</u>	<u>139,940</u>
FTE	<u>1.3</u>	<u>0.6</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>
Reappropriated Funds	129,115	71,662	140,388	142,073	139,940
School Breakfast Program	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	500,000	500,000	0	0	0
Total Funds - (I) Health and Nutrition	144,104,623	152,518,023	161,622,623	161,639,540	161,637,407
FTE	<u>9.8</u>	<u>10.0</u>	<u>10.4</u>	<u>10.4</u>	<u>10.4</u>
General Fund	1,264,409	1,281,764	780,528	782,327	782,327
Cash Funds	3,212,434	3,166,933	3,466,139	3,466,139	3,466,139
Reappropriated Funds	825,134	745,643	840,388	842,073	839,940
Federal Funds	138,802,646	147,323,683	156,535,568	156,549,001	156,549,001

*This line item includes a decision item.

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(II) Capital Construction

Division of Public School Capital Construction Assistance	650,749	656,517	861,273	874,523	Pending
<i>FTE</i>	<u>6.2</u>	<u>6.8</u>	<u>9.0</u>	<u>9.0</u>	
Cash Funds	650,749	656,517	861,273	874,523	
Public School Capital Construction Assistance Board - Lease Payments	<u>3,535,000</u>	<u>11,816,671</u>	<u>29,000,000</u>	<u>29,000,000</u>	<u>37,000,000</u>
Cash Funds	3,535,000	11,816,671	29,000,000	29,000,000	37,000,000
Financial Assistance Priority Assessment	<u>7,595,721</u>	<u>75,936</u>	<u>164,793</u>	<u>164,793</u>	<u>50,000</u>
Cash Funds	7,595,721	75,936	164,793	164,793	50,000
State Aid for Charter School Facilities	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Cash Funds	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Total Funds - (II) Capital Construction	16,781,470	17,549,124	35,026,066	35,039,316	42,050,000
<i>FTE</i>	<u>6.2</u>	<u>6.8</u>	<u>9.0</u>	<u>9.0</u>	<u>0.0</u>
Cash Funds	16,781,470	17,549,124	35,026,066	35,039,316	42,050,000

(III) Reading and Literacy

Read-to-Achieve Grant Program	<u>4,403,643</u>	<u>5,383,445</u>	<u>4,391,241</u>	<u>4,391,241</u>	<u>5,242,516</u>
<i>FTE</i>	0.9	1.0	1.0	1.0	1.0
Cash Funds	4,403,643	5,383,445	4,391,241	4,391,241	5,242,516
Federal Title I Reading First Grant	3,962,715	1,483,688	0	0	0
<i>FTE</i>	<u>6.8</u>	<u>0.7</u>			
Federal Funds	3,962,715	1,483,688	0	0	0

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Family Literacy Education Grant Program	<u>33,875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	33,875	0	0	0	0
Total Funds - (III) Reading and Literacy	8,400,233	6,867,133	4,391,241	4,391,241	5,242,516
<i>FTE</i>	<u>7.7</u>	<u>1.7</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Cash Funds	4,403,643	5,383,445	4,391,241	4,391,241	5,242,516
Reappropriated Funds	33,875	0	0	0	0
Federal Funds	3,962,715	1,483,688	0	0	0
(IV) Professional Development and Instructional Support					
Content Specialists	431,192	375,144	434,102	441,808	434,519
<i>FTE</i>	<u>3.9</u>	<u>3.5</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Cash Funds	431,192	375,144	434,102	441,808	434,519
Office of Dropout Prevention and Student Reengagement	0	150,172	3,000,000	3,000,000	3,000,000
<i>FTE</i>	<u>0.0</u>	<u>2.0</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>
Cash Funds	0	0	0	0	0
Federal Funds	0	150,172	3,000,000	3,000,000	3,000,000
Closing the Achievement Gap	1,800,000	1,800,000	0	0	0
Cash Funds	1,800,000	1,800,000	0	0	0
School Leadership Academy Program	42,469	71,488	0	0	0
General Fund	0	71,488	0	0	0
Cash Funds	42,469	0	0	0	0

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Financial Literacy	<u>3,528</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	3,528	0	0	0	0
Colorado History Day	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	10,000	0	0	0	0
Total Funds - (IV) Professional Development and Instructional Support	2,287,189	2,396,804	3,434,102	3,441,808	3,434,519
FTE	<u>3.9</u>	<u>5.5</u>	<u>7.3</u>	<u>7.3</u>	<u>7.3</u>
General Fund	0	71,488	0	0	0
Cash Funds	2,287,189	2,175,144	434,102	441,808	434,519
Federal Funds	0	150,172	3,000,000	3,000,000	3,000,000
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	<u>202,313</u>	<u>198,681</u>	<u>256,344</u>	<u>258,575</u>	<u>255,355</u>
FTE	1.5	2.5	3.0	3.0	3.0
Reappropriated Funds	202,313	198,681	256,344	258,575	255,355
Facility School Funding	<u>15,975,523</u>	<u>14,179,339</u>	<u>14,222,000</u>	<u>14,222,000</u>	<u>14,355,000</u>
Cash Funds	15,975,523	14,179,339	14,222,000	14,222,000	14,355,000
Total Funds - (V) Facility Schools	16,177,836	14,378,020	14,478,344	14,480,575	14,610,355
FTE	<u>1.5</u>	<u>2.5</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Cash Funds	15,975,523	14,179,339	14,222,000	14,222,000	14,355,000
Reappropriated Funds	202,313	198,681	256,344	258,575	255,355

*This line item includes a decision item.

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(V) Summer and After-school Programs

Summer School Grant Program	15,236
<i>FTE</i>	<u>0.2</u>
Cash Funds	15,236
Dropout Prevention Activity Grant Program	<u>83,460</u>
Cash Funds	83,460

Total Funds - (V) Summer and After-school Programs	98,696
<i>FTE</i>	<u>0.2</u>
Cash Funds	98,696

(VI) Other Assistance

Appropriated Sponsored Programs	225,238,648	230,030,904	282,580,000	282,580,000	281,945,000	*
<i>FTE</i>	<u>70.3</u>	<u>70.4</u>	<u>74.0</u>	<u>74.0</u>	<u>74.0</u>	
Cash Funds	1,173,326	1,198,306	3,100,000	3,100,000	2,350,000	
Reappropriated Funds	0	4,475,388	4,480,000	4,480,000	4,595,000	
Federal Funds	224,065,322	224,357,210	275,000,000	275,000,000	275,000,000	
School Counselor Corps Grant Program	4,993,650	4,988,422	5,000,000	5,000,000	4,520,000	
<i>FTE</i>	<u>1.0</u>	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds	4,993,650	4,988,422	5,000,000	5,000,000	4,520,000	
Contingency Reserve Fund	<u>130,152</u>	<u>3,981,551</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	*
General Fund	0	2,946,551	0	0	0	
Cash Funds	130,152	1,035,000	1,000,000	1,000,000	1,000,000	

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Supplemental On-line Education Services	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>
Cash Funds	480,000	480,000	480,000	480,000	480,000
Interstate Compact on Educational Opportunity for Military Children	<u>18,411</u>	<u>20,046</u>	<u>22,832</u>	<u>22,832</u>	<u>24,061</u>
Cash Funds	18,411	20,046	22,832	22,832	24,061
Supplemental On-line Education Grant Program	<u>50,000</u>	<u>49,998</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	50,000	49,998	0	0	0
Regional Service Cooperatives	<u>1,008,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	1,008,079	0	0	0	0
School Awards Program	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	250,000	0	0	0	0
Total Funds - (VI) Other Assistance	232,168,940	239,550,921	289,082,832	289,082,832	287,969,061
FTE	<u>71.7</u>	<u>71.3</u>	<u>75.0</u>	<u>75.0</u>	<u>75.0</u>
General Fund	0	2,946,551	0	0	0
Cash Funds	8,103,618	7,771,772	9,602,832	9,602,832	8,374,061
Reappropriated Funds	0	4,475,388	4,480,000	4,480,000	4,595,000
Federal Funds	224,065,322	224,357,210	275,000,000	275,000,000	275,000,000
Total Funds - (C) Grant Programs, Distributions, and Other Assistance	420,018,987	433,260,025	508,035,208	508,075,312	514,943,858
FTE	<u>101.0</u>	<u>97.8</u>	<u>105.7</u>	<u>105.7</u>	<u>96.7</u>
General Fund	1,264,409	4,299,803	780,528	782,327	782,327

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Cash Funds	50,862,573	50,225,757	67,142,380	67,163,336	73,922,235
Reappropriated Funds	1,061,322	5,419,712	5,576,732	5,580,648	5,690,295
Federal Funds	366,830,683	373,314,753	434,535,568	434,549,001	434,549,001
Total Funds - (2) Assistance to Public Schools	4,335,467,383	4,236,240,157	4,254,522,253	4,190,170,592	4,246,951,087
<i>FTE</i>	<u>198.7</u>	<u>194.2</u>	<u>197.8</u>	<u>197.8</u>	<u>188.8</u>
General Fund	3,217,622,321	2,782,312,855	2,530,216,329	2,597,218,128	2,642,383,290
General Fund Exempt	0	161,444,485	284,175,417	284,175,417	284,175,417
Cash Funds	595,957,818	555,887,772	828,443,204	697,044,525	708,576,655
Reappropriated Funds	2,394,236	6,807,400	7,131,521	7,163,307	7,246,510
Federal Funds	519,493,008	729,787,645	604,555,782	604,569,215	604,569,215

(3) LIBRARY PROGRAMS

Administration	<u>842,611</u>	<u>818,202</u>	<u>978,884</u>	<u>999,598</u>	<u>983,718</u>
<i>FTE</i>	12.7	12.8	14.3	14.3	14.3
General Fund	747,162	741,018	729,661	749,598	734,409
Cash Funds	95,449	77,184	249,223	250,000	249,309
Federal Library Funding	<u>2,948,328</u>	<u>2,747,133</u>	<u>3,031,787</u>	<u>3,031,787</u>	<u>3,031,787</u>
<i>FTE</i>	21.7	22.0	23.8	23.8	23.8
Federal Funds	2,948,328	2,747,133	3,031,787	3,031,787	3,031,787
Broadband Technology Opportunities Program	<u>0</u>	<u>1,220,294</u>	<u>1,219,460</u>	<u>1,219,460</u>	<u>1,219,460</u>
		2.1	4.5	4.5	4.5
Cash Funds	0	279,295	443,274	443,274	443,274
Federal Funds	0	940,999	776,186	776,186	776,186
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
General Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>359,766</u>	<u>359,489</u>	<u>379,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,766	359,489	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000	20,000
Colorado Talking Book Library, Building Maintenance and Utilities Expenses	<u>70,660</u>	<u>70,650</u>	<u>70,660</u>	<u>70,660</u>	<u>70,660</u>
General Fund	70,660	70,650	70,660	70,660	70,660
Reading Services for the Blind	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Reappropriated Funds	250,000	250,000	250,000	250,000	250,000
Total Funds - (3) Library Programs	5,471,365	6,465,768	6,930,587	6,951,301	6,935,421
FTE	<u>34.4</u>	<u>36.9</u>	<u>42.6</u>	<u>42.6</u>	<u>42.6</u>
General Fund	2,177,588	2,171,157	2,160,117	2,180,054	2,164,865
Cash Funds	95,449	356,479	712,497	713,274	712,583
Reappropriated Funds	250,000	250,000	250,000	250,000	250,000
Federal Funds	2,948,328	3,688,132	3,807,973	3,807,973	3,807,973

(4) SCHOOL FOR THE DEAF AND THE BLIND

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

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
(A) School Operations					
Personal Services	<u>9,094,022</u>	<u>8,981,005</u>	<u>9,008,608</u>	<u>9,205,925</u>	<u>9,036,646</u>
<i>FTE</i>	138.7	135.4	141.3	141.3	141.3
General Fund	7,707,110	7,694,132	7,729,984	7,927,301	7,826,330
Reappropriated Funds	1,386,912	1,286,873	1,278,624	1,278,624	1,210,316
Early Intervention Services	<u>1,171,904</u>	<u>1,144,440</u>	<u>1,149,775</u>	<u>1,165,533</u>	<u>1,149,524</u>
<i>FTE</i>	10.0	10.0	10.0	10.0	10.0
General Fund	1,171,904	1,144,440	1,149,775	1,165,533	1,149,524
Shift Differential	<u>65,638</u>	<u>65,530</u>	<u>65,755</u>	<u>84,142</u>	<u>82,305</u>
General Fund	65,638	65,530	65,755	84,142	82,305
Operating Expenses	<u>417,277</u>	<u>417,256</u>	<u>417,277</u>	<u>417,277</u>	<u>417,277</u>
General Fund	417,277	417,256	417,277	417,277	417,277
Vehicle Lease Payments	<u>26,729</u>	<u>25,617</u>	<u>24,100</u>	<u>26,666</u>	<u>Pending</u> *
General Fund	26,729	25,617	24,100	26,666	
Utilities	<u>514,532</u>	<u>522,594</u>	<u>554,810</u>	<u>554,810</u>	<u>554,810</u>
General Fund	514,532	522,594	554,810	554,810	554,810
Allocation of State and Federal Categorical Program Funding	<u>111,279</u>	<u>119,842</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
<i>FTE</i>	0.1	0.1	0.4	0.4	0.4
Reappropriated Funds	111,279	119,842	170,000	170,000	170,000

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Medicaid Reimbursements for Public School Health Services					
	105,269	133,329	150,000	150,000	150,000
<i>FTE</i>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Reappropriated Funds	105,269	133,329	150,000	150,000	150,000
Total Funds - (A) School Operations					
	11,506,650	11,409,613	11,540,325	11,774,353	11,560,562
<i>FTE</i>	<u>149.9</u>	<u>146.8</u>	<u>153.2</u>	<u>153.2</u>	<u>153.2</u>
General Fund	9,903,190	9,869,569	9,941,701	10,175,729	10,030,246
Reappropriated Funds	1,603,460	1,540,044	1,598,624	1,598,624	1,530,316

(B) Special Purpose

Fees and Conferences	<u>15,555</u>	<u>5,485</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Cash Funds	15,555	5,485	120,000	120,000	120,000
Outreach Services	521,631	503,107	1,025,000	1,025,000	1,025,000
<i>FTE</i>	<u>2.4</u>	<u>2.3</u>	<u>5.4</u>	<u>5.4</u>	<u>5.4</u>
Cash Funds	403,280	370,815	755,000	755,000	755,000
Reappropriated Funds	118,351	132,292	270,000	270,000	270,000
Tuition from Out-of-state Students	<u>55,185</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	55,185	0	200,000	200,000	200,000
Grants	751,801	527,111	1,200,000	1,200,000	1,200,000
<i>FTE</i>	<u>5.2</u>	<u>4.2</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Reappropriated Funds	751,801	527,111	1,200,000	1,200,000	1,200,000

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (B) Special Purpose	1,344,172	1,035,703	2,545,000	2,545,000	2,545,000
<i>FTE</i>	<u>7.6</u>	<u>6.5</u>	<u>14.4</u>	<u>14.4</u>	<u>14.4</u>
Cash Funds	474,020	376,300	1,075,000	1,075,000	1,075,000
Reappropriated Funds	870,152	659,403	1,470,000	1,470,000	1,470,000
Total Funds - (4) School for the Deaf and the Blind	12,850,822	12,445,316	14,085,325	14,319,353	14,105,562
<i>FTE</i>	<u>157.5</u>	<u>153.3</u>	<u>167.6</u>	<u>167.6</u>	<u>167.6</u>
General Fund	9,903,190	9,869,569	9,941,701	10,175,729	10,030,246
Cash Funds	474,020	376,300	1,075,000	1,075,000	1,075,000
Reappropriated Funds	2,473,612	2,199,447	3,068,624	3,068,624	3,000,316
Total Funds - Department of Education	4,401,297,957	4,299,893,722	4,333,848,185	4,279,256,182	4,341,098,462
<i>FTE</i>	<u>511.2</u>	<u>500.1</u>	<u>541.6</u>	<u>553.8</u>	<u>521.2</u>
General Fund	3,237,311,981	2,801,617,604	2,549,527,196	2,624,742,366	2,661,992,084
General Fund Exempt	0	161,444,485	284,175,417	284,175,417	284,175,417
Cash Funds	615,522,184	574,977,773	850,596,308	719,897,373	742,964,844
Reappropriated Funds	16,402,355	18,516,066	23,645,698	23,939,678	23,714,666
Federal Funds	532,061,437	743,337,794	625,903,566	626,501,348	628,251,451

*This line item includes a decision item.

SUMMARY OF RECOMMENDATIONS INCLUDED IN THIS PACKET

For the portions of the Department's budget covered in this document, staff has recommended reductions and eliminations to multiple programs to either increase the funding available for public school finance or simply better align appropriations with the resources anticipated to be available to specific line items in FY 2012-13.

Although most of the budget is requested and recommended based on continuation level funding using common policies, the Governor and State Board of Education have submitted significant decision item requests for FY 2012-13:

- The State Board of Education is requesting \$25.9 million General Fund to support the development of new statewide assessments aligned with Colorado's statewide academic standards. The Governor is not requesting any additional funds for the development of new assessments in FY 2012-13. Staff's recommendation would provide \$8.2 million cash funds from one-time moneys in the State Public School Fund for the development and modification of specific assessments (other than mathematics and English language arts) in FY 2012-13.
- The Governor is requesting a total of \$8.1 million General Fund associated with the implementation of S.B. 10-191 (Educator Effectiveness), with \$7.7 million of that money to be appropriated in FY 2012-13 but spent over a three-year period. Staff's recommendation would provide a total of approximately \$6.9 million in *state* funding associated with S.B. 10-191 implementation (from one-time cash fund revenues associated with S.B. 11-184 (Tax Reporting)). Staff's recommendation also reflects \$1.8 million in estimated spending from federal Race to the Top grant funds associated with Educator Effectiveness.

The table on the next page provides a summary of the most significant staff recommendations included in this packet. Detailed recommendations for each line item follow.

Summary of Significant Staff Recommendations in this Packet						
Description	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<i>Recommended Changes from Adjusted FY 2011-12 Appropriation for FY 2012-13:</i>						
Required increase in state funding for categorical programs	8,703,356	0	8,703,356	0	0	0.0
Support Development of New Statewide Assessments	8,204,090	0	8,204,090	0	0	0.0
Funds associated with Educator Effectiveness implementation	8,683,371	424,390	6,426,830	0	1,832,151	20.5
BEST Program - Lease Payments	8,000,000	0	8,000,000	0	0	0.0
Informational increase for Office of Professional Services	632,828	0	632,828	0	0	0.0
Adjust administrative and emergency reserve spending authority for SCSi	177,560	0	177,560	0	0	0.0
Facility School Funding	133,000	0	133,000	0	0	0.0
Adjust Funding for Appropriated Sponsored Programs	(635,000)	0	(750,000)	115,000	0	0.0
Reduce funding for School Counselor Corps Grant Program	(480,000)	0	(480,000)	0	0	0.0
BEST Program Priority Assessment True-up	(117,793)	0	(117,793)	0	0	0.0
Institute Charter School Assistance Fund True-up	(90,000)	0	(90,000)	0	0	0.0

(1) MANAGEMENT AND ADMINISTRATION

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

(A) Administration and Centrally-Appropriated Line Items

State Board of Education.

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the following changes: (1) restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076; and (2) restoration of a 5.0 percent General Fund reduction for operating expenses that was taken in FY 2010-11. The request includes \$290,998 General Fund and 2.0 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076; and (3) the requested restoration of the General Fund reduction for operating expenses taken in FY 2010-11.** The recommendation is \$3,258 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for State Board of Education						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$156,835	\$0	\$0	\$0	\$156,835	2.0
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	156,835	0	0	0	156,835	2.0

Summary of Recommendation for State Board of Education						
	GF	CF	RF	FF	TOTAL	FTE
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	3,281	0	0	0	3,281	0.0
Salary Survey awarded in FY 11-12	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 11-12	0	0	0	0	0	0.0
Base Reduction (2.0%)	(3,258)	0	0	0	(3,258)	0.0
Subtotal: Personal Services	156,858	0	0	0	156,858	2.0
Operating Expenses:						
FY 2011-12 Long Bill	126,002	0	0	0	126,002	
Reinstate FY 2010-11 operating expenses reduction	4,880	0	0	0	4,880	
Subtotal: Operating Expenses	130,882	0	0	0	130,882	
Staff Recommendation	\$287,740	\$0	\$0	\$0	\$287,740	2.0

General Department and Program Administration.

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

The following table details staff supported by this line item, by function or duty.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Estim.	FY 2012-13 Recomm.
Commissioner/ Deputy and Assistant Commissioners	2.4	3.0	2.0	2.0
Chief of Staff	1.0	1.0	1.0	1.0
Communications Unit	1.5	1.5	1.5	1.5
Accounting/Purchasing	9.6	11.0	11.0	11.0
Budgeting	2.9	3.0	3.0	3.0
Grants Fiscal Management	0.3	0.5	0.5	0.5
Human Resources	2.0	2.0	2.0	2.0

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Estim.	FY 2012-13 Recomm.
Research and Evaluation	2.4	4.0	4.0	4.0
GED Program	1.2	2.5	2.0	2.0
Legislative Liaison	0.8	1.0	0.9	0.9
Information Management Services	2.3	1.2	1.0	1.0
Prevention Initiatives	0.5	0.5	0.5	0.5
Exceptional Student Services -- Special Education Programs for Children with Disabilities, Gifted & Talented Children, and English Language Learners	1.1	1.3	1.4	1.4
Regional Services	0.8	0.8	0.8	0.8
Support Staff	3.3	3.3	3.0	3.0
Sick/Annual Leave Payouts	0.0	0.0	0.0	0.0
General Department and Program Administration	32.1	36.6	34.6	34.6

Request: The Department requests continuation level funding according to OSPB's common policies, including the following changes: (1) restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076; and (2) restoration of a 5.0 percent General Fund reduction for operating expenses that was taken in FY 2010-11. The request continues an increased use of indirect cost recoveries (and resulting decrease in General Fund) enacted in FY 2011-12. The total request of \$3,810,886 and 39.6 FTE includes \$1,604,896 General Fund, \$170,596 cash funds (from general education development or "GED" fees), and \$2,035,394 reappropriated funds (from departmental and statewide indirect cost recoveries).

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076; and (3) the requested restoration of the General Fund reduction for operating expenses taken in FY 2010-11.** The recommendation is \$56,873 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table. **Staff recommends a reduction of 5.0 FTE from the FY 2011-12 appropriation level and the FY 2012-13 request to eliminate positions that the Department reports are unfunded and will not be used in FY 2012-13.**

Staff also recommends continuing the increased appropriation from indirect cost recoveries enacted in FY 2011-12, which will result in a commensurate reduction in the General Fund portion of the appropriation. Staff requests permission to work with Department staff to calculate the

allocation of indirect cost recoveries between this line item and the associated centrally appropriated line items.¹

Summary of Recommendation for General Department and Program Administration						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation (2011 Session)	\$1,430,191	\$130,000	\$1,924,626	\$0	\$3,484,817	39.6
FY 2011-12 Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	1,430,191	130,000	1,924,626	0	3,484,817	39.6
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	41,762	1,557	24,672	0	67,991	0.0
Salary Survey awarded in FY 10-11	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0
Base Reduction (2.0%)	(31,358)	(2,728)	(22,787)	0	(56,873)	0.0
Reduce unfunded/unnecessary FTE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5.0)</u>
Subtotal: Personal Services	1,440,595	128,829	1,926,511	0	3,495,935	34.6
Operating Expenses:						
FY 2011-12 Appropriation	123,309	39,039	86,096	0	248,444	
Reinstate FY 2010-11 operating expenses reduction	<u>9,634</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,634</u>	
Subtotal: Operating Expenses	132,943	39,039	86,096	0	258,078	
Staff Recommendation	\$1,573,538	\$167,868	\$2,012,607	\$0	\$3,754,013	34.6

Office of Professional Services.

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

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

Prior to FY 2011-12, funding for the Office of Professional Services was subject to annual appropriation. However, the enactment of H.B. 11-1201 continuously appropriates funds in the Educator Licensure Cash Fund to the Department for a three year period (FY 2011-12 through FY 2013-14). Thus, the Department's FY 2012-13 request reflects the Department's estimated expenditures for the fiscal year but the appropriation will only be shown in the Long Bill for informational purposes.

Following is a staffing summary for the Office of Professional Services.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Executive Director	1.0	1.0	1.0	1.0
Supervisors	2.0	2.0	2.0	2.0
Evaluators	6.0	8.0	10.0	10.0
Educator Preparation and Alternative Licensure Programs	1.0	1.0	1.0	1.0
Background Investigations and Background checks	5.0	5.0	5.0	5.0
Special Projects Assistant	0.8	1.0	1.0	1.0
Support Staff	4.9	5.0	5.0	5.0
Sick/Annual Leave Payouts	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	20.7	23.0	25.0	25.0

Request: The Department's request for \$2,694,311 cash funds (from the Educator Licensure Cash Fund) and 30.1 FTE reflects the Department's estimated expenditures for the Office of Professional Services in FY 2012-13. Because this fund source is continuously appropriated to the Department in FY 2012-13, the Department is asking the Committee to reflect that estimate in the Long Bill for informational purposes.

Recommendation: Staff's total recommendation for this line item is pending the finalization of the Department's indirect cost rate for FY 2012-13. For personal services and operating, staff recommends approving the Department's request to reflect an informational appropriation of \$2,694,311 cash funds for personal services and operating expenses for FY 2012-13. Based on updated estimates of likely FTE usage in FY 2012-13, staff recommends reflecting 25.0 FTE in the Long Bill for informational purposes, rather than the 30.1 requested by the Department. As discussed above, the recommendation is for informational purposes only. staff has not applied a personal services base reduction to this line item because the fund source is currently continuously appropriated to the Department. The following table details the components of the Department's request and staff's recommendation.

Summary of Recommendation for Office of Professional Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Long Bill	\$0	\$1,798,441	\$0	\$0	\$1,798,441	23.9
Adjust to reflect continuous appropriation under H.B. 11-1201	0	377,548	0	0	377,548	1.1
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	27,100	0	0	27,100	0.0
Annualize prior year legislation	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 10-11	0	0	0	0	0	0.0
Annualize prior year legislation	0	(4,233)	0	0	(4,233)	0.0
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	2,198,856	0	0	2,198,856	25.0
Operating Expenses:						
FY 2011-12 Appropriation	0	263,042	0	0	263,042	
Adjust to reflect continuous appropriation under H.B. 11-1201	<u>0</u>	<u>232,413</u>	<u>0</u>	<u>0</u>	<u>232,413</u>	
Subtotal: Operating Expenses	0	495,455	0	0	495,455	
Personal Services and Operating	0	2,694,311	0	0	2,694,311	25.0
Indirect Cost Assessment	0	Pending	0	0	Pending	
Staff Recommendation	\$0	Pending	\$0	\$0	Pending	25.0

Division of On-line Learning.

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$337,334 cash funds from the State Education Fund and 3.3 FTE for FY 2012-13.

Recommendation: Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076. The recommendation is \$5,431 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Division of On-line Learning						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$265,616	\$0	\$0	\$265,616	3.3
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	3,200	0	0	3,200	0.0
Salary Survey awarded in FY 11-12	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 11-12	0	0	0	0	0	0.0
Base reduction (2.0%)	<u>0</u>	<u>(5,431)</u>	<u>0</u>	<u>0</u>	<u>(5,431)</u>	<u>0.0</u>
Subtotal: Personal Services	0	263,385	0	0	263,385	3.3
Operating Expenses:						
FY 2011-12 Appropriation	0	68,518	0	0	68,518	
Staff Recommendation	\$0	\$331,903	\$0	\$0	\$331,903	3.3

Health, Life and Dental.

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

Request: The Department requests \$3,091,525 total funds (including \$1,450,460 General Fund) for FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends appropriating \$3,406,391 (including \$1,442,412 General Fund).

Short-term Disability.

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

Request: The Department requests \$58,757 (including \$19,713 General Fund) for FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends appropriating \$50,033 (including \$19,319 General Fund).

S.B. 04-257 Amortization Equalization Disbursement.

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

Request: The Department requests \$1,062,265 (including \$356,385 General Fund) for FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends appropriating \$1,060,549 (including \$368,785 General Fund).

S.B. 06-235 Supplemental Amortization Equalization Disbursement.

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

Request: The Department requests \$912,884 (including \$306,268 General Fund) for FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends appropriating \$909,892 (including \$315,408 General Fund).

Salary Survey and Senior Executive Service.

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

Request: The Department has requested no funding for this purpose in FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends approving the request.

Performance-based Pay Awards.

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

Request: The Department has requested no funding for this purpose in FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends approving the request.

Workers' Compensation.

Description: This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration.

Request: The Department requests \$471,792 (including \$180,318 General Fund) for FY 2012-13.

Recommendation: **The staff recommendation is pending a Committee common policy for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Legal Services.

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

Request: The Department requests \$423,976 to purchase 5,600 hours of legal services. The request matches the FY 2011-12 appropriation.

Recommendation: **Staff recommends approving funding sufficient to purchase 4,900 hours of legal services.** Based on the Department's recent and anticipated legal service expenditures, staff recommends reducing the number of hours by 700 from the FY 2011-12 appropriation, with 500 hours worth of reduction from reappropriated funds and 200 hours from cash funds. Please note that none of the funding appropriated to the Department of Education for the purchase of legal services is used in relation to the *Lobato* lawsuit; the costs of defending the State in *Lobato* are covered through appropriations to the Governor's Office.

The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.

Administrative Law Judge Services.

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

Request: The Department requests \$63,293 for FY 2012-13, including \$52,368 from the Educator Licensure Cash Fund and \$10,925 reappropriated funds from the Special Education Programs for Children with Disabilities line item.

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

Payment to Risk Management and Property Funds.

Description: This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program pays liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

Request: The Department requests \$77,725 General Fund for FY 2012-13.

Recommendation: **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Capitol Complex Leased Space

Description: This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex.

Request: The Department requests \$624,643 (including \$90,260 General Fund) for FY 2012-13.

Recommendation: **Staff recommends providing funding sufficient to cover the leased space costs for office space at the building located at 201 E. Colfax Avenue in Denver (42,998 square feet). Staff's dollar recommendation is pending a determination of lease rates.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Reprinting and Distributing Laws Concerning Education.

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

Request: The Department requests a continuation of \$35,480 cash funds for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

Emeritus Retirement.

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

Request: Prior to learning that the recipients were deceased, the Department requested continuation funding of \$5,387 General Fund for FY 2012-13, equal to the FY 2011-12 appropriation.

Recommendation: Based on the revised information from the Department, staff recommends eliminating this appropriation for FY 2012-13 because the payments are not longer needed.

Feasibility Study Concerning the Creation and Operation of State Residential Schools

Description: Senate Bill 09-256 (School Finance Act), required the Department to prepare a study examining the feasibility of a residential school for students who are in need of greater academic support and who are at risk of academic failure and included a one-time General Fund appropriation of \$55,706 for this purpose in FY 2009-10.

(B) Information Technology

Information Technology Services.

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

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

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request includes a total of \$2,738,547 (including \$2,112,862 General Fund) and 23.0 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$29,667 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Information Technology Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation (2011 Session)	\$1,341,351	\$0	\$95,957	\$0	\$1,437,308	23.0
FY 2011-12 Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	1,341,351	0	95,957	0	1,437,308	23.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	30,389	0	0	0	30,389	0.0
Salary Survey awarded in FY 11-12	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 11-12	0	0	0	0	0	0.0
Base reduction (2.0%)	<u>(27,804)</u>	<u>0</u>	<u>(1,863)</u>	<u>0</u>	<u>(29,667)</u>	<u>0.0</u>
Subtotal: Personal Services	1,343,936	0	94,094	0	1,438,030	23.0
Operating Expenses:						
FY 2011-12 Appropriation	741,122	0	529,728	0	1,270,850	
(No change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses	741,122	0	529,728	0	1,270,850	
Staff Recommendation	\$2,085,058	\$0	\$623,822	\$0	\$2,708,880	23.0

School Accountability Reports and State Data Reporting System.

Description: As discussed above, the General Assembly merged this line item into the "Information Technology Services" line item in FY 2011-12. The Department is no longer requesting a separate appropriation for this line item.

Purchase of Services from Computer Center.

Description: This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology as administered by the Office of Information Technology, in the Office of the Governor.

Request: The Department requests \$193,548 General Fund for FY 2012-13.

Recommendation: Pursuant to Committee common policy, staff recommends an appropriation of \$188,478 General Fund for this line item.

Multiuse Network Payments.

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

Request: The Department requests \$97,664 General Fund for FY 2012-13.

Recommendation: **Pursuant to Committee common policy, staff recommends an appropriation of \$103,055 General Fund for this line item.**

Information Technology Asset Maintenance.

Description: This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment. Moneys are used to pay for critical hardware and software maintenance contracts, as well as a relatively small amount of funding to cover necessary replacements of equipment at risk of failing (e.g., servers, switches, printers, or personal computers).

Request: The Department requests continuation funding (\$303,830 General Fund) for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

Disaster Recovery.

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

Request: The Department requests continuation funding (\$19,722 General Fund) for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

(C) Assessments and Data Analyses

Background Information: Pursuant to H.B. 93-1313 and subsequent legislation [Section 22-7-409, C.R.S.], the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring, and score reporting. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 23 assessments currently required by statute, as well as the ACT.

Please note that the federal No Child Left Behind Act, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third grade and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado chose tenth grade). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient

moneys from the federal government through the *No Child Left Behind Act*. The following table provides a summary of the assessments administered pursuant to state law, and those now required by federal law.

Grade	Colorado Student Assessment Program*	Federal Requirements	Existing Assessments Not Required by Federal Law
3	reading writing math	reading math	writing
4	reading writing math	reading math	writing
5	reading writing math science	reading math science (in grades 3, 4, or 5)	writing
6	reading writing math	reading math	writing
7	reading writing math	reading math	writing
8	reading writing math science	reading math science (in grades 6, 7, 8, or 9)	writing
9	reading writing math		reading writing math
10	reading writing math science	reading math science (in grades 10, 11, or 12)	writing
11	ACT		ACT

*The Department also administers "CSAP-A" assessments for children with disabilities who are unable to participate in the CSAP, even with accommodations. CSAP-A are administered in the same grade/subject levels as the CSAP with the exception of the fifth grade science assessment and the ACT. A CSAP-A is also administered to 11th grade students in reading, writing, math, and science. The Department utilizes federal special education funding (*IDEA Part B*) to pay for the development and administration of CSAP-A assessments.

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

- establish definitions for school readiness and postsecondary and workforce readiness (PWR);
- expand and revise P-13 standards so that they incorporate 21st Century skills, reflect PWR, and are internationally competitive;

- launch a PWR assessments pilot program;
- adopt new assessments which measure the newly adopted standards;
- require all school boards to adopt pathways that lead to PWR and create endorsements for high school diplomas; and
- revise higher education admission requirements as necessary to incorporate the use of newly created standards and assessments that reflect college and workforce readiness.

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

As discussed below with State Board of Education Decision Item #3, the State Board of Education is requesting a total of \$25.9 million General Fund in FY 2012-13 to develop the system of new assessments aligned with the adopted statewide standards. However, the Governor is not requesting any additional funds to develop new assessments in FY 2012-13. Regardless of the timeline and strategy for developing *new* assessments, the Department is administering a transitional assessment (the TCAP) in FY 2011-12 and FY 2012-13 to allow for a bridge to the new assessments to be administered in Spring 2014 (under the State Board of Education's plan) or Spring 2015 (under the Governor's plan). The proposed plans for new assessments are discussed in detail following the discussion of the request and staff recommendations for ongoing administration of the current set of assessments in FY 2012-13.

Colorado Student Assessment Program (CSAP).

Description. This line item provides funding for the staff, operating expenses, and contract expenses associated with CSAP/TCAP.

Request: The Committee received two separate requests for this line item for FY 2012-13:

- For ongoing administration of the CSAP/TCAP in FY 2012-13, the Department requests a total of \$21,735,589 and 11.8 FTE, including \$15,885,363 cash funds from the State Education Fund and \$5,850,226 federal funds.
- With State Board of Education Decision Item #3, the Department/State Board of Education is requesting an additional \$25,900,507 General Fund to support the development of new assessments aligned with the new statewide academic standards adopted by the State Board pursuant to S.B. 08-212 (CAP4K). The request would support the development of new assessments in FY 2012-13, to be administered for the first time in FY 2013-14. The Governor is not requesting any additional resources to support the development of new assessments in FY 2012-13.

Staff Recommendation. **Staff recommends appropriating a total of \$29,939,679 for this line item in FY 2012-13, including:**

- **\$21,735,589 (\$15,885,363 cash funds from the State Education Fund and \$5,850,226 federal funds) and 11.8 FTE, as requested, for ongoing administration of the current set of assessments in FY 2012-13.** This funding supports three contracts: (1) Colorado Student Assessment Program - CSAP; (2) Colorado English Language Assessment - CELA; (3) the American College Testing Program - ACT; and expenditures related to the state staff who administer the assessment program. The Department's contracts for CSAP and CELA are in their sixth and seventh years, respectively. Given the need to transition to new assessments (see next item), State Purchasing authorized the Department to extend both contracts through the period of use of the transitional assessments (TCAP).
- **\$8,204,090 cash funds from the State Public School Fund (utilizing one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) for the development of new assessments in FY 2012-13.** These funds, received as General Fund above the statutory reserve level in FY 2010-11, were deposited into the State Public School Fund in case of a need for FY 2011-12 supplementals. The funds were not necessary for mid-year adjustments in FY 2011-12 and are available for appropriation in FY 2012-13. Given the one-time nature of the costs to develop the new assessments, staff believes this would be an entirely appropriate use of these one-time funds. The discussion of the State Board's decision item follows the discussion of the components of staff's recommendation for ongoing administration of the CSAP/TCAP.

Ongoing Administration of CSAP/TCAP

The following table provides an overview of the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13. The narrative that follows provides additional detail for these components.

Summary of Recommendation for CSAP Line Item			
Description	FY 2011-12 Approp.	FY 2012-13 Recomm.	Annual Change
<u>I. CSAPs:</u> Contract for developing, scoring, and reporting CSAPs (other than CSAP-A, CELA, and the ACT)	<u>\$16,486,004</u>	<u>\$16,490,000</u>	<u>\$3,996</u>
Cash Funds - State Education Fund	13,409,149	13,413,825	4,676
Federal Funds	3,076,855	3,076,175	(680)
<u>II. CELA:</u> Contract for developing, scoring, and reporting the Colorado English Language Assessment (CELA) -- Federal Funds	2,060,000	2,162,000	102,000
<u>III. ACT:</u> ACT test for 11th grade students -- Cash Funds - State Education Fund	1,946,700	1,981,540	34,840
<u>IV. Administration:</u> Staff and operating expenses	1,217,513	1,102,049	(115,464)
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fun	523,521	489,998	(33,523)

Summary of Recommendation for CSAP Line Item			
Description	FY 2011-12 Approp.	FY 2012-13 Recomm.	Annual Change
Federal Funds	693,992	612,051	(81,941)
Total	\$21,710,217	\$21,735,589	\$25,372
FTE	<u>11.8</u>	<u>11.8</u>	<u>0.0</u>
Cash Funds - State Education Fund	15,879,370	15,885,363	5,993
Federal Funds	5,830,847	5,850,226	19,379

I. Current contract for development, scoring, and reporting related to the Colorado Student Assessment Program.

The primary ongoing expenditure in this line item is a contract (currently with CTB - McGraw Hill) to develop, maintain, manufacture, score, and report assessments. The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With CTB - McGraw Hill Contract			
Description	FY 2011-12 Approp.*	FY 2012-13 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	<i>539,180</i>	<i>517,701</i>	<i>(21,479)</i>
Development	\$854,584	\$647,220	(\$207,364)
Production	444,804	450,819	6,015
Manufacturing	3,706,976	3,757,101	50,125
Test administration	907,585	919,853	12,268
Scoring and reporting	10,561,635	10,704,447	142,812
Post-test management	<u>10,420</u>	<u>10,560</u>	<u>140</u>
Totals	\$16,486,004	\$16,490,000	\$3,996
Cash Funds -- State Ed. Fund	13,409,149	13,413,825	4,676
Federal Funds	3,076,855	3,076,175	(680)

* Figures provided as the basis for the FY 2011-12 appropriation are reflected here. The actual contract for FY 2011-12 totals \$16,395,704 for a total of 509,179 students.

Recommendation – I. CSAPs: As detailed in the above table, **staff recommends providing \$16,490,000 to cover the costs of this contract for FY 2012-13, including \$13,413,825 cash funds from the State Education Fund and \$3,076,175 from federal funds.** Section 22-7-409 (3), C.R.S., states that, “for the fiscal year 1998-99 and for fiscal years thereafter, the general assembly shall appropriate moneys in the annual general appropriation act to the department to fund the Colorado student assessment program”. However, consistent with the General Assembly's appropriations since FY 2002-03, staff recommends including a portion of the federal funding made

available through the federal *No Child Left Behind Act* in this line item, with the balance of the appropriation coming from state funds.

In FY 2007-08 and FY 2008-09, the amount of federal funds applied to this line item was based on the estimated costs of the four assessments that had to be added due to *No Child Left Behind*, based on the actual number of assessments administered. This methodology allocated 14.7 percent of costs to federal funds. Figures provided by the Department for this contract, reflected above, utilize 18.6 percent federal funds. Thus, it does not appear that state funds would be necessary to support the four newest tests.

II. Colorado English Language Assessment.

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

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

The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With CTB - McGraw Hill CELA Contract			
Description	FY 2011-12 Approp.*	FY 2012-13 Recomm.	Annual Change
<i>Estimated # of students per contract</i>	90,000	110,000	20,000
Development	\$146,517	\$153,771	\$7,254
Printing/Distribution/Collection	587,303	616,384	29,081
Scoring	684,555	718,450	33,895
Ongoing Development	19,992	20,982	990
Data Analysis	397,519	417,202	19,683

Summary of Costs Associated With CTB - McGraw Hill CELA Contract			
Description	FY 2011-12 Approp.*	FY 2012-13 Recomm.	Annual Change
Reporting	<u>224,114</u>	<u>235,211</u>	<u>11,097</u>
Total – Federal Funds	\$2,060,000	\$2,162,000	\$102,000

* Figures provided as the basis for the FY 2011-12 appropriation are reflected here. The actual contract for FY 2011-12 totals \$2,850,847.

Recommendation – II. CELA: Staff recommends appropriating \$2,162,000 federal funds to cover the costs of the CELA contract for FY 2012-13.

III. Funding for Administration of Spring 2012 ACT Test.

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

The following table details the basis for the existing FY 2011-12 appropriation and staff's recommendation for FY 2012-13.

Summary of Costs Associated With ACT Contract			
Description	FY 11-12 Approp.*	FY 12-13 Projection/ Recomm.	Annual Change
<i>Estimated # of students taking ACT on statewide test date</i>	58,000	59,000	1,000
Price per student (same as national rate)	<u>\$32.00</u>	<u>\$32.00</u>	<u>\$0.00</u>
Subtotal: Statewide test date	1,856,000	1,888,000	32,000
<i>Estimated # of students receiving voucher to take ACT on alternate test date (e.g., athletes, online students)</i>	1,600	1,600	0
Price per student for voucher	<u>\$33.00</u>	<u>\$35.00</u>	<u>\$2.00</u>
Subtotal: Statewide test date	52,800	56,000	3,200
Subtotal: Student testing service costs	1,908,800	1,944,000	35,200
Test administration training workshops	11,900	11,540	(360)
College Readiness Standards reports (@\$80/request)	0	0	0

Summary of Costs Associated With ACT Contract			
Description	FY 11-12 Approp.*	FY 12-13 Projection/ Recomm.	Annual Change
Data sent on CDs to schools (@ \$125/CD)	26,000	26,000	0
Subtotal: Other costs	37,900	37,540	(360)
Total	\$1,946,700	\$1,981,540	\$34,840

* Figures provided as the basis for the FY 2011-12 appropriation were based on the contract for FY 2010-11 contracts. The actual contract for FY 2011-12 totals \$1,826,317.

Recommendation – III. ACT: Staff recommends appropriating \$1,981,540 cash funds from the State Education Fund for the ACT contract for FY 2012-13.

IV. Support for state staff that administer exams.

The following table details the calculation for staff's recommendation for FY 2012-13.

Summary of Recommendation: Administration Portion of CSAP Line Item						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
Actual personal services expenditures based on existing, filled positions (prior to 2.5 percent reduction in employer's PERA contribution)	\$0	\$454,064	\$0	\$576,233	\$1,030,297	11.8
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	454,064	0	576,233	1,030,297	11.8
Operating Expenses:						
Average of actual expenditures incurred in last two fiscal years	0	35,934	0	35,818	71,752	
FY 2012-13 Staff Recommendation	\$0	\$489,998	\$0	\$612,051	\$1,102,049	11.8

Recommendation – IV. Administrative Staff: Staff recommends appropriating \$1,102,049 total funds and 11.8 FTE for expenditures related to staff who administer the assessment program for FY 2012-13. Rather than building on prior year calculations, this recommendation rebuilds the appropriation based on existing, filled positions. Thus, staff does not recommend applying any vacancy savings or base reductions to the line item. **The fund sources in staff's recommendation are based on information provided by the Department.**

STATE BOARD DECISION ITEM #3 - FUNDING FOR NEW STATE ASSESSMENTS

Note: For an in depth discussion of the need for new assessments and the State Board's request, see the issue paper beginning on page 23 of the FY 2012-13 JBC Staff Budget Briefing on the Department of Education (Except Public School Finance).

State Board of Education Request: The State Board of Education (State Board) requests an additional \$25,900,507 General Fund for FY 2012-13 to support the development of new statewide assessments aligned with the statewide academic standards adopted pursuant to S.B. 08-212 (CAP4K). The request would support the development of new assessments in FY 2012-13, with the first administration of the assessments in FY 2013-14. As required by CAP4K, the total request would support the development of:

- Summative (year-end) assessments in reading, writing, and math in grades 3 through 10, continuing the cycle currently in place for the CSAP;
- New summative assessments in social studies and science administered at least once in elementary, middle, and high school; and
- Alternate assessments for students with significant cognitive disabilities.

In addition, the full request would support the development of interim (mid-year) assessments, aligned with the summative tests, to provide instructional feedback during the school year.

Governor's Request: The Governor is not requesting *any* additional resources to support the development of new assessments in FY 2012-13. The Governor's plan, as detailed a February 2, 2012, letter to the JBC (attached as Appendix B), is based on Colorado participation in the Partnership for Assessment of Readiness for College and Careers (PARCC), a multi-state consortium² developing assessments based on the Common Core State Standards (Common Core). Specifically, the request would:

- Provide no additional resources for assessment development in FY 2012-13;
- Have Colorado join PARCC as a "governing member" (Colorado is currently a "participating member," which limits Colorado's role);
- Rely upon the PARCC assessments for English-language arts and mathematics, which PARCC is committed to have fully available in FY 2014-15; and
- Collaborate with other states for the development of science and social studies assessments, with approximately \$7 million in development and augmentation costs likely in FY 2013-14.

²According to the PARCC website (www.parcconline.org/about-parcc), PARCC includes 23 states (Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, and Tennessee) and the District of Columbia.

Senate Education Committee Recommendation: As discussed on page 1 of this document, the Senate Education Committee recommended the following changes with respect to the State Board's request:

- The Committee recommended that the \$25.9 million requested for new state assessments [by the State Board of Education, not the Governor] be only partially funded, and that the remainder of the \$25.9 million be used for the School Finance Act. Specifically, the Committee recommended that partial funding be provided as follows:
 - Up to \$1 million to fund optional administration of ACCUPLACER assessments for high school students;
 - The necessary amount to fund development of an assessment for financial literacy; and
 - Up to \$2 million to fund development of science and social studies assessments (and the use of multi-state consortia assessments if available). (Please note that this recommendation was verbally increased to \$7 million during the Joint Budget Committee's meeting with both Education Committees on February 1, 2012.)

Staff Recommendation: **Staff recommends that the Committee appropriate \$8,204,090 cash funds from the State Public School Fund (utilizing one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) to support the development of new assessments for science, social studies, and financial literacy in FY 2012-13, for initial administration in FY 2013-14. Staff's recommendation also includes the necessary funding to develop: new alternative assessments for students with significant cognitive disabilities; make necessary modifications and updates to the ACT; and update the English language proficiency exam (ELPA).**

Staff recommends that Colorado acquire its assessments for math and English-language arts through PARCC, as requested by the Governor. If, based on progress over the next year, the PARCC assessments do not appear to be appropriate for Colorado, then staff would recommend that the Committee consider funding the development of mathematics and English-language arts assessments through the FY 2013-14 budget process.

Staff's recommendation aligns with the Senate Education Committee's recommendation to provide funding to develop new science, social studies, and financial literacy assessments. Staff's recommendation does not include the recommended \$1.0 million for optional ACCUPLACER administration, which was part of neither the Governor's nor the State Board's request. Please note that the Senate Education Committee letter is silent with respect to state-specific vs. PARCC assessments but does not recommend funding for state-specific math and English-language arts assessments.

Staff's recommendation to implement the PARCC assessments assumes increased participation in PARCC by Colorado, which would likely require becoming a governing member, as recommended

by the Governor. According to the Governor's Office current law allows the State Board of Education to make the decision regarding whether to join a consortium as a governing member. **If the Committee wishes to see Colorado become a governing member, staff recommends that the Committee discuss potential legislation directing the Department/State Board to do so with the Education Committee.**

Staff Analysis: As discussed in the briefing issue beginning on page 23 of the FY 2012-13 Staff Budget Briefing on the Department of Education (Except Public School Finance), staff believes the implementation of new assessments aligned with statewide academic standards is necessary for the successful implementation of four pieces of education reform legislation enacted since 2008: (1) S.B. 08-212 (CAP4K); (2) H.B. 08-1168 (Financial Literacy); (3) S.B. 09-163 (Education Accountability); and (4) S.B. 10-191 (Educator Effectiveness). Thus, staff's analysis assumes that the General Assembly should move forward with the development and implementation of new assessments *by some means*.

Staff presents the analysis of the two requests in three basic components: (1) cost, including up-front and long term costs; (2) timing; and (3) outcomes. Each component is discussed below.

Cost: Fully funding the State Board's request would require \$25.9 million General Fund in FY 2012-13. By relying on PARCC for math and English-language arts and delaying the development of all other new assessments beyond FY 2012-13, the Governor's plan requires *no additional resources* in FY 2012-13.

However, the State Board's request includes a variety of components, including:

- summative and interim assessments in mathematics, English-language arts, science, and social studies;
- new Spanish literacy tests;
- new alternative exams for students with cognitive disabilities; and
- a replacement English language proficiency exam (replacement CELA).

In response to concerns about the price of the full request, the Department provided a matrix (summarized in the following table) of potential funding options based on eliminating or delaying specific components of the request. As shown below, eliminating the development of interim assessments (which inform instruction mid-year and could therefore be useful to educators, parents, and students within a given school year) in "option 2" reduces the total cost by \$12.4 million, or 47.7 percent. Delaying additional components in options 3 through 5 creates similar savings, with option 6 (delaying all development of new assessments as requested by the Governor) costing nothing in FY 2012-13.

Options to Reduce System Development Costs in FY 2012-13

Option/Description	FY 2012-13 Cost	FY 2013-14 Cost	FY 2014-15 Cost
(1) State Board Request	\$25,900,507	\$16,099,507	\$15,496,683
(2) Delay Interim	13,544,167	7,782,177	6,892,525

Option/Description	FY 2012-13 Cost	FY 2013-14 Cost	FY 2014-15 Cost
(3) Delay Interim and Spanish Literacy	12,554,641	6,927,511	6,037,859
(4) Delay Interim and Spanish Literacy, phase in writing and social studies	10,120,905	6,043,966	6,724,731
(5) Develop Only Science in FY 2012-13	3,910,736	10,975,466	7,021,338
(6) Delay Entire System*	0	10,803,890	6,883,021

* Estimates for Option 6 assume that the state adopts assessments developed by national consortia for reading, writing, and math, and develops the other assessments in FY 2013-14 for implementation in FY 2014-15.

In response to a Committee request to compare the costs of the State Board's and Governor's plans, the Department elected to compare Option 4 (which would postpone development of interim assessments (for all subjects) and the development of new Spanish literacy assessments and phase in social studies at a later time) to the Governor's request. The Department's analysis for FY 2012-13 through FY 2017-18 is summarized in the following tables. In short, the Governor's proposal, with no state cost in FY 2012-13, is clearly less expensive in the near term but would result in higher long term/administrative costs than the State Board's proposal (\$29.9 million over six years vs. \$25.4 million for State Board Option 4).

Table 1: CDE Cost Estimate for State Board of Education's Option 4 Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /a	\$8,916,815	\$16,395,704 for TCAP	\$25,312,519	\$2,839,412	\$13,556,292	\$8,916,815
FY 13-14 /b		20,920,100	20,920,100	2,839,412	13,556,292	4,524,396
FY 14-15 /c		21,389,413	21,389,413	2,839,412	13,556,292	4,993,709
FY 15-16 /d		18,494,981	18,494,981	2,839,412	13,556,292	2,099,277
FY 16-17 /d		18,528,585	18,528,585	2,839,412	13,556,292	2,132,881
FY 18-19 /d		19,084,443	19,084,443	2,839,412	13,556,292	2,688,739
Total						\$25,355,817

/a Includes development of reading, math, and science assessments and administration of TCAP.

/b Administration of reading, mathematics and science assessments.

/c Administration of reading, writing, mathematics and science assessments (the State Board would develop writing as a separate assessment while PARCC would include writing within English-language arts). Also development of social studies assessment.

/d Administration of reading, writing, math, science, and social studies assessments.

Table 2: CDE Cost Estimate for Governor's Proposal

	Initial Development (A)	Admin. and Ongoing Development (B)	Total Annual Cost (A) + (B)	Federal Funds	State Funds Extended from TCAP	Additional State Funds Over Current
FY 12-13 /e	\$0	\$16,395,704 for TCAP	\$16,395,704	\$2,839,412	\$13,556,292	\$0
FY 13-14 /f	7,000,000	\$16,395,704 for TCAP	23,395,704	2,839,412	13,556,292	7,000,000
FY 14-15 /g		19,643,071	19,643,071	2,839,412	13,556,292	3,247,367
FY 15-16 /h		22,273,793	22,273,793	2,839,412	13,556,292	5,878,089
FY 16-17 /h		22,962,771	22,962,771	2,839,412	13,556,292	6,567,067
FY 18-19 /h		23,651,654	23,651,654	2,839,412	13,556,292	7,255,950
Total						\$29,948,473

/e Administration of TCAP.

/f Assumes shared development of Science and full development of social studies assessments; augmentation development for consortium assessments; administration of TCAP.

/g Administration of consortium math and English language arts assessments; administration of Colorado science assessment.

/h Administration of consortium math and English language arts assessments; administration of Colorado science and social studies assessments.

Timing: The Department retired the CSAP in 2011 and is already committed to administering the TCAP in FY 2011-12 and FY 2012-13 to allow local education providers time to transition to the new standards and to allow the State time to transition to new assessments that are fully aligned with the new standards. Outside of options 5 and 6, the State Board request would continue with the planned two-year use of the TCAP, while the Governor's proposal would utilize the TCAP for three years (FY 2011-12 through FY 2013-14) and implement new exams in FY 2014-15.

- The State Board's options 1 through 3 would implement math, English language arts, science, and social studies assessments in the 2013-14 school year, in compliance with statutory guidelines under CAP4k and S.B. 10-191. Option 4 would delay implementation of the social studies assessment until FY 2015-16.
- Under the Governor's proposal, Colorado would utilize the TCAP for an additional year because the PARCC assessments for math and English language arts would not be available until the 2014-15 school year. The Governor's proposal would also include administration of the science assessment (developed through collaboration with other states if possible) in 2014-15 and the social studies assessment in the 2015-16 school year. *Please note that if the General Assembly moves forward with the Governor's proposal or staff's recommendation, the Education Committees may wish to change the statutory guidelines associated with CAP4K and S.B. 10-191. Staff would recommend that the Committee discuss the potential need for such legislation with members of the Education Committee.*

Outcomes: Both proposals aim to provide assessments aligned with statewide content standards, and both proposals would provide feedback to educators, parents, and students in a much more timely fashion than the CSAP/TCAP (which often does not provide scores to parents before the fall of the succeeding school year). However, the two proposals represent significantly different paths forward for Colorado. The following discussion provides key arguments from the Department and the Governor's Office in support of their respective proposals for new assessments.

The Department argues that the State Board proposal represents a more cohesive package of assessments, with fewer complications for implementation. The Department includes the following arguments:

- If fully funded, the proposal would provide state-specific summative and interim assessments in FY 2013-14 that would be fully aligned with Colorado's standards and would not require any augmentation (the PARCC assessments would require augmentation for additional subject areas and additional Colorado-specific standards within the tested subject areas).
- The Department proposal would allow for flexibility to continue to use paper-based tests, and the Department argues that PARCC would require fully on-line administration in FY 2014-15. Based on updated information from PARCC, the consortium understands that many states may have difficulty transitioning to fully on-line administration in FY 2014-15 and is going forward with proposals to allow for paper-based testing as well.
- The proposed assessments would be available for administration in FY 2013-14, in alignment with statutory guidelines and maintaining the momentum of reform efforts.
- The Department believes that the development of state-specific assessments with a single provider for all assessments would create a more cohesive package than the use of multiple providers under the PARCC/collaborative approach.
- If fully funded, the proposal would, for the first time, provide interim assessments to improve feedback mid-year and allow for instructional improvements.³
- The Department and State Board argue that maintaining autonomy over content, length, delivery, performance expectations (cut scores), and other aspects of the tests benefits Colorado.
- According to the Department, the PARCC assessments could present complications with high school mathematics by preventing statewide comparison of results from districts using different curricula (and curriculum has historically been a local control decision in Colorado).

The Governor's Office makes the following arguments in support of its proposal to go forward with PARCC assessments for English language arts and math.

- The Governor's proposal costs nothing in FY 2012-13.

³ Please note that, according to the Department, most (75 to 80 percent) of school districts already use their own interim assessments, so the availability of optional statewide interim assessments may not impact those districts.

- Like the fully funded option from the State Board (*but unlike any of the other State Board options*), PARCC includes interim assessments for English-language arts and math, which would provide instructionally useful information mid-year. (The Governor's Office, the Department, and JBC staff agree that the availability of statewide interim assessments aligned with both the statewide content standards and the summative assessments would be beneficial.)
- The Governor's Office argues that the collaborative developing the PARCC assessments represents greater expertise than Colorado would be able to afford or facilitate through a contract with a single assessment provider.
- Similarly, the Governor's Office argues that the \$186 million investment of federal Race to the Top funds will allow for the development of better assessments than would be available to Colorado acting alone.
- PARCC is focused specifically on postsecondary- and workforce-readiness (PWR), in alignment with CAP4K and Colorado requirements.
- Pursuant to CAP4K, the Colorado Department of Higher Education has agreed to recognize summative assessments establishing PWR as part of the admission process. The Governor's Office argues that other states are likely to move forward with similar recognition of the PARCC assessments for college admission purposes, and that those states would be less likely to recognize a state-specific assessment. For more information, see the February 29, 2012, letter from the Lieutenant Governor to the JBC (attached as Appendix C).
- Finally, the Governor's Office argues that collaborating with other "like-minded" states, and allowing for multi-state comparability, would benefit Colorado.

In effect, the two proposals represent two distinct policies for Colorado with respect to assessments: The State Board/Department argue that maintaining autonomy for Colorado, with fewer potential complications (such as required augmentation of the PARCC assessments) makes the State Board's proposal preferable for Colorado. Meanwhile, the Governor's Office argues that collaborating with multiple states through the consortia, with much greater resources available and the potential economies of scale provided by such collaboration, holds greater promise, especially with the lower (or nonexistent) short term cost.

Staff Proposal: Staff recommends a hybrid approach, moving forward with PARCC for English-language arts and math assessments (as requested by the Governor) and providing funding (\$8,204,090 cash funds from one-time moneys deposited into the State Public School Fund pursuant to S.B. 11-156 as modified by S.B. 11-230) for the Department to develop new science and social studies assessments, as well as fund updates to the alternative assessments, the ACT, and the English language proficiency assessment (ELPA) in FY 2012-13.

English language arts and math: **Staff recommends that the Committee deny the requested funding for English language arts and math assessments in FY 2012-13 and encourage the Department to increase participation in the PARCC process (including discussing potential legislation that would directing the Department to do so with the Education Committees). If it becomes clear with increased participation that PARCC is not a viable option for Colorado,**

then the General Assembly may revisit this question during the FY 2013-14 budget process. That timeline would still provide state-specific assessments by the time the PARCC tests would be available.

Staff agrees with the Department that autonomy has benefits for Colorado. In addition, based on the available information, staff shares some of the Department's concerns about potential complications associated with the PARCC assessments, including: (1) the potential need for on-line administration sooner than would be necessary under the State Board's plan; and (2) the need to augment the PARCC assessments for additional subject matter beyond the Common Core. Based on these concerns, staff believes that the State should thoroughly evaluate the viability of proceeding with the PARCC assessments in time for the FY 2013-14 budget process.

However, staff also believes that use of consortium-developed tests holds promise. In particular, staff highlights: (1) the availability of interim assessments under PARCC that do not appear to be fiscally feasible under the State Board proposal; (2) the potential for multi-state comparability; and (3) the potential benefit to high school graduates if other states' institutions of higher education recognize the PARCC assessments in their admission processes.

Other Assessments: **Staff recommends that the Committee provide the necessary resources (an estimated total of \$8,204,090) to develop new science , social studies, and financial literacy assessments and update the other required assessments (alternative assessments for students with significant cognitive disabilities; modifications to the ACT; and ELPA updates) in FY 2012-13.** PARCC will only provide assessments for English language arts and math. As there are not Common Core standards for science and social studies, both of which require assessments under either federal (science) or state (social studies) law, there are not consortium tests available for those subject areas. The Governor's Office would postpone development of those tests beyond FY 2012-13, presumably as a cost savings measure. In addition, the Governor proposes collaboration with other states to reduce the costs of the science and social studies assessments. Given regional differences, staff is skeptical that collaboration would yield any savings on the social studies assessment. The science assessment may present greater opportunities for cost savings and collaboration. Staff recommends that the Committee and General Assembly encourage such collaboration but also recommends that the General Assembly provide the necessary resources to move forward with the development of science and social studies assessments in FY 2012-13. The components of staff's recommendation are shown in the following table.

Staff Recommendation for the Development of New Assessments in FY 2012-13 (Based on Department of Education Estimates)	
English language arts and math	\$0
Science, social studies, and financial literacy development	7,000,000
Updates to Alternative (SPED) assessments	615,282

Staff Recommendation for the Development of New Assessments in FY 2012-13 (Based on Department of Education Estimates)	
ACT modifications	54,639
ELPA updates/modifications	<u>534,169</u>
Total	\$8,204,090

Federal Grant for State Assessments and Related Activities.

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

Request: The Department requests continuation funding of \$2,247,224 federal funds and 5.7 FTE for FY 2012-13.

Recommendation: **Staff recommends approving the request.** The dollar amount is based on the total projected amount of federal funds anticipated to be available in FY 2012-13 (\$8,097,450), less the amount of federal funds reflected in the above line item (\$5,850,226). The number of FTE is based on information provided by the Department concerning the total number of positions associated with both CSAP and federally-funded activities, less the number of FTE historically appropriated for the CSAP line item.

Longitudinal Analyses of Student Assessment Results.

Description: This line item provides funding and staff for longitudinal analyses of student assessment results, including the assignment of individual student identifiers for all students in public schools, including preschool children participating in the Colorado Preschool Program and disabled preschool children receiving special education services.

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$7,703,411 total funds (including \$286,311 General Fund and \$7,417,100 federal funds), and 3.0 FTE for FY 2012-13.

Recommendation: For the state funds (General Fund), staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076. The General Fund recommendation is \$4,363 below the request because of the application of the personal services base reduction.

Summary of Recommendation for Longitudinal Analyses of Student Assessment Results						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$250,186	\$0	\$0	\$0	\$250,186	3.0
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	250,186	0	0	0	250,186	3.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	5,405	0	0	0	5,405	0.0
Salary Survey awarded in FY 11-12	0	0	0	0	0	0.0
80% of Performance-based Pay awarded in FY 11-12	0	0	0	0	0	0.0
Base reduction (2.0%)	<u>(4,363)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,363)</u>	<u>0.0</u>
Subtotal: Personal Services	251,228	0	0	0	251,228	3.0
Operating Expenses:						
FY 2011-12 Appropriation	30,720	0	0	7,417,100	7,447,820	
Federal Fund Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>341,100</u>	<u>341,100</u>	
Subtotal: Operating Expenses	30,720	0	0	7,758,200	7,788,920	0.0
Staff Recommendation	\$281,948	\$0	\$0	\$7,758,200	\$8,040,148	3.0

In addition, staff recommends reflecting \$7,758,200 federal funds in this line item for FY 2012-13 for informational purposes (an increase of \$341,100 above the request) to better reflect anticipated expenditures of an existing federal grant. The Department was awarded a three-year federal grant totaling \$17.4 million to improve state longitudinal data systems by streamlining and accelerating the movement of data between schools, districts, and the Department. The Department anticipates spending grant moneys as follows over the three-year period, with FY 2012-13 as the final year of spending under the grant:

FY 2010-11	\$2,233,866
FY 2011-12	\$7,417,100
FY 2012-13	\$7,758,151

Preschool to Postsecondary Education Alignment.

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The Department requests \$567,685 cash funds from the State Education Fund and 3.5 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$6,967 below the request because of the application of a 2.0 percent personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Preschool to Postsecondary Education Alignment						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$341,585	\$0	\$0	\$341,585	3.5
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	4,509	0	0	4,509	0.0
Base reduction (2.0%)	<u>0</u>	<u>(6,967)</u>	<u>0</u>	<u>0</u>	<u>(6,967)</u>	<u>0.0</u>
Subtotal: Personal Services	0	339,127	0	0	339,127	3.5
Operating Expenses:						
FY 2011-12 Appropriation	0	221,591	0	0	221,591	
Staff Recommendation	\$0	\$560,718	\$0	\$0	\$560,718	3.5

EDUCATOR EFFECTIVENESS UNIT ADMINISTRATION (New Line Item Recommended)

Note: For background on the Department's original requests associated with Educator Effectiveness (decision items #4 and #7), see the issue paper beginning on page 32 of the FY 2012-13 Joint Budget Committee Staff Budget Briefing on the Department of Education (Except Public School Finance).

DECISION ITEM #4 - FUNDING FOR IMPLEMENTATION OF EDUCATOR EFFECTIVENESS

Request: With decision item #4, the Department requests a statutory change to transfer \$424,390 cash funds from the Contingency Reserve fund to the Great Teachers and Leaders Fund in FY 2012-13 to support the continued operations of the Educator Effectiveness Unit (Unit). Senate Bill 10-191 allowed for similar transfers of \$250,000 per year in FY 2010-11 and FY 2011-12 if the Department did not receive *at least* that much in funding each year in federal grants. The Department did not receive the anticipated federal grants, and the transfers took place in FY 2010-11 and FY 2011-12. The Department is requesting a statutory change to enable a transfer in FY 2012-13 and increase the transfer by \$174,390.

Recommendation: Staff recommends that the Committee deny the request to transfer additional funds from the Contingency Reserve Fund in FY 2012-13. Instead, staff recommends that the Committee create a new Long Bill line item entitled, "Educator Effectiveness Unit Administration" and appropriate \$424,390 General Fund and 3.0 FTE for the line item in FY 2012-13. Staff does not believe that the Contingency Reserve fund is an appropriate fund source to support ongoing operations of the Educator Effectiveness Unit, and recommends that the Committee create a separate line item to fund the office's ongoing operations from the General Fund.

Staff Analysis: Staff's analysis of this request includes two basic components: (1) the fund source; and (2) the requested amount. A brief discussion of each follows.

Fund Source: The Department is requesting a statutory change to allow for a transfer of \$424,390 cash funds from the Contingency Reserve Fund (which effectively operates as a revolving loan fund to support school districts in specific financial emergencies) to the Great Teachers and Leaders Fund in FY 2012-13. This request requires a statutory change to allow for the transfer in FY 2011-12; current law allows for transfers of \$250,000 in FY 2010-11 and FY 2011-12 but does not allow for a transfer in FY 2012-13.

When enacting S.B. 10-191, the General Assembly and the Department anticipated potential funding from federal Race to the Top (RTTT) grants to support implementation of S.B. 10-191. The bill allowed for a transfer of \$250,000 per year from the Contingency Reserve Fund to the Great Teachers and Leaders Fund for two years *if the Department did not receive federal grants to implement the bill*. Because the Department did not receive RTTT funds for those years, the State Treasurer transferred \$250,000 into the Great Teachers and Leaders Fund in FY 2010-11 and again in FY2011-12. The Department has supported the Unit thus far with a mix of state funds transferred from the Contingency Reserve Fund and one-time external grant funding.

Based on potential use of the Contingency Reserve Fund by school districts in FY 2011-12, the Contingency Reserve Fund may end FY 2011-12 with a balance of only \$600,000. If so, transferring the requested funds out of the Contingency Reserve in FY 2012-13 would leave only about \$175,000 available for the fund's intended use.

Staff feels that the Contingency Reserve Fund is not an appropriate fund source to support the ongoing operations of the Unit. Staff recommends that the Committee appropriate General

Fund because of the ongoing nature of the costs and the potentially severe impact on the availability of funds for school district financial emergencies.

Funding Amount: The request represents an increase of \$174,390 above the annual transfers implemented in FY 2010-11 and FY 2011-12 pursuant to S.B. 10-191 and therefore represents an increase of that amount above the *state* funding levels for the prior years. Because the Department has received \$195,000 in private grant funding (\$170,000 from the Rose Foundation and \$25,000 from the Colorado Legacy Foundation) for the first two years of implementation, the request represents an increase of \$55,978 above estimated expenditures in FY 2011-12.

The Unit is now fully staffed with 3.0 FTE, with estimated personal services costs of \$332,760 in FY 2012-13. In addition, because of the statewide nature of the Unit's work and the required degree of outreach, training, and collaboration with local school districts and educators, the Unit also incurs and anticipates significant operating expenses. The following table shows the components of the Department's request to support the Unit's continued operations.

Estimated Expenditures for Educator Effectiveness Unit in FY 2011-12 and FY 2012-13		
Expense Description	FY 2011-12 Est.*	FY 2012-13 Request
Salaries and Benefits for 3.0 FTE	\$326,412	\$332,760
Leased Space, Phone, and Routine Operating Expenses	32,400	24,630
Travel**	<u>15,600</u>	<u>27,000</u>
Local	10,000	15,000
National	5,600	12,000
Program Evaluation	0	20,000
Pilot Implementation Costs	<u>0</u>	<u>20,000</u>
Training (3 trainings at \$3,000 each)	0	9,000
Tracking/Monitoring pilot results	0	5,000
Tech. Validation Performance Metrics	<u>0</u>	<u>6,000</u>
Total	\$374,412	\$424,390

*The estimate for FY 2011-12 is based on an estimate of 12 months of expenditures *with the Unit fully staffed*. Actual expenditures are likely to be lower because of vacancies in early FY 2011-12.

** Travel expenses in FY 2012-13 assume 10 local trips for 3.0 FTE at a cost of \$500 per trip per FTE and 2 national trips at a cost of \$2,000 per trip per FTE.

As discussed at the FY 2012-13 briefing for this department, staff raises the following points about this Decision Item #4:

- Senate Bill 10-191 provided for \$250,000 in annual state funding for FY 2010-11 and FY 2011-12 if the state did not receive RTTT funds. However, the bill did not address any years beyond FY 2011-12. Thus, the intent for FY 2012-13 is unclear.

- The Department exceeded available state funding when it fully staffed the Educator Effectiveness Unit in FY 2011-12; the annual salaries and benefits for the 3.0 FTE total over \$332,000 while the bill provided only \$250,000 per year. The FY 2012-13 request includes another \$91,630 in operating expenses in FY 2012-13.
- The Department was able to support the additional expenditures in FY 2011-12 with one-time grant funding and remaining fund balance from FY 2010-11 but the FY 2012-13 request is effectively asking the General Assembly to backfill the external grants with state funding.

Staff assumes that the General Assembly intends to continue to support the Educator Effectiveness Unit to implement S.B. 10-191. Although the Unit's expenses are well above the \$250,000 in annual state funding provided through S.B. 10-191, staff agrees with the Department that \$250,000 does not appear to be sufficient to support the Unit's required amount of work. **Based on the actual costs to operate the Unit as staffed, and to allow the Unit to continue to operate, staff recommends that the Committee appropriate \$424,390 General Fund to the newly created line item in FY 2012-13.**

GOVERNOR'S DECISION ITEM #7 & BUDGET AMENDMENT #2 - TRANSFER TO GREAT TEACHERS AND LEADERS FUND

Note: Staff addresses decision item #7 and budget amendment #2 through the next two line item discussions, including: (1) Transfer to Great Teachers and Leaders Fund; and (2) Educator Effectiveness Implementation.

TRANSFER TO GREAT TEACHERS AND LEADERS FUND (New Line Item Requested)

Request: The Department is requesting the creation of a new Long Bill line item, entitled "Transfer to Great Teachers and Leaders Fund," to transfer \$7.7 million General Fund into the Great Teachers and Leaders Fund established by S.B. 10-191. The request would support three years of development and implementation of a new statewide educator effectiveness evaluation system. The request would also provide 6.0 additional FTE (in addition to the 3.0 existing FTE discussed above with the recommended Educator Effectiveness Unit Administration line item) on a term-limited basis for the next three years to carry out implementation activities. Pursuant to Section 22-9-105.7, C.R.S., the Great Teachers and Leaders Fund is continuously appropriated to the Department, so the Department is requesting a one-time transfer to be spent over a three year period (FY 2012-13 through FY 2014-15) to establish the new evaluation system. The request includes an associated statutory change to clarify that the Department may accept private gifts, grants, and donations in the Great Teachers and Leaders Fund. Staff recommends that the Department continue to pursue the requested statutory change associated with private grants outside of the budget process.

***Recommendation:* Staff recommends that the Committee deny the request to create the new line item transferring funds to the Great Teachers and Leaders Fund.** As discussed below, staff

recommends that the Committee appropriate funding directly from the State Education Fund (from one-time moneys tax amnesty funds deposited pursuant to S.B. 11-184) to the Department for Educator Effectiveness Implementation (see the following line item for a discussion of the recommended amount of funding). Staff's recommendation *does not require a transfer to the Great Teachers and Leaders Fund and does not require the statutory change requested by the Department.*

Staff Analysis: The Department's request would provide an up-front appropriation of \$7.7 million to be spent over three years by transferring the funds into the Great Teachers and Leaders Fund. Staff does not believe that the intermediate step of transferring funds from the State Education Fund (or any other fund) to the Great Teachers and Leaders Fund is necessary. **Instead, as discussed with the following line item, staff recommends appropriating funds directly from the chosen fund source (staff's recommendation is from tax amnesty funds deposited into the State Education Fund pursuant to S.B. 11-184), with a three-year "rollover" authority noted in the Long Bill.** Staff's mechanism provides assurance that the Department will have access to the appropriated funds, with flexibility to adjust spending amounts in the first year because of the larger initial appropriation, and allows the Committee to do so through the Long Bill without any additional statutory change.

EDUCATOR EFFECTIVENESS IMPLEMENTATION (New Line Item Recommended)

Request: The Department is not requesting the creation of this line item. Staff's recommendation to create this line item is in response to the Department's proposed Transfer to the Great Teachers and Leaders Fund line item, discussed above. As discussed above, the Department's total request for state funds includes \$7.7 million General Fund (to be spent over three years, including \$2.6 million in FY 2012-13) and 6.0 state funded FTE. The Department's estimated spending of federal funds includes a total of \$6.5 million (to be spent over four years, including \$1.8 million in FY 2012-13) and a total of 12.5 federally funded FTE.

Recommendation: **Rather than transferring funds into the Great Teachers and Leaders Fund, staff recommends that the Long Bill reflect a total appropriation of \$8,258,981 for the implementation of S.B. 10-191. Because the funds are one-time in nature (to be used for over three years), staff recommends the use of one-time fund sources, including: (1) cash funds deposited into the State Education Fund pursuant to S.B. 11-184; (2) the existing fund balance in the Great Teachers and Leaders Fund; and (3) federal Race to the Top grant funds.**

Staff recommends a total of \$6,426,830 cash funds, including:

- 1. \$6,306,830 from the State Education Fund (from one-time tax amnesty funds deposited pursuant to S.B. 11-184). Staff further recommends that the Committee approve the following Long Bill footnote to make the appropriation available for three years.** The recommendation effectively provides an up-front appropriation to support three years of implementation and would provide the same flexibility in implementation as the Department's request to appropriate three years of funding directly

into the Great Teachers and Leaders Fund without the need for the statutory change requested by the Department.

Department of Education, Management and Administration, Assessments and Data Analyses, Educator Effectiveness Implementation -- It is the intent of the General Assembly that the cash funds appropriation to this line item from the State Education Fund remain available until the close of FY 2014-15.

- 2. \$120,000 from the Great Teachers and Leaders Fund.** This appropriation would utilize the anticipated remaining fund balance in FY 2012-13. Because this fund is continuously appropriated to the Department, this appropriation would be reflected for information purposes only.

Finally, staff recommends that the Committee reflect \$1,832,151 federal funds and 12.5 FTE in the Long Bill to reflect the anticipated use of federal Race to the Top grant funds for Educator Effectiveness in FY 2012-13. Staff's recommendation only includes estimated federal fund expenditures for FY 2012-13, and does not include the total available over the life of the grant.

Staff Analysis: The following write-up includes discussions of: background on the request, as modified by budget amendment #2; appropriate and available fund sources to support the request; funding levels; requested and recommended FTE; and mechanisms to provide the multi-year flexibility requested by the Department.

Background on the Request: Decision Item #7, which was included in the Department's November 1, 2011, budget request, sought \$7.7 million General Fund and 4.5 FTE for two years of Educator Effectiveness implementation (FY 2012-13 and FY 2013-14). However, in December 2011, the Department was awarded a Race to the Top (RTTT) Round 3 grant of \$17.9 million to be spent over four years (FY 2011-12 through FY 2014-15). The Department will retain 50.0 percent of that grant (\$8.97 million) as the state share, and the remaining 50.0 percent will be distributed directly to local education agencies. Of the \$8.97 million state share, the Department plans to apply \$6.5 million (72.6 percent) to Educator Effectiveness implementation, with the remainder of the grant being used for grant administration and general state capacity, as well as efforts to increase access to science, technology, engineering, and mathematics education throughout Colorado.

Rather than reducing the state funding requested for Educator Effectiveness implementation as a result of the federal grant, the Department submitted budget amendment #2 in January 2012 to adjust the anticipated allocation of state funds requested in decision item #7. Most importantly, budget amendment #2: (1) spreads the spending of state funds over three years (rather than two under the November 1 request); (2) requests an additional 1.5 FTE (for a total of 6.0 additional state funded FTE for the decision item/budget amendment); and (3) reallocates the requested state funding among the Department's implementation activities to better fund activities which the Department felt were inadequately funded in both the initial request and the RTTT grant application. The Department divides Educator Effectiveness implementation activities into three major categories:

- *Measures of student growth:* Senate Bill 10-191 requires at least 50.0 percent of evaluations to be based on student growth but the state does not have a statewide model for assessing student growth for this purpose. The request would develop, test, and implement growth measures for all grades and content areas; develop content collaboratives to support district use of growth measures and assessments to evaluate educators and improve instruction. According to the Department, if the Department does not develop these measures, local education providers will have to do so, likely at significant expense which may be prohibitive for many districts.
- *Model statewide educator evaluation system:* The bill and the Department's rules implementing the bill require the Department to develop a model evaluation system, including rubrics, rating and weighting systems, and tools, and provide associated training. The request would also provide support to pilot districts (and later all districts) in the implementation of the model system, including professional development activities, continued development of a resource bank for educator effectiveness tools, monitoring of system implementation, and the communication of lessons learned in other districts. Given districts' interest in training opportunities and in participating in the pilot program, the Department expects an overwhelming majority of districts will adopt the state's model system rather than develop their own.
- *Data systems and Reporting:* The Department intends to design and implement an on-line performance management portal that districts could use to keep track of evaluation data, share the data with teachers, and report to the Department. Based on work with the pilot districts, the Department believes that districts will need systems to assist with collection and management of evaluation data. A statewide performance management system would allow districts to avoid the costs required to develop their own systems.

The following table displays the Department's anticipated allocation of state and federal funds and FTE for Educator Effectiveness implementation (aside from the Educator Effectiveness Unit expenses discussed above) for FY 2012-13.

	FY 11-12*	FY 12-13	FY 13-14	FY 14-15	Total	FTE
State Funds						
Student Growth Measures		\$350,000	\$350,000	\$300,000	\$1,000,000	0.0
Evaluation System		920,183	906,333	906,333	2,732,849	4.0
Data Systems and Reporting		<u>1,363,600</u>	<u>1,695,000</u>	<u>906,550</u>	<u>3,965,150</u>	<u>2.0</u>
Total State Funds		\$2,633,783	\$2,951,333	\$2,112,883	\$7,697,999	6.0
Federal Funds						

	FY 11-12*	FY 12-13	FY 13-14	FY 14-15	Total	FTE
Student Growth	\$902,839	\$837,335	\$663,566	\$621,214	\$3,024,954	
Evaluation System	789,696	994,816	871,720	833,656	3,489,888	
Data Systems and Reporting	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Federal Funds	\$1,692,535	\$1,832,151	\$1,535,286	\$1,454,870	\$6,514,842	12.5
Grand Total	\$1,692,535	\$4,465,934	\$4,486,619	\$3,567,753	\$14,212,841	18.5

*The use of state funds in FY 2011-12 is for the Educator Effectiveness Unit, discussed above with the recommended Educator Effectiveness Unit Administration line item.

Stepping back from the details, Decision Item #7 seeks to develop a consistent system statewide without imposing these additional costs on local education providers. Given anticipated high costs for fully implementing S.B. 10-191 statewide (Augenblick Palaich, and Associates, Inc., has estimated a total cost of approximately \$50 million), the Department's request seeks to cover a portion of those costs.

Fund Sources: The Department's request includes \$7.7 million General Fund to support one-time implementation activities spread over three years. Because of the one-time nature of the request, with activities to be completed (and associated FTE positions terminated) by the end of FY 2014-15, staff believes that a one-time source of funding would be appropriate to support the request.

If the Committee provides funding for this request, staff recommends that the Committee appropriate cash funds from the State Education Fund (from one-time moneys tax amnesty funds deposited pursuant to S.B. 11-184). To date, S.B. 11-184 has resulted in the transfer of approximately \$9.2 million in one-time moneys to the State Education Fund, so the available funds could fully fund the Department's request.

Funding Amount: As discussed above, the Department did not reduce the request for state funds after receiving the RTTT funds. With the state share of the RTTT grant totaling \$6.5 million, fully funding the request would provide a total of \$14.2 million dollars for state-level implementation activities, in addition to the approximately \$9.0 million in federal funds to be distributed to districts. With Augenblick Palaich, and Associates, Inc., estimating a total cost of implementation at approximately \$50 million, the Committee may wish to fully fund the request for \$7.7 million in state funds to be spent over three years. a total cost of approximately \$50 million, the Committee may wish to fully fund the request to provide \$7.7 million for three years of implementation.

However, with the significant influx of federal funds, staff believes the Committee could provide a lower amount and still adequately fund the request. Staff notes that the initial decision item, prior to the receipt of federal funds, did not indicate that the requested funding would be inadequate to

support implementation. A reduction of state funding below the request would still leave the Department in a better position than would have been the case without the RTTT funds.

In light of staff's recommendation to support the ongoing operations of the Educator Effectiveness Unit with General Fund (which will reduce the General Fund available for other purposes on an ongoing basis), **staff recommends that the Committee reduce the appropriation for this decision item by \$1,273,170 (an amount equal to three years of the recommended FY 2012-13 Educator Effectiveness Unit appropriation of \$424,390).**

Staff's recommended reduction would leave a total appropriation of \$6,426,830. **Staff recommends that the Committee reflect \$120,000 of this amount as coming from the Great Teachers and Leaders Fund, which would utilize the anticipated fund balance going into FY 2012-13.**

According to the Department, staff's recommended reduction would:

- Reduce spending on student growth measures by \$100,000 per year;
- Eliminate 1.0 state funded FTE for a communications position (saving \$120,000 in total costs in FY 2012-13 and \$115,983 per year in FY 2013-14 and FY 2014-15);
- Reduce the Data Systems and Reporting activities by \$204,000 in FY 2012-13 and \$210,000 per year in FY 2013-14 and FY 2014-15.

Staff believes that the Department could absorb the recommended reduction and expects the Department would attempt to backfill the reduction with private grant funding. In light of the Department's anticipated elimination of 1.0 FTE under staff's recommended funding level, staff recommends reflecting 5.0 state funded FTE.

Finally, staff recommends that the Long Bill reflect \$1,832,151 federal funds and 12.5 federally funded FTE to reflect anticipated expenditures and FTE usage in FY 2012-13.

Flexibility: The Department's request for a one-time transfer of \$7.7 million to the Great Teachers and Leaders Fund, which is continuously appropriated to the Department, would allow the Department to spend the funds over a three year period but would give the Department (and prospective employees, contractors, etc.) certainty about the level of funding available for implementation. Given staff's recommended reduction to the overall funding level, staff agrees that the requested flexibility and certainty with respect to the amount funding available would benefit the Department's implementation efforts.

The Department argues that certainty about funding levels is particularly important in the recruitment of staff for term-limited positions. All positions funded through this request would be at-will employees, without bumping rights, and the requested positions would terminate at the end of FY 2014-15. The Department argues that certainty about the availability of funding for the three-year period will help the recruiting process. **Particularly if the Committee approves staff's recommended reduction to the requested funding level and uses the recommended source of**

one-time funds, staff recommends that the Committee provide an up-front appropriation with the flexibility to spend it over multiple years. However, instead of transferring the funds into the Great Teachers and Leaders Fund, staff recommends that the Committee approve the recommended Long Bill footnote (discussed above) to provide three year roll-forward flexibility with a direct appropriation from the State Education Fund.

(D) State Charter School Institute

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

Similar to a school district, the SCSI is authorized to use a portion of its charter schools' per pupil revenues to cover its expenditures related to authorizing and overseeing charter schools. Thus, the Department is directed to withhold a portion of the State Share of Districts' Total Program funding from each school district where an Institute charter school is located and to forward the withheld amount to the Institute. Currently, a total of 5.0 percent may be withheld from payments to Institute charter schools and spent at the state level for the following purposes:

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

There are currently 22 Institute charter schools⁴ although the Charter School Institute anticipates a potential additional school for FY 2012-13. The table on the following page provides a recent funding history for the Institute.

General Note Concerning Funds and Accounting. House Bill 04-1362 did not include provisions requiring the Institute to establish funds and accounts for budgeting and accounting purposes (similar requirements for school districts are included in Article 45 of Title 22, C.R.S.). Absent these requirements, the State Charter School Institute Fund is used for purposes of accounting for all of the funds that flow through or are spent by the Institute (except for the Institute Charter School Assistance Fund, which was established in 2009). The State Charter School Institute Fund was originally created for purposes of accounting for gifts, grants, or donations received by the Institute. Moneys in this fund are subject to available appropriations. Department staff indicated that pursuant to Section 22-54-114 (1), C.R.S., they are authorized to forward the State Share payments to Institute charter schools without a separate appropriation. However, Department staff believe that spending authority is required out of the State Charter School Institute Fund for the Institute to incur administrative expenses and for the Institute to forward funding other than State Share payments to Institute charter schools.

⁴ Institute charter schools currently include: *Adams - Adams 12*: Pinnacle Charter School; *Adams - Brighton*: Academy at High Point; *Adams - Commerce City*: Community Leadership Academy; *Adams - Westminster*: Early College of Arvada, GOAL Online Academy, and Ricardo Flores Magnon Academy; *Eagle*: Stone Creek Elementary; *El Paso - Calhan*: Frontier Academy; *El Paso - Colorado Springs*: Pikes Peak Prep, Scholars to Leaders Academy, Maclaren Charter School, Colorado Springs Charter Academy, Colorado Springs Early Colleges, and Vanguard Academy; *Garfield - Roaring Fork*: Ross Montessori; *La Plata - Durango*: Animas High School, and Mountain Middle School; *Larimer - Poudre*: T.R. Paul Academy of Arts & Knowledge, Calvert Online, and Provost Online; *Mesa - Mesa Valley*: Caprock Academy; and *Pueblo - Pueblo*: Youth & Family Academy.

State Charter School Institute: Funding				
Description	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estim./Approp.	FY 12-13 Estim./ Request
<i>Total Transfer from State Share line item a/:</i>				
Number of Institute Charter Schools	17	18	22	23
Funded Pupil Count	6,244.7	7,598.3	10,125.5	11,084.7
Average Per Pupil Funding	\$7,031.92	\$6,233.12	\$6,202.58	\$6,199.71
Total transfer from State Share line item	\$43,912,241	\$47,361,095	\$62,804,237	\$68,721,899
SCSI Administration, Oversight, and Management b/				
Reappropriated Funds	\$1,692,911	\$1,327,971	\$1,689,063	\$2,042,891
FTE	11.8	9.2	10.7	10.7
Other Transfers to Institute Charter Schools - RF b/	\$1,924,569	\$1,630,348	\$2,013,615	\$2,013,615
Transfer of Federal Moneys to Institute Charter Schools b/				
Reappropriated Funds	5,729,547.0	\$3,760,840	\$5,730,000	\$5,730,000
FTE	4.1	4.3	4.5	4.5
State Charter School Institute Emergency Reserve b/				
Reappropriated Funds	\$0	\$0	\$195,004	\$0

Sources:

a/ Pupil count and State Share information from the Department's annual school finance worksheets. Please note that the Department's figures assume no increase in the number of Institute charter schools for FY 2012-13.

b/ For FYs 2009-10 and 2010-11, reflects actual data reported in Department's FY 2012-13 budget request; for FY 2011-12, reflects appropriation as adjusted by the supplemental bill; and for FY 2012-13, reflects November 1, 2011 budget request as adjusted by Budget Amendment #1.

State Charter School Institute Administration, Oversight, and Management.

Description: This line item authorizes the SCSI to spend a portion of Institute charter schools’ per pupil funding. Pursuant to Section 22-30.5-513 (2) (b), C.R.S., the SCSI is authorized to withhold up to 3.0 percent of Institute charter schools’ per pupil funding for administrative overhead costs for services provided to Institute charter schools.

The following table details the current and projected staffing composition for the SCSI.

State Charter School Institute: Staffing Summary			
Position Description	FY 2010-11 Actual	FY 2012-13 Estim.	FY 2012-13 Recomm.
<i>Staff Supported by State Share Payments:</i>			
Executive Director	1.0	1.0	1.0
Chief Authorizing Officer	0.8	0.8	0.8
CFO/ Grants Fiscal Manager	1.6	1.9	1.9
Academic Performance Director	1.0	1.0	1.0
School Account Director/Manager	0.0	2.0	2.0
Compliance Officer	1.0	1.0	1.0
Submissions Analyst	1.0	1.0	1.0
Information Technology	1.0	1.0	1.0
Administrative Assistant	<u>0.6</u>	<u>1.0</u>	<u>1.0</u>
Subtotal	8.0	10.7	10.7
<i>Staff Supported by Federal Funds:</i>			
Special Education	3.3	3.3	3.3
Gifted and Talented Coordinator	0.2	0.2	0.2
Nutrition Analyst	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Subtotal	4.5	4.5	4.5
Total	12.5	15.2	15.2

Request: With budget amendment #3, the Department requests a total of \$2,042,891 reappropriated funds and 10.7 FTE for this line item for FY 2012-13, an increase of \$353,768 above the FY 2011-12 appropriation as adjusted by H.B. 12-1182, the Department's FY 2011-12 supplemental. The request represents 3.0 percent of estimated SCSI schools' per pupil revenue (as of December 2011), as allowed by Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.

Recommendation: **Staff recommends an appropriation of \$1,831,657 reappropriated funds and 10.7 FTE.** Staff's recommendation is \$211,174 below the request for this line item because: (1) staff

is using an updated (and increased) estimate of total per pupil revenue for SCS charter schools; and (2) staff recommends appropriating \$230,000 of the 3.0 percent allocation to the State Charter School Institute Emergency Reserve line item. The Department's request with budget amendment #3 (discussed below) included \$230,000 in requested emergency funding for FY 2012-13, and staff's recommendation provides that amount in the new line item. Between the two line items, staff's recommendation would provide 3.0 percent of SCS charter schools' estimated per pupil revenues for FY 2012-13 (as of February 2012), as projected by the Department's school finance unit based on the current school finance formula. The following table compares the Department's request (updated by Budget Amendment #3) and staff's recommendation.

Component	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Assumed Total SCS Charter Per Pupil Revenue	\$68,096,363	\$68,721,899
3.0 percent statutory limit	2,042,891	2,061,657
SCSI Administration, Oversight, and Management	2,042,891	1,831,657
SCSI Emergency Reserve	<u>0</u>	<u>230,000</u>
Total	\$2,042,891	\$2,061,657

Staff's recommendation assumes that the Committee intends to continuing the policy implemented through the FY 2011-12 supplemental appropriation, including: (1) providing 3.0 percent of estimated per pupil revenues to the Institute in FY 2012-13; and (2) dividing the appropriation between this line item and the State Charter School Institute Emergency Reserve line item (discussed below). Please note that if State Share payments to Institute charter schools decline (either because of changes to the School Finance Act or because of lower-than-expected enrollment in SCS charter schools) then the General Assembly will need to reduce appropriations to this line item and/or the State Charter School Institute Emergency Reserve line item to remain within the statutory 3.0 percent limit.

Institute Charter School Assistance Fund.

Description. Pursuant to Sections 22-30.5-513 (4) (a) (I.5) (B) and 22-30.5-515.5, C.R.S., 1.0 percent of SCS charter schools' per pupil funding is annually credited to the Institute Charter School Assistance Fund. Moneys in the Fund are subject to annual appropriation to the SCS for the direct and indirect costs associated with the following:

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

- in addressing other facility or special education funding emergencies.

Request. The Department requests a continuation level of spending authority from this fund (\$550,000 cash funds).

Recommendation. **Staff recommends an appropriation of \$460,000 cash funds spending authority from the Institute Charter School Assistance Fund.** According to Institute staff, the SCSI has never awarded grants or loans out of this fund, and the fund currently has a balance of less than \$450,000. The SCSI anticipates potential use of the fund in FY 2012-13, depending on demand from qualifying charter schools. Staff's recommendation would aligns spending authority in FY 2012-13 with the likely fund balance at the end of FY 2012-13.

Other Transfers to Institute Charter Schools.

Description. This line item provides spending authority to the Department to forward other state moneys (e.g., state funding for categorical programs) to Institute charter schools.

Request: The Department requests a continuation level of funding (\$2,013,615 reappropriated funds) for FY 2012-13.

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

Transfer of Federal Moneys To Institute Charter Schools.

Description. This line item reflects federal funds received by the SCSI for pass-through to Institute charter schools, along with the SCSI FTE supported with the federal funds. Moneys appropriated to this line item are reappropriated as these moneys are first reflected within other line items within the Department's budget (e.g., Special Education Programs for Children with Disabilities, English Language Proficiency Program, Federal Nutrition Programs, and Appropriated Sponsored Programs).

Request: The Department requests continuation level spending authority of \$5,730,000 and 4.5 FTE for FY 2012-13.

Recommendation: **Staff recommends approval of the request.** Staff has not applied the common policy base reduction because the appropriation reflects federal funds that are passed through to Institute Charter Schools and the reduction would not affect the federal funds received by the Institute.

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

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

Request. The Department requests a continuation appropriation of \$210,014 reappropriated funds and 2.6 FTE for FY 2012-13, as detailed in the following table.

FY 2012-13 Request: Implementation of Section 22-30.5-501 et seq., C.R.S.		
Department Expenditure/Description	Amount	FTE
Student Assessment	\$6,947	0.05
Charter Schools Unit	17,038	0.30
Chief of Staff - The Chief of Staff is the primary contact for SCSi regarding any matters that must be reviewed by or referred to the Commissioner.	10,563	0.10
Legislative Liaison - The Legislative Liaison provides support in terms of tracking legislation, interface with lawmakers and the Governor's office, and general support and consultation for all legislative matters.	10,643	0.10
Budget/Management Staff	50,476	0.45
Research and Evaluation - The Research and Evaluation Unit provides a significant amount of information, analysis and support regarding student and human resources data collections.	47,803	0.60
Information Technology - This position provides networking, database, and all other IT support required by the SCSi.	<u>66,544</u>	<u>1.00</u>
FY 2011-12 Appropriation	\$210,014	2.60
(No change)	0	
FY 2012-13 Request	\$210,014	2.60

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

State Charter School Institute Emergency Reserve

Description: The JBC created this line item in H.B. 12-1182, the Department's FY 2011-12 supplemental appropriation bill to separate out appropriations for emergency needs by either the Institute or SCSi schools.

Request: The Department's request does not include separate funds for this line item. Budget amendment #3 requested \$230,000 for emergency reserve purposes in FY 2012-13 as part of the request for the State Charter School Institute Administration, Oversight, and Management line item (discussed above).

Staff Recommendation: **Staff recommends an appropriation of \$230,000 reappropriated funds for this line item for FY 2012-13, to be funded out of the 3.0 percent of SCSi schools' per pupil revenue withheld by the Institute for administrative and management expenses.** Staff's recommendation provides the requested amount of funding for emergency purposes but utilizes the separate line item to improve transparency. Staff further recommends that the Committee approve the following: (1) the following Long Bill footnote detailing the General Assembly's intent for this

line item; and (2) the following request for information for inclusion in the FY 2012-13 request for information letter to the Governor asking for a report on the SCSI's expenditures from this line item:

Staff Recommended Footnote:

XX Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Response -- It is the intent of the General Assembly that the appropriation to this line item be expended in the event of financial emergencies at either the State Charter School Institute or at State Charter School Institute charter schools.

Staff Recommended Request for Information:

XX Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Response -- The State Charter School Institute is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

(2) ASSISTANCE TO PUBLIC SCHOOLS

This section provides funding that is distributed to public schools and school districts, as well as funding for Department staff who administer this funding or who provide direct support to schools and school districts. The first subsection, (A) Public School Finance, is not included in this packet and was presented by another analyst.

(B) Categorical Programs

Background Information - Constitutional Funding Requirement. Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total state funding* for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2009 the percentage change in the Denver-Boulder consumer price index was actually negative (-0.6 percent), so the General Assembly was required to increase state funding for categorical programs by at least \$920,774 (0.4 percent) for FY 2010-11.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$93.3 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally required amount, resulting in appropriations that are now \$35.3 million higher than the minimum amount that would have otherwise been required. The following table details the allocation of the \$93.3 million among categorical programs.

Increases in State Funding for Categorical Programs				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2011-12 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$71,510,773	\$129,797,797	\$58,287,024	81.5%
English Language Proficiency Program	3,101,598	13,085,778	9,984,180	321.9%
Public school transportation	36,922,227	50,378,042	13,455,815	36.4%
Career and technical education programs	17,792,850	23,584,498	5,791,648	32.6%
Special education - gifted and talented children	5,500,000	9,201,106	3,701,106	67.3%
Expelled and at-risk student services grant program	5,788,807	7,493,560	1,704,753	29.4%
Small attendance center aid	948,140	959,379	11,239	1.2%

Increases in State Funding for Categorical Programs				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2011-12 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Comprehensive health education	600,000	1,005,396	405,396	67.6%
Total	\$142,164,395	\$235,505,556	\$93,341,161	65.7%

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

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

An overview of staff's recommendations related to the constitutionally required funding increase for this group of programs is below (including a table summarizing staff's recommendations on page 79). A more detailed description of each categorical program line item, including a description of the funds available -- other than state funds -- for each program follows the overview of recommendations.

Overview of Staff Recommendation for All Categorical Programs

Allocation of Required Funding Increase for FY 2012-13. As noted above, the Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation (based on the change in the Denver-Boulder Consumer Price Index for calendar year 2011) for FY 2012-13. The Department's request for FY 2012-13 includes a \$8,242,694 increase, based on a projected 3.5 percent inflation rate. **Based on an actual change in the CPI for CY 2011 (3.7 percent), staff recommends adding a total of \$8,730,356 state funds for categorical programs for FY 2012-13.** Staff's recommendation would appropriate *all* of the recommended increases as cash funds from the State Education Fund.

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

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

For FY 2012-13, staff recommends: (a) maintaining existing state funding levels for the Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education; and (b) allocating the required increase among the remaining programs based on the relative gaps between the sum of state and federal funding, and actual district expenditures (see Table A, below).

Staff's recommendation is based on the actual change in CPI (3.7 percent) in calendar year 2011, while the Department's request was based on a projected rate of 3.5 percent. In addition, staff's recommendation differs from the request in three ways. First, it excludes any funding increase for the two grant programs (in light of the magnitude of the proposed reduction in districts' total program funding next year). Second for purposes of calculating the gap in funding for transportation, staff uses both revenues and expenditures for FY 2009-10, rather than using revenues for FY 2009-10 and expenditures for FY 2008-09. While staff understands that districts are reimbursed based on prior year expenditures, staff feels it's more appropriate to consistently use FY 2009-10 expenditures for all programs when comparing the size of the funding gap. Third, for purposes of calculating the gap in funding for special education services for children with disabilities, staff includes both revenues and expenditures related to preschool services for children with disabilities.

In Table B, below, staff has provided a table showing the gap between FY 2009-10 funding levels and "full funding" for the programs with statutory formulas for that year.

Finally, Table C, below summarizes the allocation recommended by staff, the allocation requested by the Department, as well as two other options for discussion purposes.

TABLE A: Categorical Program Revenues and Expenditures: FY 2009-10						
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c)/(d)	(f) = (d) - (c)
Long Bill Line Item	State Funds	Federal Funds	Total State and Federal Funds	Total District Expenditures	State/Federal Share of Expenditures	Local Share of Expenditures
District Programs Required by Statute						
Special Education - Children with Disabilities a/	\$151,099,287	\$209,574,138	\$360,673,425	\$832,945,032	43.3%	472,271,607
English Language Proficiency Program	12,121,200	8,922,879	21,044,079	155,046,411	13.6%	134,002,332
Other Categorical Programs						
Public School Transportation	51,052,049	0	51,052,049	205,975,209	24.8%	154,923,160
Career and Technical Education	23,107,128	5,436,369	28,543,497	90,307,460	31.6%	61,763,963
Special Education - Gifted and Talented Children	8,820,454	0	8,820,454	35,387,421	24.9%	26,566,967
Total						\$849,528,029

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

TABLE B: Maximum Amount of State Funds Districts Were Statutorily Eligible to Receive for FY 2009-10

Long Bill Line Item	Description of What Determines Maximum State Funding	Total State Funds	Maximum State Funding	Percent of Maximum Covered by State Funds	Estimated Increase Required to Fund Statutory maximum
District Programs Required by Statute:					
Special Education - Children With Disabilities a/	Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services	\$151,099,287	\$221,639,000	68%	\$70,539,713
English Language Proficiency Program	Driven by the number of eligible students and statewide average per pupil operating revenue	12,121,200	35,367,357	34%	23,246,157
Other Categorical Programs (with specified statutory reimbursement levels):					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	51,052,049	81,539,832	63%	30,487,783
Colorado Vocational Distributions Act	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue	23,107,128	23,107,128	100%	0
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	959,379	1,065,994	90%	106,615
Total					\$124,380,268

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

TABLE C: Required Increase in <i>State</i> Funding for Categorical Programs in FY 2012-13									
Long Bill Line Item	FY 11-12 Approp.	Examples of Options for Allocating Required Increase							
		A: Staff Recomm.	%	B: Dept. Request	%	C	%	D	%
Special education programs for children with disabilities	\$129,797,797	\$4,853,400	3.7%	\$4,552,325	3.5%	\$7,930,799	6.1%	\$4,802,519	3.7%
English language proficiency programs	13,085,778	1,377,104	10.5%	1,291,677	9.9%	\$799,557	6.1%	484,174	3.7%
Public school transportation	50,828,042	1,592,101	3.1%	1,757,123	3.5%	0	0.0%	1,880,638	3.7%
Career and technical education	23,584,498	634,731	2.7%	595,355	2.5%	0	0.0%	872,626	3.7%
Special education programs for gifted and talented children	9,201,106	273,021	3.0%	256,084	2.8%	0	0.0%	340,441	3.7%
Expelled and at-risk student services grant program	7,493,560	0	0.0%	277,792	3.7%	0	0.0%	277,262	3.7%
Small attendance center aid	959,379	0	0.0%	0	0.0%	0	0.0%	35,497	3.7%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	37,200	3.7%
Totals (may not sum due to rounding)	\$235,955,556	\$8,730,356	3.7%	\$8,730,356	3.7%	\$8,730,356	3.7%	\$8,730,356	3.7%

Description of Potential Allocation Options

A: Staff recommendation.

B: Department's request, prorated to reflect actual inflation rate of 3.7% rather than 3.5%.

C: Provide a 6.1% increase for children with disabilities and English language proficiency programs (programs required by statute).

D: Provide the same percentage increase for all programs.

(I) District Programs Required by Statute

Special Education Programs for Children with Disabilities.

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

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children⁵), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements include federal funding and state funding (subject to available appropriations). Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty.

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

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

⁵ Pursuant to Section 22-54-103 (10) (d), C.R.S., three- and four-year-old children with disabilities are counted as half-day pupils.

Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district.

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

Request. The Department's request for FY 2012-13 includes a total of \$134.1 million state funding (a 3.3 percent annual increase). The Department's request also reflects continuation of \$101,812 reappropriated funds and 1.0 FTE from funds transferred from the Department of Human Services, Division of Vocational Rehabilitation, and \$158.7 million in federal funds that are anticipated to be available to reimburse administrative units and support 63.5 federally-funded Department FTE.

Recommendation. **Staff's recommendation reflects \$293,481,504 total funds, including \$71,572,347 General Fund and \$63,078,850 cash funds from the State Education Fund (a 3.7 percent annual increase in state funding). Staff also recommends approving the request to reflect \$101,812 reappropriated funds transferred from the Department of Human Services and 1.0 FTE, and \$158,728,495 federal funds and 63.5 FTE for FY 2012-13.**

English Language Proficiency Program.

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

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

The Department is required to allocate state funding in two parts:

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

Request. The Department's request for FY 2012-13 includes a total of \$14.3 million state funding (a 9.3 percent annual increase). The Department's request also reflects \$11.3 million in federal funds that are anticipated to be available to reimburse administrative units and support 4.6 federally-funded Department FTE.

Recommendation. **Staff's recommendation reflects a total of \$25,754,601 total funds, including \$3,101,598 General Fund and \$11,361,284 cash funds from the State Education Fund (a 10.5 percent annual increase in state funding). Staff also recommends approving the request to reflect \$11,291,719 federal funds and 4.6 FTE for FY 2012-13.**

(II) Other Categorical Programs

Public School Transportation.

Description. Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that four of Colorado's 178 school districts do not provide transportation services. Statewide, over 40 percent

of students are transported. School districts employ a fleet of over 6,300 buses and small vehicles traveling approximately 54.7 million miles each year.

This line item provides state funding to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile-traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Eight districts have received voter approval to levy separate mills to generate additional local revenues⁶, but no district has imposed a separate user fee. In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

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

Request. The Department's request for FY 2012-13 includes a total of \$52.5 million state funding (a 3.3 percent annual increase) and 2.0 FTE. The Department's request reflects \$450,000 from the State Public School Transportation Fund, which consists of moneys that are recovered by the Department when it identifies a transportation-related overpayment to a district. The requested appropriation from this fund would allow the Department to re-distribute moneys that are recovered in the current fiscal year in FY 2012-13.

Recommendation. **Staff's recommendation reflects a total of \$52,420,143 total funds and 2.0 FTE, including \$36,922,227 General Fund and \$15,047,916 cash funds from the State Education Fund, and \$450,000 cash funds from the Public School Transportation Fund (a 3.1 percent annual increase in state funding).**

Staff has not applied a personal services base reduction. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for distribution to school districts. The following table details the components of the appropriation, for informational purposes.

⁶ Districts include: Boulder - Boulder Valley, Eagle, Gilpin, Grand - East Grand, Las Animas - Primero, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

Summary of Recommendation for Public School Transportation						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$146,495	\$0	\$0	\$146,495	2.0
Reinstate FY 2011-12 reduction ins employer's PERA contribution	0	3,358	0	0	3,358	
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	149,853	0	0	149,853	2.0
Operating Expenses:						
FY 2011-12 Appropriation	0	39,093	0	0	39,093	
(No change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses	0	39,093	0	0	39,093	
Spending Authority from Public School Transportation Fund	0	450,000	0	0	450,000	
Other Distributions:						
FY 2011-12 Appropriation	36,922,227	13,270,227	0	0	50,192,454	
Increase in distributions	<u>0</u>	<u>1,588,743</u>	<u>0</u>	<u>0</u>	<u>1,588,743</u>	
Subtotal: Other Distributions	36,922,227	14,858,970	0	0	51,781,197	
Staff Recommendation	36,922,227	15,497,916	0	0	52,420,143	2.0

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

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

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

Request. The Department's request for FY 2012-13 includes a total of \$24.1 million state funding (a 2.4 percent annual increase).

Recommendation. **Staff's recommendation reflects a total of \$24,219,229 state funds, including \$17,792,850 General Fund and \$6,426,379 cash funds from the State Education Fund** (a 2.7 percent annual increase in state funding).

Special Education Programs for Gifted and Talented Children.

Description. The state *Exceptional Children's Educational Act* defines gifted children as those whose "abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs" [see Section 22-20-103 (13), C.R.S.]. Pursuant to Section 22-20-104.5, C.R.S., each administrative unit is required to adopt and implement a program to identify and serve gifted children who are at least five years of age. The plan is to be implemented "to the extent that funds are provided for the implementation". State funding for gifted programs must supplement, not supplant, programs for students with disabilities.

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

Request. The Department's request for FY 2012-13 includes a total of \$9.4 million state funding (a 2.6 percent annual increase) and 0.5 FTE.

Recommendation. **Staff's recommendation reflects a total of \$9,474,127 state funds and 0.5 FTE, including \$5,500,000 General Fund and \$3,974,127 cash funds from the State Education Fund** (a 3.0 percent annual increase in state funding).

Staff's recommendation does not reflect a base reduction for personal services. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for distribution to school districts. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Special Education Programs for Gifted and Talented Children						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$25,000	\$0	\$0	\$25,000	0.5
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	25,000	0	0	25,000	0.5
Operating Expenses:						
FY 2011-12 Appropriation	0	0	0	0	0	
Other Distributions:						
FY 2011-12 Long Bill	5,500,000	3,676,106	0	0	9,176,106	
Increase in distributions	<u>0</u>	<u>273,021</u>	<u>0</u>	<u>0</u>	<u>273,021</u>	
Subtotal: Other Distributions	5,500,000	3,949,127	0	0	9,449,127	
Staff Recommendation	5,500,000	3,974,127	0	0	9,474,127	0.5

Expelled and At-risk Student Services Grant Program.

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

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

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

The Department is also authorized to retain: (a) up to one percent of moneys appropriated for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated for the purpose of partnering with organizations and agencies that provide services and supports

designed to reduce the number of truancy cases requiring court involvement and that also reflect the best interests of students and families.

For FY 2009-10, the General Assembly increased funding for this program by approximately \$1.0 million. The Department approved funding for 19 new sites from a total of 50 applicants. The Department also increased funding for seven existing sites (by a total of \$635,700) for the purpose of providing services and supports designed to reduce the number of truancy cases requiring court involvement. These awards were targeted toward those judicial districts with the highest number of truancy court referrals. Finally, the Department contracted with Rocky Mountain Children’s Law Center (a total of \$25,000) to work with selected judicial districts to develop alternatives to guardian ad litem services in truancy proceedings.

Request. The Department's request for FY 2012-13 includes a total of \$7.8 million state funding (a 3.5 percent annual increase) and 1.0 FTE.

***Recommendation.* Staff’s recommendation reflects a total of \$7,493,560 state funds and 1.0 FTE, including \$5,788,807 General Fund and \$1,704,753 cash funds from the State Education Fund (no annual increase).**

Staff’s recommendation also does not reflect a personal services base reduction. The total amount of state funds reflected in staff’s recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services or operating expenses for this program for any reason, the additional funds would be available for grants. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Expelled and At-risk Student Services Grant Program						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$50,871	\$0	\$0	\$50,871	1.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	2,013	0	0	\$2,013	0.0
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	52,884	0	0	52,884	1.0
Operating Expenses:						
FY 2011-12 Appropriation	0	500	0	0	500	
(No change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses	0	500	0	0	500	
Grants:						

Summary of Recommendation for Expelled and At-risk Student Services Grant Program						
	GF	CF	RF	FF	TOTAL	FTE
FY 2011-12 Appropriation	5,788,807	1,653,382	0	0	7,442,189	
Change in grants	<u>0</u>	<u>(2,013)</u>	<u>0</u>	<u>0</u>	<u>(2,013)</u>	
Subtotal: Grants	5,788,807	1,651,369	0	0	7,440,176	
Staff Recommendation	5,788,807	1,704,753	0	0	7,493,560	1.0

Small Attendance Center Aid.

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

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation. From FY 1998-99 through FY 2007-08, the appropriation for this line item was sufficient to reimburse eligible districts for the full amount statutorily allowed. Since FY 2008-09, the appropriation has fallen short of full funding. The following table details the allocation of small attendance center aid for FY 2011-12. On average, eligible schools are receiving an additional \$1,046 per pupil this year.

Small Attendance Center Aid: FY 2011-12					
School District	School	10/11 Enrollment	Full Funding per Formula	Amount Distributed	Distribution per FTE
Dolores	Rico Elementary	5.2	\$11,085	\$10,294	\$1,980
Gunnison	Marble Charter School	31.3	83,562	77,598	2,479
Huerfano	Gardner School	87.6	107,289	99,631	1,137
La Plata - Durango	Fort Lewis Mesa Elementary	150.3	86,336	80,174	533
Larimer - Poudre	Red Feather Elementary	24.1	69,284	64,339	2,670
Logan - Valley	Caliche Elementary	139.6	93,501	86,827	622
Logan - Valley	Caliche Jr./Sr. High	128.0	106,644	99,033	774
Mesa - Mesa Valley	Gateway School	40.3	98,321	91,303	2,266
Moffat	Maybell Elementary	11.2	34,047	31,617	2,823
Montrose - West End	Paradox Valley Charter School	48.3	76,509	71,049	1,471

Small Attendance Center Aid: FY 2011-12					
School District	School	10/11 Enrollment	Full Funding per Formula	Amount Distributed	Distribution per FTE
Park	Guffey Community Charter School	24.2	61,861	57,445	2,374
Park	Lake George Charter School	81.7	116,585	108,264	1,325
Pueblo 70	Beulah School	<u>145.4</u>	<u>88,093</u>	<u>81,805</u>	<u>563</u>
Totals		917.2	1,033,116	959,379	1,046

Request. The Department's request for FY 2012-13 includes a total of \$959,379 state funding, including \$787,645 General Fund and \$171,734 cash funds from the State Education Fund (the same as the FY 2010-11 and FY 2011-12 appropriations).

Recommendation. **Staff recommends approving the request.** In the current fiscal year, this appropriation fell 7.1 percent short of full funding.

Comprehensive Health Education.

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

This line item provides funding for grants to school districts, facility schools, and boards of cooperative services to implement local comprehensive health education and student wellness programs, and for 1.0 FTE to administer the program and perform the duties required by the act. The Department of Education is to work with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education is to allocate available funds. Fiscal year 2011-12 is the second year of a three-year grant cycle for comprehensive health education programs, and the first year of a three-year grant cycle for local student wellness programs.

Request. The Department's request for FY 2012-13 includes a total of \$1,005,396 state funding (equal to the FY 2011-12 appropriation) and 1.0 FTE.

Recommendation. **Staff recommends approving the request for a total appropriation of \$1,005,396 state funds and 1.0 FTE, including \$300,000 General Fund and \$705,396 cash funds from the State Education Fund (no annual increase).** Staff's recommendation does not reflect a personal services base reduction. The total amount of state funds reflected in staff's recommendation for categorical programs is the minimum amount required to comply with constitutional requirements. Thus, to the extent that the Department spends less on personal services

or operating expenses for this program for any reason, the additional funds would be available for grants. The following table details the components of the appropriation, for informational purposes.

Summary of Recommendation for Comprehensive Health Education						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$94,151	\$0	\$0	\$94,151	1.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	2,170	0	0	2,170	0.0
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	0	96,321	0	0	96,321	1.0
Operating Expenses:						
FY 2011-12 Appropriation	0	1,450	0	0	1,450	
Grants:						
FY 2011-12 Appropriation	300,000	609,795	0	0	909,795	
Change in grants	<u>0</u>	<u>(2,170)</u>	<u>0</u>	<u>0</u>	<u>(2,170)</u>	
Subtotal: Grants	300,000	607,625	0	0	907,625	
Staff Recommendation	300,000	705,396	0	0	1,005,396	1.0

(2) ASSISTANCE TO PUBLIC SCHOOLS

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

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

- *Free meals:* Families with incomes below 130% of the federal poverty level (e.g., \$29,055 for a family of four in 2011) are eligible.
- *Reduced price meals:* Families with incomes between 130% and 185% of the federal poverty level (e.g., between \$29,055 and \$41,348 for a family of four) are eligible.

Federal per meal reimbursements differ depending on whether the meal was served to a child who is eligible for free, reduced, or "full" price meals. For example, for school breakfasts, most schools currently receive \$1.51 for each free meal served, \$1.21 for each reduced price meal served, and \$0.26 for each full price meal served. Children receiving a reduced price meal are generally charged the difference between the federal reimbursements for free and reduced price meals (e.g., \$0.30 per reduced price breakfast).

In Colorado, the National School Lunch and Breakfast Programs are administered by the Department of Education, and they are operated through agreements with local school food authorities (usually school districts). Families are asked to complete a meal application to determine eligibility for free or reduced price meals. This information is confidential and is not shared with any other state or local agencies unless allowed by federal regulation. In FY 2010-11, per the October 1 pupil count, a total of 279,275 children were eligible for free meals, and another 57,168 children were eligible for reduced price meals. The percentage of students who are eligible for free meals is used as a factor to determine the level of per pupil funding for each school district, so districts have a financial incentive to encourage families to complete these forms even if they do not plan to participate in the school's lunch or breakfast program.

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

Data Concerning National School Lunch Program	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estimate
Children <i>eligible</i> for <u>free</u> meals	231,232	258,899	279,275	288,568
<i>Annual % Change</i>	4.8%	12.0%	7.9%	3.3%
Children <i>eligible</i> for <u>reduced</u> price meals	58,172	60,529	57,168	60,362
<i>Annual % Change</i>	5.9%	4.1%	-5.6%	5.6%
Children eligible for free or reduce price meals	289,404	319,428	336,443	348,930
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>lunch</u> program	64.3%	63.3%	61.6%	TBD
Percent of children eligible for <u>reduced price</u> meals who <i>participate</i> in <u>breakfast</u> program	21.6%	21.1%	22.5%	TBD

Federal Nutrition Programs.

Description. This line item reflects (for informational purposes) all federal funding that is available for nutrition programs. These programs provide lunches, breakfasts, other gap nutritional resources for children, as well as nutrition materials for teachers, students, food service personnel and parents. The federal funds and a small amount of General Fund included in this line item support 9.0 FTE who administer the various state and federal nutrition programs. It is staff's understanding that the

state funding in this line item is required to comply with a federal maintenance of effort requirement associated with these federal funds.

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$156,631,328 total funds (including \$82,327 General Fund) and 9.0 FTE for FY 2012-13.

Recommendation. Staff recommends a continuation appropriation, including the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076. Staff's recommendation does not include a base reduction because the state funding is necessary to comply with a federal maintenance of effort requirement to receive the federal nutrition funds. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Federal Nutrition Programs						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation (2011 Session)	\$79,635	\$0	\$0	\$674,002	\$753,637	9.0
FY 2011-12 Supplemental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	79,635	0	0	674,002	753,637	9.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	1,799	0	0	13,433	15,232	0.0
Base reduction (0.0%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	81,434	0	0	687,435	768,869	9.0
Operating Expenses and Pass-Through of Federal Funds:						
FY 2011-12 Appropriation	893	0	0	155,861,566	155,862,459	
(No change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating Expenses and Pass-Through Funds	893	0	0	155,861,566	155,862,459	
Staff Recommendation	\$82,327	\$0	\$0	\$156,549,001	\$156,631,328	9.0

Estimated Federal Nutrition Funds Available for FY 2012-13	
National School Lunch Program	\$123,600,000
School Breakfast Program	31,240,000
Special Milk Program	75,000

Estimated Federal Nutrition Funds Available for FY 2012-13	
Summer Food Service Program	4,000,000
Nutrition Education and Training Program	<u>4,306,600</u>
Total	163,221,600

State Match for Federal School Lunch Program.

Description. Under federal law, states must comply with a maintenance of effort (MOE) requirement in order to receive a portion of federal funds available through the National School Lunch Program. Colorado must comply with a \$2,472,644 MOE requirement or risk losing about \$17.5 million of the federal funds available through the program annually.

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

Request: The Department requests continuation funding of \$2,472,644 cash funds from the State Public School Fund for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** Pursuant to federal law [Title 42, Chapter 13, Section 1756, Subsection (1) (a), U.S. Code] and the associated federal regulations [Title 7, Chapter II, Part 210, Subpart D, Section 210.17, Subsection (d), U.S. Code of Federal Regulations], in order to comply with the MOE requirement, state moneys must be appropriated or used specifically for National School Lunch Program purposes (excluding state-level administrative expenses). It is possible that the State would risk the loss of about \$17.5 million in federal funds if this appropriation were eliminated. Staff recommends continuing to reflect this appropriation as cash funds -- interest and investment income earned on the Public School Fund that is credited to the State Public School Fund.

Child Nutrition School Lunch Protection Program.

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

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

Data Concerning Districts’ School Lunch Programs and the Child Nutrition School Lunch Protection Program	FY 09-10 Actual	FY 10-11 Actual
Total number of reduced price lunches served (all grade levels)	6,703,688	6,165,064
Number of above meals for which state reimbursement is available (K through 2 nd grade only)	1,867,050	1,712,652
Estimated number of students who benefit from Child Nutrition School Lunch Protection Program subsidy	10,669	9,787
Child Nutrition School Lunch Protection Program expenditures	\$739,790	\$688,274
<i>Annual percent change</i>	<i>6.1%</i>	<i>-7.0%</i>

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

Request: The Department requests continuation funding of \$850,000 cash funds from the State Education Fund for FY 2012-13.

Recommendation: **Consistent with current law, staff recommends approving the Department's request.** Program staff indicate that they expect this appropriation level to be sufficient to cover all eligible meals.

School Breakfast Program.

Description: Pursuant to H.B. 02-1349 [Section 22-54-123.5, C.R.S.], the General Assembly, may appropriate by separate line item an amount to assist school districts and Institute charter schools that are participating in the federal school breakfast program. The Department is required to allocate the state funds among participating school districts, and school districts are required to use the state moneys to create, expand, or enhance the school breakfast program in each low-performing school

of the receiving district with the goal of improving the academic performance of the students attending such schools.

The Department indicates that 83 school districts qualified for these funds in 2010. Each district received a minimum of \$1,500. Districts are encouraged to use these funds for the following: equipment, child nutrition software programs, utilities, consulting assistance concerning menu nutrient analysis, and marketing/promotional materials. The General Assembly did not fund the program in FY 2011-12 and the Department is not requesting an appropriation in FY 2012-13.

Start Smart Nutrition Program Fund and Start Smart Nutrition Program.

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

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

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

Data Concerning Districts’ School Breakfast Programs and the Start Smart Nutrition Program	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estimate
Number of <i>school districts</i> that offer a school breakfast program	162	165	170	169
Number of <i>schools</i> that offer a school breakfast program	1,344	1,400	1,385	1,407
Number of reduced price breakfasts served (and reimbursed by State)	2,181,525	2,320,063	2,266,326	2,811,650
Estimated number of students who benefit from Start Smart subsidy	12,466	13,258	12,950	16,067
Start Smart expenditures	\$654,458	\$696,019	\$679,996	\$843,495
<i>Annual percent change</i>	<i>N/A</i>	<i>6.4%</i>	<i>-2.3%</i>	<i>24.0%</i>

Request: The Department requests continuation of the \$700,000 General Fund appropriation to the Start Smart Nutrition Program Fund, and a total appropriation of \$843,495 (including \$700,000 reappropriated funds and \$143,495 cash funds) out of such fund for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** As detailed in the following table, moneys in the Start Smart Nutrition Program Fund will be sufficient to cover the requested appropriation.

Start Smart Nutrition Program Fund					
	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Estim.	FY 2012-13 Estim.
Beginning Fund Balance	\$177,086	\$236,826	\$253,547	\$284,907	\$152,768
General Fund Appropriation to the Cash Fund	700,000	700,000	700,000	700,000	700,000
Interest Earnings	14,198	12,739	11,356	11,356	11,356
Program Expenditures	<u>(654,458)</u>	<u>(696,018)</u>	<u>(679,996)</u>	<u>(843,495)</u>	<u>(843,495)</u>
Ending Fund Balance	\$236,826	\$253,547	\$284,907	\$152,768	\$20,629
Spending Authority Provided from Fund (Annual Appropriation from the Cash Fund)*	\$700,000	\$670,000	\$794,229	\$843,495	\$843,495
Appropriation Exceeds/(Falls Short of) Expenditures	45,542	(26,018)	114,233	0	0

* The adjusted appropriation for FY 2010-11 includes \$26,019 to address the over expenditure that occurred in FY 2009-10.

S.B. 97-101 Public School Health Services.

Description: Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services⁷ provided to Medicaid-eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding.

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

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

⁷ Services for which districts may bill Medicaid include: targeted case management (e.g., time spent developing an individual education plan for a student eligible for special education services or a health care plan for a student with diabetes); direct services (e.g., providing services as mandated in a student's individual education plan); diagnostic services (e.g., a special education-related evaluation); and health encounters (e.g., a school nurse treating a student with a stomach ache).

the Department of Education, and the remainder is paid directly to districts and BOCES for the provision of health care services.

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$142,073 reappropriated funds and 1.4 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$2,133 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for S.B. 97-101 Public School Health Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$0	\$85,044	\$0	\$85,044	0.4
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	0	1,685	0	1,685	0.0
Base reduction (2.0%)	<u>0</u>	<u>0</u>	<u>(2,133)</u>	<u>0</u>	<u>(2,133)</u>	<u>0.0</u>
Subtotal: Personal Services	0	0	84,596	0	84,596	0.4
Operating and Other Expenses:						
FY 2011-12 Appropriation	0	0	55,344	0	55,344	
(No change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal: Operating and Other Expenses	0	0	55,344	0	55,344	
Staff Recommendation	\$0	\$0	\$139,940	\$0	\$139,940	0.4

(II) Capital Construction

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

- 50 percent of the gross amount of revenues from income and mineral royalties derived from state public school lands, or more if required to make lease payments under the terms of lease-purchase agreements (\$60.3 million in FY 2010-11);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements (\$4.2 million of interest earned on proceeds held by a trustee was credited to the PSCCA Fund in FY 2010-11);
- all local matching moneys (\$3.6 million in FY 2010-11);
- lottery proceeds that would otherwise be transferred to the General Fund (\$662,230 in FY 2010-11); and
- interest and investment income earned on the PSCCA Fund (\$0.9 million in FY 2010-11).

Moneys in the PSCCA Fund are continuously appropriated to the Department for the purpose of making cash grants and paying transaction costs incurred in connection with the provision of financial assistance. Moneys in the PSCCA Fund are subject to appropriation for: (a) direct and indirect administrative costs incurred by the PSCCA Division and Board (including the financial assistance priority assessment); and (b) lease payments required for lease-purchase agreements.

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

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

- (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board.

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

Division of Public School Capital Construction Assistance.

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

Request. The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$874,523 cash funds and 9.0 FTE for FY 2012-13.

Recommendation: Staff's recommendation for this line item is pending the legal services rate for FY 2012-13. Outside of legal services expenses, staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076. The personal services recommendation is \$14,191 below the request because of the application of a 2.0 percent personal services base reduction. The components of staff's recommendation are detailed in the following table. ***Staff also recommends appropriating funds sufficient to purchase 200.0 hours of legal services for FY 2012-13.***

Summary of Recommendation for Division of PSCCA						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$786,588	\$0	\$0	\$786,588	9.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	13,250	0	0	13,250	0.0
Base reduction (2.0%)	<u>0</u>	<u>(14,191)</u>	<u>0</u>	<u>0</u>	<u>(14,191)</u>	<u>0.0</u>
Subtotal: Personal Services	0	785,647	0	0	785,647	9.0
Operating and Board Expenses:						

Summary of Recommendation for Division of PSCCA						
	GF	CF	RF	FF	TOTAL	FTE
FY 2011-12 Appropriation	0	59,543	0	0	59,543	
Legal Services Expenses:						
FY 2011-12 Appropriation	0	15,142	0	0	15,142	
Increase/ Decrease based on FY 2012-13 legal services hourly rate and 200.0 hours of legal services)	<u>0</u>	<u>Pending</u>	<u>0</u>	<u>0</u>	<u>Pending</u>	
Subtotal: Legal Services Expenses	0	Pending	0	0	Pending	
Staff Recommendation	0	Pending	0	0	Pending	9.0

Public School Capital Construction Assistance Board - Lease Payments.

Description. This line item provides spending authority to make payments as required by lease-purchase agreements. Pursuant to Section 22-43.7-110, C.R.S., the maximum *total* amount of annual lease payments payable by the State during FY 2011-12, under the terms of all outstanding lease-purchase agreements entered into by the State Treasurer as instructed by the PSCCA Board, is limited to \$80.0 million. The State portion of funding required to make lease payments may not exceed 50 percent of the maximum total annual lease payments (i.e., \$40 million for FY 2011-12). Further, pursuant to Section 22-43.7-104 (3), C.R.S., the use of any PSCCA Fund moneys to make lease payments required by lease-purchase agreements entered into shall be subject to annual appropriation by the General Assembly.

Request. The Department's budget request includes a continuation of the \$29,000,000 cash funds appropriation for this line item for FY 2012-13.

Recommendation. Based on more recent information provided by program staff, **staff recommends appropriating \$37,000,000 cash funds from the PSCCA Fund for the purpose of making lease payments for FY 2012-13.** The program staff anticipates \$36.9 million in total payments in FY 2012-13, including \$28.1 million in state funds and \$8.8 million in local matching funds. Both state and local funds are considered cash funds for the appropriation to this line item.

Financial Assistance Priority Assessment.

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

Request. The Department requests a continuation appropriation of \$164,793 cash funds from the PSCCA Fund for FY 2012-13.

Recommendation. **Based on updated information from program staff, staff recommends appropriating \$50,000 cash funds for FY 2012-13 to better align with anticipated expenditures.** Ongoing expenses are largely associated with software and system maintenance and are reduced from prior years.

State Aid for Charter School Facilities.

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

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

Request. The Department requests a continuation appropriation of \$5,000,000 from the State Education Fund for FY 2012-13.

Recommendation. **Staff recommends approving the request.** The following table provides a history of funding for charter school capital construction funding, along with the current law requirement for FY 2011-12.

State Funding for Charter School Capital Construction Costs		
Fiscal Year	Total Appropriation	Funding per Pupil for Schools Eligible for Funding a/
2004-05	\$5,000,000	\$171.06
2005-06	5,000,000	145.09
2006-07	7,800,000	201.17
2007-08	5,000,000	115.77

State Funding for Charter School Capital Construction Costs		
Fiscal Year	Total Appropriation	Funding per Pupil for Schools Eligible for Funding a/
2008-09 b/	5,135,000	107.47
2009-10	5,000,000	97.64
2010-11	5,000,000	90.06
2011-12	5,000,000	78.98
2012-13 (estimate)	5,000,000	74.53

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

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

Based on self-reported enrollment projections for FY 2012-13, Department staff estimate that this appropriation would provide about \$75 per FTE (with charter schools in district facilities receiving about \$37 per FTE). Absent a statutory change, funding per pupil will continue to decline as the number of students attending eligible charter schools continues to increase.

State Charter School Institute Capital Construction Assistance.

This line item was renamed as, "Institute Charter School Assistance Fund" and moved to the (1) Management and Administration, (D) State Charter School Institute section of the Long Bill in FY 2011-12. For a full discussion and staff's appropriation recommendation, see subsection (1) (D).

(III) Reading and Literacy

Read-to-Achieve Grant Program.

Description: Established in 2000, this competitive grant program provides grants to schools to fund intensive reading programs for students in kindergarten through third-grade (including students between the third- and fourth-grades) whose literacy and comprehension skills are below grade level. Schools may utilize the funds for in-class support and assistance, one-on-one school day pull-out programs, after school tutoring programs, or summer programs. Schools may request grant funds for up to three years. However, schools are required to demonstrate that at least 65 percent of the pupils who completed the one year instructional cycle of the intensive reading program reached their achievement goals or demonstrated that they are on pace to achieve grade level proficiency on the statewide reading assessment. [Section 22-7-901 et seq., C.R.S.]

This program is primarily funded from tobacco litigation settlement moneys. Under current law, five percent of the annual amount of tobacco settlement moneys received by the State, up to a maximum of \$8.0 million, is annually credited to the Read-to-Achieve Cash Fund. The Department is authorized to spend up to three percent of moneys annually appropriated from the Read-to-Achieve Cash Fund for the expenses incurred by the Read-to-Achieve Board in administering the program. These costs include expenditures associated with 1.0 FTE, an external evaluator, tobacco oversight

costs, outside consultants (who conduct site visits and provide technical assistance), networking days, travel, temporary services, postage, printing/reproduction, supplies, and materials.

Since 2000, three grant cycles have been completed (FY 2000-01 to 2003-04, FY 2004-05 to FY 2006-07, and FY 2007-08 to 2009-10). To date, \$122.9 million has been spent through this program⁸.

Read-to-Achieve Grant Program: Funding History		
Fiscal Year	Appropriation	Expenditures (including administrative expenditures)
1999-00	\$7,000,000	\$0
2000-01	19,000,000	18,981,991
2001-02	17,469,492	17,460,534
2002-03	16,183,438	16,183,434
2003-04*	13,675,732	13,527,758
2004-05	16,331,727	16,289,727
2005-06	15,922,311	15,914,274
2006-07	4,369,567	4,358,408
2007-08	5,277,293	4,479,589
2008-09	6,524,508	5,918,882
2009-10	4,507,883	4,403,643
2010-11	6,290,713	5,383,445
2011-12	4,391,241	
Cumulative	136,943,905	122,901,685
* Includes \$3,000,000 in federal "flexible" funds available pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003		

Fiscal year 2010-11 was the first year of the fourth three-year grant cycle. A total of 47 schools from seven school districts received grant awards in FY 2010-11.

Request: The Department requests a continuation appropriation of \$4,391,241 cash funds from the Read-to-Achieve Cash Fund and 1.0 FTE for FY 2012-13.

⁸ Please note that since FY 2002-03, the Department has been statutorily required to allocate 1.0 percent of the amount annually appropriated for this program to certain eligible BOCES; such moneys are to be used to assist member school districts and schools in applying for grants.

Recommendation: Based on current law, **staff recommends appropriating \$5,242,516 from the Read-to-Achieve Cash Fund and 1.0 FTE for FY 2012-13.** This recommendation includes \$4,464,880 in anticipated transfers of tobacco settlement moneys, and \$777,636 from the balance available in the Read-to-Achieve Cash Fund. Staff has not applied the common policy personal services base reduction because the reduction would not affect the statutory distribution of tobacco settlement moneys to the program. To the extent that the Department spends less on personal services, more funds would be available for grants and professional development.

Summary of Recommendation: Read-to-Achieve Grant Program	
<i>FY 2011-12:</i>	
Read-to-Achieve Cash Fund balance as of June 30, 2011	\$0
Projected tobacco settlement moneys credited to the Fund in FY 2011-12	4,452,976
Interest earnings	10,000
Moneys returned from grant recipients from the prior year	613,691
Subtotal: Total amount available in Fund for FY 2011-12	5,076,667
Appropriations for juveniles held in jails (S.B. 10-054)	(120,418)
Distribution to BOCES as required by Section 22-2-122 (3), C.R.S. (1.0 percent of \$4,391,241 appropriation)	(43,912)
Moneys set aside by Read-to-Achieve Board in August 2011 for administrative expenditures	(125,901)
Moneys distributed to 39 new school sites in August 2011	(3,058,089)
Additional moneys distributed for professional development in December 2011 (including DIBELS training in the Spring of 2012)	(830,665)
Total projected expenditures for FY 2011-12	(4,178,985)
Projected Fund balance as of June 30, 2012	897,682
<i>FY 2012-13:</i>	
Plus: Projected tobacco settlement moneys credited to the Fund in FY 2012-13	<u>4,464,880</u>
Subtotal: Total funding available in Fund for FY 2012-13	5,362,562
Less: Recommended appropriations for juveniles held in jails (S.B. 10-054)	(120,046)
Funds projected to be available for Read-to-Achieve Grant Program appropriation for FY 2012-13	5,242,516
Less: Distribution to BOCES as required by Section 22-2-122 (3), C.R.S. (1.0 percent of \$6,256,086 appropriation)	(52,425)
Less: Amount authorized for administrative expenses	(157,275)
Equals: Amount estimated to be available for grants and professional development	5,032,815

Federal Title I Reading First Grant.

The Reading First grant program was established to help school districts identify and adopt "scientifically based" reading programs for children in kindergarten through third grade. States were also are allowed to use remaining funds for a number of related activities, including: teacher preparation, professional development, and licensure and certification; technical assistance to help districts implement Reading First; and administration, planning, and reporting. This program has been discontinued.

Family Literacy Education Fund and Family Literacy Education Grant Program.

Background Information. House Bill 02-1303 [see Section 22-2-124, C.R.S.] established the Family Literacy Education Grant Program through which school districts, community colleges, libraries, and other organizations may receive funding to provide family literacy education, adult literacy education, and English language literacy education services. The program was to be funded with gifts, grants, or donations credited to the Family Literacy Education Fund. The act included provisions stating the intent of the General Assembly that no General Fund be appropriated to support the Program, and repealing the Program if sufficient moneys were not credited to the Family Literacy Education Fund prior to December 1 each year. Subsequently, this provision was amended to allow General Fund appropriations to the cash fund, and the General Assembly appropriated \$200,000 General Fund in FY 2008-09 for this purpose. This line item was eliminated in FY 2011-12.

Request: The Department is not requesting an appropriation for this line item in FY 2012-13.

Recommendation: **Staff recommends the request.**

(IV) Professional Development and Instructional Support

Content Specialists.

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

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The Department requests \$441,808 cash funds from the State Education Fund and 5.0 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$7,289 below the request because of the application of

the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Content Specialists						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$415,323	\$0	\$0	\$415,323	5.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	7,706	0	0	7,706	0.0
Base reduction (2.0%)	<u>0</u>	<u>(7,289)</u>	<u>0</u>	<u>0</u>	<u>(7,289)</u>	<u>0.0</u>
Subtotal: Personal Services	0	415,740	0	0	415,740	5.0
Operating Expenses:						
FY 2011-12 Appropriation	0	18,779	0	0	18,779	
Staff Recommendation	\$0	\$434,519	\$0	\$0	\$434,519	5.0

The content specialist team provides essential support for the implementation of S.B. 08-212, including supporting teachers, schools, and districts in the implementation of new Colorado academic standards.

Office of Dropout Prevention and Student Re-engagement.

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

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

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

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

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

Request: The Department's request reflects a continuation appropriation of \$3,000,000 federal funds and 2.3 FTE for FY 2012-13 based on the budget submitted to the U.S. Department of Education.

Recommendation: **Staff recommends reflecting the request.** Staff has not applied the base common policy personal services base reduction because the federal grant funds supporting the program are reflected for information purposes only and the base reduction would not affect the federal grant. To the extent that the Department spends less of the granted funds on personal services, more would be available for distribution as grants.

According to the Department, most of the funding in FY 2012-13 (\$2,575,000) will be used to provide technical assistance and workshops for school districts and to purchase services on behalf of school districts for: strategic planning, evaluation, and further development of the CDE's research-based framework for dropout prevention and dropout reengagement - including identification of students at risk of dropping out, developing effective interventions to serve those students, and institutional change to create school environments which support student engagement. A portion of this funding will be used at the state level to focus on an online professional development for district teachers and leaders to develop or strengthen collaboration and community partnerships that support dropout prevention, and to evaluate the project. The remainder of the funding will support 2.3 FTE state staff (\$195,580) and associated operating (\$25,956) and indirect costs (\$203,464).

Closing the Achievement Gap.

Description: This line item was first added in the FY 2008-09 Long Bill in response to a budget request from the Department. This line item provides funding for a pilot program designed to close achievement gaps between poor and minority students and their more affluent peers. Through its FY 2008-09 budget request, the Department proposed inviting those districts in the highest quartile with respect to achievement gaps to apply for Department assistance. Department intervention was intended to be available to an estimated six school districts as a pilot program (the number of years of support a district would receive was not specified). Participating districts would receive three types of assistance, estimated to cost \$300,000 per year:

- a "gap consultant", who would be hired by each school district, be located in the district, and be part of the district's administrative team [\$75,000 to \$100,000 per year, per district];

- software tools and hardware platform for monitoring progress for each district, including "formative" assessments [\$100,000 per year, per district]; and
- staff development and on-site coaching for both teachers and instructional leaders in each district [\$100,000 per year, per district].

Additionally, each district would choose an independent pre-qualified vendor to assist in plan implementation of the project.

The Department initially selected six pilot school districts⁹. The Department indicates that funds were used to provide professional development, for consistent benchmarking assessment and data analysis tools, and to invest in processes that promote sustainable systems change. These strategies included professional learning communities for data review and decision-making for all students.

This line item was eliminated as a budget balancing measure to increase State Share of Districts' Total Program distributions to schools in FY 2011-12.

Request: The Department is not requesting an appropriation for this line item in FY 2012-13.

Recommendation: **Staff recommends the request.**

School Leadership Academy Program.

Description: House Bill 08-1386 created the School Leadership Academy Program to provide recruitment, induction, and professional development for principals in public schools. The intent of the program is to provide training both for practicing principals, and for initial principal licensees. The bill creates the School Leadership Academy Board to oversee the program and identify the base curriculum of the program. The procedures are to be submitted to the State Board of Education for its approval. The bill also authorizes this program to be supported by State Education Fund moneys.

In FY 2009-10, this line item received a one-time allocation of \$25,000 federal funds through the American Recovery and Reinvestment Act (ARRA) of 2009. For FY 2010-11, the General Assembly appropriated \$75,000 General Fund and 0.7 FTE for this program. At the Department's request, funding for this line item was eliminated in FY 2011-12.

Request: The Department is not requesting any funds for this line item in FY 2012-13.

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

⁹ The pilot program districts included: Eagle, Garfield - Roaring Fork, Weld - Greeley, Yuma, Summit, and Boulder - St. Vrain.

Financial Literacy.

Pursuant to H.B. 04-1360 [Section 22-2-127, C.R.S.], the State Board of Education is required to create, maintain, and make available to school districts a resource bank of materials pertaining to financial literacy. The Department is required to provide technical assistance related to curriculum design upon the request of a school district or a charter school. While this act authorized the Department to accept gifts, grants, and donations for such purpose, it also authorized the use of State Education Fund moneys and from FY 2004-05 through FY 2009-10, the General Assembly annually appropriated about \$40,000 cash funds from the State Education Fund for this purpose. The Department does not request funding for FY 2012-13.

Colorado History Day.

Pursuant to H.B. 04-1202 [Section 22-1-104 (5), C.R.S.], the Department is required to "assist the school districts of the state in developing and promoting programs for elementary and secondary students that engage the students in the process of discovery and interpretation of historical topics". While this act authorized the Department to accept gifts, grants, and donations for such purpose, it also authorized the use of State Education Fund moneys and from FY 2004-05 through FY 2009-10, the General Assembly annually appropriated \$10,000 cash funds from the State Education Fund for this purpose.

The Department used these funds to support a memorandum of understanding with the Department of History, University of Colorado at Denver and Health Sciences Center, for "Colorado History Day". Through this program, students in grades six through twelve engage in a year-long educational program leading to regional competitions in February and March; regional competition winners travel to the state-level competition in May at the University of Colorado, and winners at the state level advance to the national contest at the University of Maryland in June. The funds provided through this line item were used to support regional programs, teacher workshops and curriculum support, coordination of the annual state-level competition, and coordination of Colorado's delegation at the national competition. The Department does not request funding for FY 2012-13.

(V) Facility Schools

Background Information. While most children in Colorado receive public education services through school districts or schools that are authorized by the State Charter School Institute, some children receive their education through schools operated by community-based facilities or state-operated programs¹⁰. In 2008, the General Assembly modified the method of funding facility schools and certain state programs by:

¹⁰ Pursuant to Section 22-54-129 (1) (f), C.R.S., "state programs" include the Colorado School for the Deaf and the Blind and the education programs operated by the Colorado Mental Health Institutes at Pueblo and Fort Logan.

- Removing pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding¹¹.
- Requiring facility schools and state programs to report information directly to the Department's Facility Schools Unit concerning individual students, including the student's district of residence and the actual number of days of attendance each month.
- Allowing facility schools to bill the Department using state average per pupil revenues (thereby including revenues previously retained by school districts for capital outlay and risk management), and allowing facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs.

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

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

Facility Schools Unit and Facility Schools Board.

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

Request. The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The Department requests \$258,575 reappropriated funds and 3.0 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$3,220 below the request because of the application of

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

the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Facility Schools Unit and Facility Schools Board						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$0	\$0	\$183,494	\$0	\$183,494	3.0
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	0	0	183,494	0	183,494	3.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	0	0	2,231	0	2,231	0.0
Base reduction (2.0%)	<u>0</u>	<u>0</u>	<u>(3,220)</u>	<u>0</u>	<u>(3,220)</u>	<u>0.0</u>
Subtotal: Personal Services	0	0	182,505	0	182,505	3.0
Operating Expenses:						
FY 2011-12 Appropriation	0	0	72,850	0	72,850	
Staff Recommendation	\$0	\$0	\$255,355	\$0	\$255,355	3.0

As long as the amount payable to facility schools does not fall below \$12,767,750 in FY 2012-13, the above amount will fall below the 2.0 percent statutory cap on this unit's expenditures.

The Department purchased 18 hours of legal services in FY 2008-09, the unit's first year of operation. Staff assumes that the unit's ongoing needs for legal services will be minimal, and could be covered with the operating expenses portion of the appropriation.

Facility School Funding.

Description. This line item provides funding for the Department to make payments to facility schools as required by Section 22-54-129, C.R.S. This provision authorizes the payment of the state average per pupil revenue times 1.33; this amount is translated into a daily rate, and each facility school receives a daily rate for each child in attendance for up to 235 days each school year.

Request. The Department's request includes a continuation appropriation of \$14,222,000 cash funds from the State Education Fund for FY 2012-13, unchanged from the FY 2011-12 appropriation.

Recommendation. There are currently 55 facility schools and two state programs that receive funding through this line item. These programs are allowed to receive reimbursement for each child in attendance for up to 235 days each year. Based on estimated funding under the School Finance Act (current law), these programs will receive up to \$8,517.97 per child per year (\$6,404.97 X 1.33) for FY 2012-13 (or \$36.25 per student per school day). While the Mental Health Institutes and most facility schools provide year-round education programs; the Colorado School for the Deaf and the

Blind and a few facility schools do not provide year-round educational programs. The following table provides an estimate of the amount of funding required for this line item for FY 2012-13, and the portions that will be transferred to other state agencies.

Facility School Funding: FY 2012-13	
Description	Updated Estimates
Projected Average Facility Schools FTE	1,660.0
Multiplied by: State Average Per Pupil Revenues for FY 2012-13 X 1.33	<u>\$8,517.97</u>
Total Estimated Facility School Payments	\$14,139,833
Plus: Additional funding (approximately 1.5 percent) to account for placement and attendance fluctuations	\$215,167
Recommendation for Facility School Funding line item	\$14,355,000
<u>Estimated portion of above amount transferred to state agencies:</u>	
<i>Department of Education:</i> Colorado School for the Deaf and the Blind	1,175,316
<i>Department of Human Services (DHS):</i> Mental Health Institutes (Pueblo only)	118,973

Facility schools are paid monthly for the number of students receiving educational services. Thus, unlike school districts, payments to facility schools fluctuate throughout the year based on enrollment and attendance. Staff thus recommends providing an appropriation that is somewhat higher than the total estimated facility school payments, as calculated in the table above. If actual billings fall short of the appropriation, the unspent funds would remain in the State Education Fund.

Staff recommends appropriating \$14,355,000 for FY 2012-13. This level of appropriation leaves a cushion of about 1.5 percent to cover potential increases in the number of students placed in facility schools and school attendance fluctuations. Please note that consistent with Section 22-54-129, C.R.S., staff is using the state average per pupil revenue amount for FY 2012-13 based on the existing statutory formula. Thus, if the formula is modified through separate legislation this session, this line item may need to be adjusted accordingly.

Finally, staff recommends reflecting the following transfers of reappropriated funds to other state agencies that receive funding for educational programs from this line item:

- **\$1,175,316 to the Colorado School for the Deaf and the Blind, School Operations**
- **\$118,973 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes**

(V) Summer and After-school Programs

Note: This section was not in the FY 2011-12 Long Bill because the General Assembly did not appropriate funding for any of these programs. **The Department is not requesting, and staff is not recommending, any funding for these programs in FY 2012-13.**

Summer School Grant Program.

Originally established S.B. 01-129 [Section 22-7-801 et seq., C.R.S.], this program provides grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year. The Department is authorized to annually withhold up to three percent of the moneys appropriated for this program to offset the direct costs incurred in administering the program and to "evaluate the progress of the summer school programs operated by school districts and Institute charter schools that receive grants" through the program. This program is subject to available appropriations, and the Department has not requested funding for FY 2012-13.

Dropout Prevention Activity Grant Program.

Description. House Bill 05-1024 created the Dropout Prevention Activity Grant Program. This program is funded through voluntary income tax check-off contributions, which are credited to the Dropout Prevention Activity Grant Fund. This Fund is subject to annual appropriation, and the Department is authorized to expend up to two percent of the moneys annually appropriated from the Fund to offset the direct and indirect costs incurred in implementing the Program. Pursuant to Section 22-27.5-101 et seq., C.R.S., the Department is to distribute these funds to before- and after-school programs that provide arts-based or vocational activities for students in grades six through nine who are at risk of dropping out of school. The Department developed a grant application process for qualified schools and community-based organizations that would have prioritized schools that experience high dropout rates.

Request: The Department does not request funding for this program in FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

(VI) Other Assistance

Appropriated Sponsored Programs.

Description: This line item reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met

by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

Request: The Department requests a continuation appropriation of \$282,580,000 total funds (including \$3,100,000 cash funds, 4480,000 reappropriated funds, and \$275,000,000 federal funds) and 74.0 FTE for FY 2012-13. The request continues a \$1.8 million increase approved as a supplemental appropriation in FY 2011-12 to accommodate additional grant funding.

Recommendation: **Based on updated information from the Department, staff recommends a total appropriation of \$281,945,000, including \$2,350,000 cash funds, \$4,595,000 reappropriated funds, and \$275,000,000 federal funds.** Based on updated information concerning current grants, the Department's request to continue the \$1.8 million increase in cash funds approved through the FY 2011-12 supplemental would provide \$1.5 million in additional spending authority for grants that the Department has not yet received. Staff's recommendation reduces that "buffer" amount by half, providing \$750,000 to allow the Department to utilize additional grants in FY 2012-13. In addition, staff's recommendation also increases the reappropriated funds appropriation by \$115,000 based on anticipated funding from the Department of Human Services.

Staff has not applied the common policy personal services base reduction because the reduction would not affect the receipt of grant funds (federal and private) supporting the vast majority of this line item. Staff recommends appropriating rounded dollar amounts to better reflect the nature and basis for these appropriations. The following table compares the Department's request and staff's recommendation for this line item for FY 2012-13.

Appropriated Sponsor Programs: FY 2012-13 Estimates				
Distribution	Department Request		Staff Recomm.	
	Amount	FTE	Amount	FTE
<i>Cash Funds:</i>				
Fees charged for workshops, conferences, training programs, and seminars	\$810,000	0.0	\$810,000	0.0
University of Denver - Early Childhood Grant	50,000	0.1	50,000	0.1
CO Legacy Foundation/Gates Foundation Grant	275,000	0.0	275,000	0.0
Healthy Schools Private Grant	465,000	0.8	465,000	0.8
Allowance for Additional Grants	<u>1,500,000</u>	<u>0.0</u>	<u>750,000</u>	<u>0.0</u>
Subtotal: Cash Funds	3,100,000	0.9	2,350,000	0.9
<i>Reappropriated Funds:</i>				
Traumatic Brain Injury - Human Services	0	0.0	115,000	0.0
Federal Child Care Block Grant funds transferred from the Department of Human	<u>4,480,000</u>	<u>6.0</u>	<u>4,480,000</u>	<u>6.0</u>

Appropriated Sponsor Programs: FY 2012-13 Estimates				
Distribution	Department Request		Staff Recomm.	
	Amount	FTE	Amount	FTE
Services				
Subtotal: Reappropriated Funds	4,480,000	6.0	4,595,000	6.0
<i>Federal Funds:</i>				
Title I Programs	193,336,548	30.4	193,336,548	30.4
Title II Programs	37,586,584	10.5	37,586,584	10.5
After School Learning Centers	12,010,541	5.0	12,010,541	5.0
Charter School Grants	10,450,000	4.0	10,450,000	4.0
Adult Education - WIA	7,011,513	8.0	7,011,513	8.0
Mathematics and Science Partnerships	2,201,364	1.0	2,201,364	1.0
Longitudinal Data Education Access	7,014,000	1.0	7,014,000	1.0
Educate Homeless Children	875,621	1.3	875,621	1.3
Even Start	557,603	0.1	557,603	0.1
Byrd Scholarship Program	653,851	0.0	653,851	0.0
Coordinated School Health/ Aids Prevention	501,644	4.1	501,644	4.1
Other	<u>2,800,731</u>	<u>2.0</u>	<u>2,800,731</u>	<u>2.0</u>
Subtotal: Federal Funds	275,000,000	67.4	275,000,000	67.4
Total	\$282,580,000	74.3	\$281,945,000	74.3

School Counselor Corps Grant Program.

Description: Established in 2008 [Section 22-91-101, *et seq.*, C.R.S.], this competitive grant program provides grants to school districts, boards of cooperative services, and charter schools to increase the availability of effective school-based counseling within secondary schools. The stated goal of the program is to increase the state graduation rate and to increase the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. Subject to available appropriations, the State Board awards three-year grants based on statutory criteria¹². The State Board is required to give priority to schools at which the dropout rate exceeds the statewide average. The Department is authorized to expend up to 2.0 percent of moneys annually appropriated for the

¹² These criteria include: the school’s dropout rate, the percentage of students eligible for free or reduced price lunch, the percentage of students who graduate and enroll in postsecondary education within two years after graduating high school, whether the applicant has adopted or has committed to adopt national standards for school counselor responsibilities, and the likelihood that the recipient will continue to fund the increased level of school counseling services following the expiration of the grant.

Program to offset the costs incurred in implementing the program. This program is subject to available appropriations.

A total of 90 schools received grants through the first grant cycle, which ended in FY 2010-11, and some of those schools received additional performance awards. According to the Department, a total of 78 schools have been selected for grants in the second cycle, which began in FY 2011-12.

Request: The Department requests a continuation appropriation of \$5,000,000 cash funds from the State Education Fund and 1.0 FTE, equal to the FY 2011-12 appropriation.

***Recommendation:* Staff recommends an appropriation of \$4,520,000 cash funds from the State Education Fund, a reduction of \$480,000 below the request, based on concerns about the ability of the program to successfully encourage recipient schools to continue to fund increased counselor services after the expiration of Counselor Corps grants.** Staff recommended eliminating funding for this program in FY 2011-12, which would have been the first year of a new grant cycle. The General Assembly provided \$5.0 million for the program in FY 2011-12.

Under statute (see Sections 22-91-105 (2) (j) and (3) (e), C.R.S.), the Department must consider the likelihood that "recipient schools will continue to fund the increases in the level of school counseling services following the expiration of the grant" as a criterion for grant awards. However, according to the Department, 34 of the 78 schools receiving grants in the cycle which began in FY 2011-12 also received grants in the first round. The 34 schools represent 37.8 percent of the 90 schools supported in the first round of grants and 43.6 percent of the schools funded in the second cohort (beginning in FY 2011-12). Staff questions whether the program is meeting the statutory intent to have schools continue funding the increased counseling services following the expiration of the grant.

Staff is reluctant to reduce "committed" funding in the middle of the grant cycle and recommends fully funding the grants that recipient schools are already anticipating for FY 2012-13. According to the Department, recipient schools will receive a total of \$4,800,000 in FY 2011-12, and the grant amount for each school will decline by 10.0 percent in FY 2012-13 (for a total reduction of \$480,000). The Department intends to award the \$480,000 difference to a new cohort of schools, beginning in FY 2012-13. Staff's recommendation eliminates the funding for the new cohort the Department intends to begin funding in FY 2012-13. The following table compares the components of the Department's request to staff's recommendation.

Component	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Program Costs	\$200,000	\$200,000
Grants to Existing Cohort (began in FY 2011-12)	4,320,000	4,320,000
Grants to FY 2012-13 RFP	<u>480,000</u>	<u>0</u>
Total	\$5,000,000	\$4,520,000

Contingency Reserve Fund.

Description: Pursuant to Section 22-54-117 (1) and (4), C.R.S., the State Board is authorized to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I) financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II) financial emergencies caused by nonpayment of property taxes;
- (a) (III) revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV) unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V) unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI) unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only);
- (a) (VII) unusual financial burden caused by a significant enrollment decline pursuant to a reorganization; and,
- (b) in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance.

Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

Please note that pursuant to Section 22-54-117 (1) (c), C.R.S., when a school district reimburses the State for supplemental assistance received from the Contingency Reserve, the reimbursement is credited to the Contingency Reserve Fund rather than the General Fund. Thus, these repayments may then be made available to meet other districts' needs.

Request: The Department's request reflects continuation funding of \$1,000,000 cash funds for FY 2012-13. With Decision Item #4 (discussed with the "Transfer to Great Teachers and Leaders Fund" line item above), the Department also requests a transfer of \$424,390 cash funds from the Contingency Reserve Fund to the Great Teachers and Leaders Fund.

Recommendation: **Staff recommends appropriating \$1,000,000 cash funds (from the Contingency Reserve Fund) for FY 2011-12. As discussed above with the requested Transfer to Great Teachers and Leaders Fund line item, staff recommends rejecting the requested cash fund transfer from the Contingency Reserve Fund to the Great Teachers and Leaders Fund.** Staff does not see the Contingency Reserve Fund as an appropriate fund source for the ongoing operations of the Educator Effectiveness Unit and, as discussed above, recommends supporting the operations of that unit with General Fund rather than the Contingency Reserve Fund. The Department estimates that the Contingency Reserve Fund will have a balance of \$1.4 million at the beginning of FY 2012-13.

Supplemental On-line Education Services.

Description: Pursuant to H.B. 06-1008 [Section 22-5-119, C.R.S.], this program provides funding to ensure that supplemental on-line courses are affordable for school districts, BOCES, and charter schools. This line item provides funding to the Mountain BOCES to contract with a supplemental on-line course provider to offer on-line courses at a cost of no more than \$200 per student per semester course. This program is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund. Since FY 2007-08, the General Assembly has annually appropriated \$480,000 cash funds for this purpose.

Request: The Department requests continuation funding of \$480,000 cash funds from the State Public School Fund for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** Federal mineral lease revenues that are not appropriated for this purpose can instead be appropriated for the State Share of Districts' Total Program Funding, thereby mitigating any reduction to school districts' total program funding. However, this program is a cost-effective way to ensure that schools – particularly rural school districts – are able to purchase on-line courses to supplement their course offerings and help students comply with higher education admission guidelines.

Supplemental On-line Education Grant Program.

Description: Pursuant to H.B. 07-1066 [Section 22-2-130, C.R.S.], this line item provides funding for a grant program designed to assist small and rural school districts, BOCES, charter schools, and facility schools in overcoming financial or technical barriers to providing supplemental on-line education courses. Grants of up to \$5,000 can be used:

- to provide additional reimbursement for the cost of purchasing supplemental on-line courses;
- to provide technical equipment or hire technical specialists to audit and reconfigure computer networks;
- to provide staff development and training; or
- to provide financial assistance to hire personnel to facilitate on-line access

The Board is to give priority to those entities that have been unable to provide supplemental on-line courses in the past, and to consider both the degree to which students require supplemental on-line

courses to meet higher education admission standards as well as other revenue sources available to each entity. The Department is authorized to spend up to two percent of the moneys annually appropriated for this program to offset the direct and indirect costs of administering the program. This program is subject to available appropriations. The source of funding is federal mineral lease revenues that are credited to the State Public School Fund.

Funding for this line item was eliminated in FY 2011-12.

Request: The Department is not requesting funding for this line item in FY 2012-13.

Recommendation: **Staff recommends approval of the request.**

School Awards Program Fund and School Awards Program.

Description: Pursuant to Section 22-11-601, et seq., C.R.S., and subject to available appropriations, the State Board is required to annually make financial awards to certain public schools based on the schools' levels of attainment on the performance indicator concerning student achievement levels on the statewide assessments, including:

- John Irwin Schools of Excellence Awards - for schools in the top eight percent of all schools;
- Governor's Distinguished Improvement Awards - for schools that demonstrate the highest rates of student longitudinal growth; and
- Centers of Excellence Awards) - for schools that enroll a student population of which at least 75 percent are at-risk pupils and that demonstrate the highest rates of student longitudinal growth.

The source of funding for this program is the School Awards Program Fund, which consists of any gifts, grants, and donations received, any appropriations made by the General Assembly, and any moneys statutorily transferred to the Fund. Senate Bill 09-256 (School Finance Act) provided a one-time transfer of \$250,000 from the Read-to-Achieve Cash Fund to the School Awards Program Fund in FY 2009-10.

This line item was eliminated in FY 2011-12 due to a lack of funds in the School Awards Program Fund.

Request: The Department is not requesting any funds for this line item in FY 2012-13.

Recommendation: **Staff recommends the request.** The Department spent the full \$250,000 that was made available for this program in FY 2009-10. No gifts, grants, or donations have been received for this purpose.

Interstate Compact on Educational Opportunity for Military Children.

Description: Through H.B. 08-1317 [see Sections 22-90-101 and 24-60-3401, C.R.S.], the General Assembly approved and ratified and authorized the Governor to enter into the Interstate Compact on

Educational Opportunity for Military Children on behalf of the State. This compact was developed by the Council of State Governments. The Military Interstate Children's Compact Commission (MIC3) is a separate, non-profit entity based in Lexington, Kentucky. Colorado is currently one of 40 states that have adopted the Compact. Member states agree, as part of the Compact, to pay an annual assessment to cover the cost of the operations and activities of the Commission. Cheryl Serrano, Superintendent of El Paso - Fountain Ft. Carson school district currently serves as Colorado's Commission member.

The Compact is intended to remove barriers to educational success children of military families experience due to either frequent moves and/or the deployment of their parents. The Compact provides for uniform treatment of military children transferring between school districts and states. Specifically, the Compact addresses the following issues facing children of active duty service members, of members who die on active duty, and of veterans:

- *Enrollment* - educational records, immunizations, and kindergarten and 1st grade entrance age
- *Placement and Attendance* - course and educational program placement, special education services, placement flexibility, and absence related to deployment activities
- *Eligibility* - eligibility for student enrollment and extracurricular activities
- *Graduation* - waiving course requirements if similar courseware has been completed; flexibility in accepting state exit and end-of-course exams, national achievement tests, or alternative testing in lieu of graduation testing requirements; and allowing a student to receive a diploma from a sending school district

Request: The Department requests continuation funding of \$22,832 cash funds from the State Education Fund for FY 2012-13.

Recommendation: **Staff recommends appropriating \$24,061 cash funds from the State Education Fund for FY 2012-13.** Commission staff indicate that the current assessment is \$1.00 per child of active duty military personnel who are assigned (but who may not necessarily reside) to a base in each member state. The number of children that is used as the basis for the assessment is determined by the Department of Defense. The Commission notifies member states in September of the assessment that will occur the following July. Commission staff indicate that Colorado's assessment for the current fiscal year is \$22,832, and for FY 2012-13 has been established at \$24,061.

(3) LIBRARY PROGRAMS

Background Information. Public libraries are managed and operated locally based on revenues raised from local sources¹³. The State provides no direct state funding to libraries and has no authority over public library operations. However, the Commissioner of Education is designated as the ex officio State Librarian, and the State Library is a division within the Department of Education. The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to promote and coordinate the sharing of resources and cooperative relationships among all Colorado libraries to reduce costs at the local level;
- to ensure equal access to information for all Coloradans without regard to age, physical or mental health, place of residence, or economic status;
- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and
- to receive and administer federal funds for libraries.

The State Library provides technical support, professional development, and resource sharing opportunities for publicly-supported libraries throughout the state. The State Library cooperatively manages the Colorado Virtual Library, a statewide, Internet-based library network that provides several services to Colorado residents:

- a statewide interlibrary loan system;
- Plinkit - a web hosting services that allows small libraries to have a web presence;
- Colorado Historic Newspaper Collection; and
- AskColorado - an on-line, 24/7 virtual reference service that connects individuals with librarians throughout the state.

The State Library also provides development services for public libraries, school libraries, and institutional libraries in adult and youth correctional facilities and state veterans hospitals. Services

¹³ Publicly supported libraries include public, school, and academic libraries. The Department indicates that Colorado has 114 public library jurisdictions with 252 public library buildings. Local libraries are funded through property, sales, and specific ownership tax revenues, as well as grants, donations, and fine revenues. Most public library jurisdictions serve rural populations (96 serve populations less than 50,000, including 47 that serve fewer than 5,000 people). In FY 2010-11, nearly 60.0 percent of libraries in Colorado reported that they are the only provider of free access to the Internet in their communities.

to public and school libraries include support of early literacy activities and Summer reading programs. The State Library also operates the State Publications Library (which provides free access to state government documents) and the Colorado Talking Book Library (which provides free materials to individuals who are unable to read standard print material). Finally, the State Library provides research and statistical information to support policy-making, budgeting, planning, and evaluation activities for libraries and library agencies at the local, regional, state, and federal levels.

Administration.

Description: This line item provides state funding and staff for the general administration of library programs and the provision of library services. The following table details the staffing composition for this line item.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
State Librarian/ Supervision for Institutional Library Development and State Publications Library/ Talking Book Library Director	2.5	2.3	2.3	2.3
Institutional Libraries - Adult Prison Services	2.0	2.0	2.0	2.0
State Publications Library	3.0	3.0	3.0	3.0
Information Technology System Administration	1.0	1.0	1.0	1.0
Colorado Talking Book Library Staff	5.5	6.0	6.0	6.0
TOTAL	14.0	14.3	14.3	14.3

Request: The Department requests continuation level funding according to OSPB's common policies, including the following changes: (1) restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076; and (2) restoration of a 5.0 percent General Fund reduction for operating expenses that was taken in FY 2010-11. The FY 2012-13 request includes a total of \$999,598 and 14.3 FTE, consisting of \$749,598 General Fund and \$250,000 cash funds. The source of cash funds is grants and donations¹⁴.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076; and (3) the requested restoration of the General Fund reduction for operating expenses taken in FY 2010-11.** The recommendation is \$15,880 below the request because of the

¹⁴ Cash funds for this line item include interest earned on the Mary Jones Trust, which was established in 1981 with an initial donation of \$91,000. As of February 21, 2012, the balance in the Trust was approximately \$800,000. The Trust was intended to support Colorado Talking Book Library projects that have an impact on a large number of library patrons. Since 2002, interest earnings have been used to support staff positions.

the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for Library Programs Administration						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation	\$683,222	\$31,068	\$0	\$0	\$714,290	14.3
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	683,222	31,068	0	0	714,290	14.3
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	16,260	777	0	0	17,037	0.0
Base reduction (2.0%)	<u>(15,189)</u>	<u>(691)</u>	<u>0</u>	<u>0</u>	<u>(15,880)</u>	<u>0.0</u>
Subtotal: Personal Services	684,293	31,154	0	0	715,447	14.3
Operating Expenses:						
FY 2011-12 Appropriation	46,439	218,155	0	0	264,594	
Reinstate FY 2010-11 operating expenses reduction	<u>3,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,677</u>	
Subtotal: Operating Expenses	50,116	218,155	0	0	268,271	
Staff Recommendation	\$734,409	\$249,309	\$0	\$0	\$983,718	14.3

The State Library effectively uses a relatively small amount of state funding to leverage federal funding, reduce public library costs, and ensure equal access to information for underserved and vulnerable populations.

Federal Library Funding.

Description: This line item reflects federal funding that is anticipated to be available for library programs, and the Department staff who are supported by such funds.

Request: The Department requests reflection of continuation level funding of \$3,031,787 federal funds and 23.8 FTE for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** Staff has not applied the common policy base reduction to this line item because the funds are for informational purposes only and the reduction would not change the grant amount.

Broadband Technology Opportunities Program.

Description. The Colorado State Library received a \$2,275,526 federal Broadband Technology Opportunities Program (BTOP) grant from the Department of Commerce in FY 2010-11 to implement public computer centers in 81 under served communities. The Department also received

a matching grant of \$790,000 from the Bill and Melinda Gates Foundation (classified as cash funds for appropriations purposes). The Department is spending the federal and private grant moneys over a three year period and is supporting 4.5 FTE through September 2013. The Committee previously approved the creation of a new line item for FY 2010-11 to reflect the federal grant for informational purposes and to authorize the Department to spend the matching grant.

The State Library has partnered with Native American tribes and the State's neediest libraries to enhance computer access at 81 locations where broadband penetration is low due to poverty and/or geography. The State Library has also partnered with community organizations and state agencies to meet major programmatic needs in computer/Internet skills training, education, workforce development, and access for disabled individuals. Grant funds are being used to replace out-of-date computers, and to add new computers, projectors, screens, headphones, and updated wiring to expand capacity. Grant funds are also paying for promotional materials customized for each library's local market, 4.0 FTE to provide training to library staff and their patrons, and a 0.5 FTE compliance officer to assist libraries in data gathering, procurement, and federal compliance and in submitting required reports to granting authorities. All of the associated staff were hired as at-will, temporary staff for the duration of the grant period.

Request. The Department requests continuation level funding totaling \$1,219,460 and 4.5 FTE for FY 2012-13, including \$776,186 federal funds and \$443,274 cash funds.

Recommendation. **Staff recommends approving the request.** Staff has not applied the common policy base reduction because all funds are from federal or private grants, the federal funds are shown for informational purposes only, and the base reduction would not change the grant amounts.

Colorado Library Consortium.

Description. The Colorado Library Consortium is a statewide library cooperative that was formed as a successor to the seven regional library systems that existed prior to significant state funding reductions in 2003¹⁵. The Consortium supports publicly-funded libraries statewide by:

- expediting the discovery, selection, and delivery of information and materials to library patrons (including courier services);
- administering a cooperative purchasing program (negotiating significant discounts on books and other library materials);
- providing and supporting learning opportunities for ongoing professional development to improve library services; and

¹⁵ The FY 2002-03 Long Bill included \$7.5 million General Fund support for library programs (other than state staff). The Governor vetoed appropriations totaling \$4.5 million, and these appropriations were further reduced in FY 2003-04 to \$359,796.

- identifying and supporting initiatives to strengthen the Colorado library community.

The Consortium's \$1.6 million annual budget consists of state funding provided through this line item (\$1.0 million General Fund annually since FY 2006-07), courier income (\$500,000), continuing education fees (\$32,000), administrative fees related to a cooperative purchasing program (\$19,000), and other miscellaneous sources.

Request: The Department requests continuation funding (\$1.0 million General Fund) for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** This appropriation ensures that the Consortium can offer public libraries a cooperative purchasing program and a statewide courier service at a reasonable cost, reducing public library expenses and facilitating resource sharing.

Colorado Virtual Library.

Description: Pursuant to Section 24-90-302 et seq., C.R.S., the State Librarian is responsible for providing electronic resources through libraries to all Colorado residents, to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases;
- digitized collections of Colorado resources;
- indexes and full text database products;
- an interlibrary loan system facilitating resource sharing throughout Colorado; and
- other services associated with providing computer-based library resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. This line item provides funding for ongoing operations, including contract technical staff for operations and programming, contract training and user support, annual hardware and software maintenance fees, leased space, database archiving services, backup tapes, and Internet connectivity.

Request: The Department requests continuation funding of \$379,796 (including \$359,796 General Fund and \$20,000 cash funds) for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

Colorado Talking Book Library, Building Maintenance and Utilities Expenses.

Background Information: The Colorado Talking Book Library is part of a national library program providing Braille, audio, and large-print books for individuals of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931.

The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building.

The Library operates in a very cost-effective manner. State funds currently support a portion of the operating expenses and some staff, the balance is supported through federal funds, The Friends of the Colorado Talking Book Library, and volunteers. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and some supplies, Braille and recorded books and magazines. The value of NLS support is estimated at over \$630,000 annually, and the existing inventory of materials and equipment provided by NLS is valued at over \$5.5 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons, a savings of approximately \$2.3 million annually.

Description. In addition to supporting a portion of the Talking Book Library staff and operating expenses (through the Administration line item), this appropriation covers the library's maintenance and utility expenses.

Request: The Department requests continuation funding of \$70,660 General Fund for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** The library serves a number of elderly patrons, and most of the Library's 150 volunteers are over the age of 60.

Reading Services for the Blind.

Background: Pursuant to Sections 40-17-103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by assessing a monthly surcharge on each telephone access line to cover the following costs:

- the PUC's costs of developing, implementing, and administering telecommunications relay services (not to exceed 3.0 percent of the total costs);
- the cost to local exchange companies of imposing and collecting the surcharge; and
- the costs of providers rendering telecommunications relay services.

The PUC adjusts this surcharge annually, when necessary. Moneys collected by the local exchange companies are credited to the Colorado Disabled Telephone Users Fund. These moneys are currently authorized to be utilized by three different departments for five purposes. Specifically, the General

Assembly is required to make the following annual appropriations from the Fund (FY 2011-12 Long Bill appropriations to the Department of Regulatory Agencies are noted):

- for the PUC's administration of the Fund (\$2,568,460);
- to the Reading Services for the Blind Cash Fund, for use by the State Librarian in support of privately operated reading services for the blind (\$250,000);
- to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (\$873,778); and
- to cover authorized expenses associated with the Colorado Commission for Individuals Who Are Blind or Visually Impaired (\$111,002).

Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding appropriations appear in the other relevant state agencies' budgets. Moneys in the Fund not used for the above purposes are continuously appropriated to the PUC for the reimbursement of providers who render telecommunications services.

Description. This line item authorizes the Department of Education to spend moneys in the Reading Services for the Blind Cash Fund for the provision of reading services for the blind. The Department annually spends \$200,000 to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. The services provided by AINC are also made available through the internet, telephone, and podcasts.

The remaining \$50,000 is used to purchase services from the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by email. Newslines services now includes television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newslines service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newslines services. The CTBL is able to sign patrons up for the Newslines service through their existing database.

Request: The Department requests continuation level funding of \$250,000 reappropriated funds for FY 2012-13 for the support of radio reading services.

Recommendation: **Staff recommends approving the Department's request.**

(4) SCHOOL FOR THE DEAF AND THE BLIND

This section includes line items related to the Colorado School for the Deaf and the Blind.

Background Information. The Colorado School for the Deaf and the Blind (CSDB) is a state-funded school that was established for the purpose of providing comprehensive educational services for children under the age of twenty-two who are blind and/or deaf. Originally named the "Colorado Institute for the Education of Mutes", the School opened in a rented house in April 1874 with an appropriation from the Territorial Legislature. The student population rapidly outgrew the space available and in 1876 the School moved to its current campus, made possible with a donation of ten acres by the founder of the city of Colorado Springs. The CSDB received its initial accreditation from the Department of Education in 1961, and in 1977, the CSDB was transferred from the Department of Institutions to the Department of Education.

The CSDB currently occupies 18 buildings on 37 acres. Colorado students from the ages of birth through twenty-one are eligible to receive services either at or through the CSDB. Students enrolled at CSDB must have a documented hearing and/or vision loss and meet the enrollment criteria established by the Board of Trustees. Students may also be enrolled on a diagnostic basis in order to make an accurate determination of the student's eligibility status. A staffing team, including a CSDB staff member, the student's parents, and a local school district representative, determines if the CSDB is the appropriate learning environment based on the educational needs of the student. If a student's parents or legal guardians reside within Colorado and outside the El Paso County area, the student is eligible to participate in the residential living program during the week. There is no tuition for room and board. Out-of-state students are considered on a space available basis and are required to pay tuition.

In addition, pursuant to Section 22-80-102 (2), C.R.S., the CSDB is to "be a resource to school districts, state institutions, and other approved education programs." In this capacity, the CSDB is to provide the following services:

1. Assessment and identification of educational needs;
2. Special curricula;
3. Equipment and materials;
4. Supplemental related services;
5. Special short-term programs;
6. Program planning and staff development;
7. Programs for parents, families, and the public; and
8. Research and development to promote improved educational programs and services.

Enrollment. As summarized in the table below, the CSDB had an on-campus enrollment of 214 students (ages 3 to 21) in the 2010-11 school year, an increase of one student from the 2009-10 school year. The CSDB's total enrollment was 582 students for the 2010-11 school year, including 368 children under age three. Total enrollment in 2010-11 included 472 deaf/hearing impaired children

and 110 blind children. Compared to FY 2009-10, the CSDB's total enrollment increased by 22 students (3.9 percent). Of the total number of students receiving on-campus services, 83 resided at the CSDB (returning home only on weekends) and the remaining 131 students only attended classes during the day.

Of the total number of students enrolled, 384 were infants, preschool students, attending classes part-time in local public schools, or in the community-based transition program, and were thus not eligible for per pupil funding. As a result, the CSDB only received per pupil revenue for 198 students. The CSDB indicates that the per pupil operating revenue covered about 11 percent of the average costs per student (including both residential and non-residential students).

Colorado School for the Deaf and the Blind: FY 2010-11 Enrollment						
Description	Children Under 3		On-campus Students		Total Enrollment	
	Number	Annual % Change	Number	Annual % Change	Number	Annual % Change
Deaf / Hearing Impaired	318	-3.3%	154	-4.3%	472	-3.7%
Blind / Visually Impaired	50	163.2%	60	5.3%	110	44.7%
Total Enrollment	368	5.7%	214	-4.5%	582	2.8%
Number of Residential Students	0	0.0%	83	0.0%	83	0.0%
Number of FTE for Whom Facility School Funding is Received	0	0.0%	187	2.2%	187	2.2%
<i>Percent of FTE for Whom Per Pupil Operating Revenues are Transferred from Districts</i>	<i>0.0%</i>		<i>87.4%</i>		<i>32.1%</i>	

(A) School Operations

Personal Services.

Description: This line item provides funding for most School employees and for certain professional and temporary services. The following table details the staffing composition for this line item.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Superintendent/ Principals/ Directors	6.3	6.8	6.0	6.0
Accounting/ Purchasing/ Budget/ IT/ Public Relations/ Human Resources	12.1	12.9	12.9	12.9

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Resource Development	0.8	0.0	0.8	0.8
Teachers/ Teacher Aides	40.0	40.9	41.6	41.6
Special Education Technicians	31.0	29.6	30.5	30.5
Health Care/ Nurses/ Audiologist/ Counselors/ Other Specialists	5.5	15.8	7.8	7.8
Occupational Therapist/Physical Therapist/Speech Therapist	3.6	0.0	3.3	3.3
Psychologist/Social Worker	1.2	0.0	1.9	1.9
Staff Interpreters	1.7	0.0	1.0	1.0
Administrative Support Staff	9.2	9.6	8.5	8.5
Food Services/ Laundry	6.9	7.9	7.9	7.9
Facility Maintenance and Operations	17.1	17.8	18.8	18.8
TOTAL	135.4	141.3	141.0	141.0

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$7,927,301 General Fund, \$1,278,624 reappropriated funds, and a total of 141.3 FTE for FY 2012-13.

Recommendation: **Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076.** The recommendation is \$169,279 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Please note that pursuant to H.B. 96-1354 [Section 22-80-106.5, C.R.S.], teachers employed by the CSDB are compensated in accordance with the salary schedule adopted by the local school district (El Paso District 11) as of January 1 of the previous fiscal year (i.e., on a one year lag). The FY 2010-11 appropriation included \$81,261 for this purpose, including \$79,703 for teachers supported by this line item and \$1,558 for teachers supported by the next line item. For FY 2011-12, the Department has not requested any funding for salary increases, consistent with the D-11 salary schedule for the FY 2010-11 school year.

Summary of Recommendation for CSDB Personal Services						
	GF	CF	RF	FF	TOTAL	FTE
FY 2011-12 Long Bill	\$7,869,966	\$0	\$1,335,959	\$0	\$9,205,925	141.3

Summary of Recommendation for CSDB Personal Services						
	GF	CF	RF	FF	TOTAL	FTE
S.B. 11-076 (PERA Reduction)	(197,317)	0	0	0	(197,317)	0.0
S.B. 11-230 (School Finance)	57,335	0	(57,335)	0	0	0.0
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	7,729,984	0	1,278,624	0	9,008,608	141.3
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	197,317	0	0	0	197,317	0.0
Base Reduction (2.0%)	(169,279)	0	0	0	(169,279)	0.0
Fund source adjustment	68,308	0	(68,308)	0	0	0.0
Staff Recommendation	\$7,826,330	\$0	\$1,210,316	\$0	\$9,036,646	141.3

Funding Sources. Prior to FY 2008-09, CSDB students were included in the pupil count of each student's home school district, and the Department transferred the statewide average per pupil operating revenue from the State Share of Districts' Total Program Funding line item to the CSDB for each eligible enrolled student. The CSDB now receives funds transferred from the Facility School Funding line item. Specifically, the CSDB receives the state average per pupil revenue times 1.33, to cover the costs of facilities that provide year-round educational services. This amount is translated into a daily rate, and the CSDB receives a daily rate for each child in attendance for up to 235 days each school year (the CSDB currently operates on a 174-day calendar).

Staff's calculations concerning the recommended fund splits in the above table are detailed in the following two tables.

Projected FY 2012-13 Facility Schools Funding for CSDB	
Projected statewide average per pupil funding (based on current law)	\$6,404.49
Facility school funding for year-round educational programs (1.33 x avg. PPR)	\$8,517.97
Total days the increased rate applies	235
Daily rate (state average PPR increased by one-third/Total days)	\$36.25
Estimated student-days billed by CSDB (average daily attendance x 174 instructional days)	32,423
Projected Transfer to CSDB (Daily rate x Student-days)	\$1,175,316

CSDB Personal Services -- Funding Splits	
Total Recommended Funding	\$9,036,646
Less: Estimated transfer from the Facility Schools Funding line item	(1,175,316)
Less: Federal Nutrition Funds transferred from the Appropriated Sponsor Programs line item	(35,000)
General Fund portion of appropriation	7,826,330

Early Intervention Services.

Description: Since April 2001, the "Colorado Home Intervention Program" (called "CHIP") has been operating within the CSDB. This program was first started with federal grants in 1969, and it operated within the Colorado Department of Public Health and Environment from 1975 through March 2001. This home-based, family-centered early intervention program serves hearing impaired children (ages zero to three), and their parents. The program involves a facilitator: working with the child to develop language skills; providing parents with information and counseling to identify strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

Prior to FY 2006-07, this program was supported by existing personal services funding, as well as various federal grants, donations, and in-kind services. For FY 2006-07, this line item was increased \$462,620 General Fund and 1.8 FTE to continue and expand two early literacy development programs and funding has remained approximately at this level in subsequent years. These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use of early literacy strategies, thereby easing the child's transition into public school.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Early Intervention Specialists	0.8	0.8	0.2	0.2
Early Literacy Development Initiative	0.2	1.5	1.5	1.5
Regional Hearing Resource Coordinators	6.3	5.1	6.2	6.2
Teachers / Teacher Aides / Tutors	1.1	1.1	1.1	1.1
Accounting/ Support Staff	<u>1.6</u>	<u>1.5</u>	<u>1.0</u>	<u>1.0</u>
TOTAL	10.0	10.0	10.0	10.0

Request: The Department requests continuation level funding according to OSPB's common policies, including the restoration of one-time savings associated with the 2.5 percent reduction in employer

contribution to PERA in FY 2011-12 pursuant to S.B. 11-076. The request consists of \$1,165,533 and 10.0 FTE for FY 2012-13.

Recommendation: Staff recommends a continuation appropriation calculated according to the JBC's common policies, including: (1) a 2.0 percent personal services base reduction; and (2) the restoration of the 2.5 percent reduction in employer PERA contribution rate associated with S.B. 11-076. The recommendation is \$16,009 below the request because of the application of the personal services base reduction. The components of staff's recommendation are detailed in the following table.

Summary of Recommendation for CSDB Early Intervention Services						
	GF	CF	RF	FF	TOTAL	FTE
Personal Services:						
FY 2011-12 Appropriation (2011 Session)	\$757,797	\$0	\$0	\$0	\$757,797	10.0
FY 2011-12 Supplemental (no change)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2011-12 Appropriation	757,797	0	0	0	757,797	10.0
Reinstate FY 2011-12 reduction in employer's PERA contribution (2.5%)	15,758	0	0	0	15,758	0.0
Base Reduction (2.0%)	<u>(16,009)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,009)</u>	<u>0.0</u>
Subtotal: Personal Services	757,546	0	0	0	757,546	10.0
Contract Services:						
FY 2011-12 Long Bill (no change)	304,809	0	0	0	304,809	
Operating Expenses:						
FY 2011-12 Long Bill (no change)	87,169	0	0	0	87,169	
Staff Recommendation	\$1,149,524	\$0	\$0	\$0	\$1,149,524	10.0

Shift Differential.

Description: This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second or "swing" shift and 10.0 percent for third or "graveyard" shift). This Department uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

Request: The Department requests \$84,142 General Fund for FY 2012-13.

Recommendation: Consistent with Committee policy, staff recommends appropriating \$82,305 for FY 2012-13.

Operating Expenses.

Description: This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay¹⁶, custodial services, equipment rental, storage, dues and subscriptions, and printing.

Request: The Department requests continuation funding of \$417,277 General Fund for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.**

Vehicle Lease Payments.

Description: This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 14 vehicles¹⁷ that are all utilized at the CSDB.

Request: The Department requests \$26,666 General Fund. The request includes the replacement one seven passenger van used at CSDB.

Recommendation: **The dollar amount of staff's recommendation is pending Committee policy.** Staff will ultimately reflect Committee policy in the appropriation for this line item. **Staff recommends approval of the single vehicle replacement request pursuant to Committee policy to approve vehicles projected to have more than 100,000 miles at the time of replacement.** The van is projected to have more than 187,000 miles by May 2013.

Utilities.

Description: This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

Request: The Department requests continuation funding of \$554,810 for FY 2012-13.

Recommendation: **Staff recommends approving the Department's request.** The following table details actual utility expenditures for the last two fiscal years, the current year appropriation, and the request.

¹⁶ Capital outlay includes replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000.

¹⁷ Currently, these vehicles include: seven vans, two buses, two trucks, and three passenger vehicles.

Colorado School for the Deaf and the Blind Utilities Expenses					
Service	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13	
				Request	Recomm.
Natural gas	\$240,456	\$174,722	\$191,940	\$174,722	\$174,722
Electricity	121,824	129,162	142,631	129,162	129,162
Water and sewer	63,852	72,289	89,891	104,505	104,505
Other - energy efficiency projects	88,400	146,421	130,348	146,421	146,421
Total	514,532	522,594	554,810	554,810	554,810

Allocation of State and Federal Categorical Program Funding.

Description: The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent years the CSDB has received allocations related to the English language proficiency program, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program). These moneys are transferred from the various line items in the Assistance to Public Schools, Categorical Programs section of the Long Bill.

Request: The Department requests a continuation appropriation of \$170,000 reappropriated funds spending authority and 0.4 FTE, equal to the FY 2011-12 appropriation.

Recommendation: **Staff recommends the request.** The recommendation is intended to allow the CSDB to receive and spend all categorical program funding for which it is eligible.

Medicaid Reimbursements for Public School Health Services.

Description: Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. Section 26-4-531 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

- (a) special education services for children with disabilities;
- (b) the Colorado preschool program; or
- (c) the School Finance Act.

Based on this provision, the CSDB has used the additional federal Medicaid moneys available to increase special education services to its students (e.g., providing an additional day of occupational or physical therapy, in accordance with a student's individual education program).

Request: The Department requests a continuation appropriation of \$150,000 reappropriated funds and 1.5 FTE for FY 2012-13, equal to the FY 2011-12 appropriation.

Recommendation: **Staff recommends the request.** The recommendation is intended to allow the CSDB to receive and spend all Medicaid funding it earns. The CSDB earned \$133,329 in FY 2010-11, and anticipates earning about \$150,000 annually.

(B) Special Purpose

Fees and Conferences.

Description: This line item provides spending authority for the Department to spend fees charged and received for various conferences or meetings held at the CSDB. Pursuant to Section 22-80-102, C.R.S., the CSDB is charged with being "a resource to school districts, state institutions, and other approved education programs". Among other resource services, the CSDB is required to provide "programs for parents, families, and the public". This appropriation allows the CSDB to host conferences that benefit professionals working with students who are deaf/hard of hearing or blind/visually impaired, parents of those children, and the students themselves. These fees offset additional custodial, maintenance, and security costs incurred. The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado.

Request: The Department requests continuation spending authority of \$120,000 cash funds for FY 2012-13.

Recommendation: **Staff recommends the request.** Staff recommends maintaining this appropriation at its current level despite the low levels of expenditures in recent years. The CSDB indicates that the poor economy has affected the fee revenue they are able to collect. However, if the statewide deaf symposium is reinstated, they will need the higher spending authority.

Outreach Services.

Description: The CSDB is statutorily charged with being a resource to school districts by providing several services, including: assessment and identification of students' educational needs; special curricula; equipment and materials; and staff development. The reappropriated funds portion of this appropriation represents federal funds transferred from school districts for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting CSDB enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often, the districts

themselves are unable to find qualified applicants willing to work for district-level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.

- CSDB employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In FY 2009-10, this line item was increased by \$755,836 cash funds and 2.6 FTE to provide outreach services to school districts and Boards of Cooperative Educational Services (BOCES). The outreach services include technology training, professional development training, clerical support to distribute materials, production and purchase of adaptive materials, and student support services such as communication assessments, counseling support, and short-term and summer enrichment courses. The source of the cash funds are from reimbursements that the CSDB collects from school districts and BOCES.

Request: The Department requests a continuation appropriation of \$1,025,000 (including \$755,000 cash funds and \$270,000 reappropriated funds) and 5.4 FTE for FY 2012-13, equal to the FY 2011-12 appropriation.

Recommendation: **Staff recommends the request.** Staff recommends appropriating rounded dollar amounts to better reflect the nature and basis for this appropriation.

Tuition from Out-of-state Students.

Description: The CSDB is statutorily authorized to admit students from other states "...upon payment to the superintendent of such a sum quarterly as the board of trustees determines, to be not less than the total cost per capita of the students for the year immediately preceding the year in which the application is made." [see Section 22-80-110, C.R.S.] The CSDB is not allowed to admit a student from another state, however, to the exclusion of any Colorado resident. Tuition payments are generally used for curriculum, technology, and dorm furniture.

Historically, the CSDB has admitted students from Wyoming who cannot be appropriately served in their home school district. Wyoming does not have a state school to serve children who are deaf and/or blind. Prior to FY 2007-08, the CSDB required Wyoming to pay their students' tuition using federal funds (available under the federal *Individuals with Disabilities Education Act*), which were treated as cash funds but are not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state,

rather than federal funds. This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child.

Request: The Department requests continuation funding of \$200,000 cash funds for FY 2012-13.

Recommendation: **Staff recommends appropriating \$200,000 (cash funds) for FY 2012-13.** The CSDB indicates that they continue to receive inquiries from Wyoming concerning students who may attend CSDB. Staff recommends continuing the appropriation at its current level to allow the CSDB to serve any students deemed appropriate, which benefits both the student and the CSDB.

Summer Olympics Housing.

Description: This line item provides spending authority for the Department to receive fees charged to participating athletes for custodial, maintenance, and security costs associated with housing deaf/blind athletes in summer months. The Committee eliminated this line item for FY 2011-12 because of a lack of demand for the use of the CSDB facility to house athletes in recent years.

Request: The Department is not requesting an appropriation for this line item in FY 2012-13.

Recommendation: **Staff recommends the request.** The CSDB indicates that they have not seen much interest in the use of their facility in recent years. If an outside organization wants to use the CSDB dorms during the summer, CSDB can use spending authority provided through the Fees and Conferences line item.

Grants.

Description: This line item provides spending authority for the CSDB to receive various grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are appropriated through separate line items.

Request: The Department requests a continuation appropriation of \$1,200,000 reappropriated funds and 9.0 FTE for FY 2012-13, equal to the FY 2011-12 appropriation.

Recommendation: Based on recent expenditure information, **staff recommends appropriating \$1,200,000 (reappropriated funds) and 9.0 FTE for FY 2012-13.** Staff recommends appropriating a rounded dollar amount to better reflect the nature and basis for this appropriation.

LONG BILL FOOTNOTES

Staff recommends that the following footnote be continued:

- 9 Department of Education, Library Programs, Reading Services for the Blind** -- This appropriation is for the support of privately operated reading services for the blind, as authorized by Section 24-90-105.5, C.R.S. It is the intent of the General Assembly that \$200,000 of this appropriation be used to provide access to radio and television broadcasts of locally published and produced materials and \$50,000 of this appropriation be used to provide telephone access to digital transmissions of nationally published and produced materials.

This footnote has been included for several years to express the General Assembly's intent concerning this appropriation. The Department annually spends \$200,000 to contract with Audio Information Network of Colorado (AINC) to provide an on-the-air volunteer reading service for the blind, visually impaired, and print-handicapped citizens of Colorado. Broadcasts are provided in Boulder, Louisville, and Lafayette and are available on local cable as a standard radio frequency at 98.9 KHzs. AINC is currently working through cable associations with the cities to expand local coverage. The services provided by AINC are also made available through the internet, telephone, and podcasts.

The remaining \$50,000 is used to purchase services from the National Federation for the Blind (NFB) for its Newslines service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touch tone telephone, internet, and by email. Newslines services now includes television listings (based on an individual's zip code); the NFB indicates that this additional service has increased use of their Newslines service nationwide significantly. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newslines services. The CTBL is able to sign patrons up for the Newslines service through their existing database.

As discussed above, staff recommends the creation of the following footnotes:

- XX Department of Education, Management and Administration, Assessments and Data Analyses, Educator Effectiveness Implementation** -- It is the intent of the General Assembly that the cash funds appropriation to this line item from the State Education Fund remain available until the close of FY 2014-15.

As discussed above, this footnote would provide flexibility to allow the Department to spend the recommended appropriation over a three year period.

- XX Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Response** -- It is the intent of the General Assembly that the appropriation to this line item be expended in the event of financial emergencies at either the State Charter School Institute or at State Charter School Institute charter schools.

This footnote clarifies the General Assembly's intent that the State Charter School Institute Emergency Reserve be used to respond to financial emergencies at either the SCSI or at SCSI charter schools.

REQUESTS FOR INFORMATION

Staff recommends that the following information requests be continued or continued as amended, in the priority order provided below:

- 1 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.** -- The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2010-11~~ 2011-12 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year ~~2009-10~~ 2010-11 and actual district expenditures for each program in fiscal year ~~2009-10~~ 2010-11. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year ~~2009-10~~ 2010-11 and actual district expenditures in fiscal year ~~2009-10~~ 2010-11.

This request provides the Joint Budget Committee with data that is used to annually determine the allocation of the required increase in state funding for categorical programs.

- 2 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~~ 2012, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2010-11~~ 2011-12: (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.

Funding for the Colorado Preschool Program (CPP) is included in the State Share of Districts' Total Program Funding line item. This request provides the Joint Budget Committee with data related to

CPP, including the costs of the program, how many existing slots are being used to serve three-year old children or to provide a full day of preschool to an individual child, and the adequacy of the number of authorized slots.

- 3 Department of Education, Assistance to Public Schools, Grant Programs and Other Distributions** -- The Department is requested to provide information to the Joint Budget Committee by November 1, 2011, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal years 2010-11 and 2011-12.

This request ensures that the Joint Budget Committee receives information about a distribution of state funds that occurs off-budget. Specifically, pursuant to a provision added by H.B. 02-1053 (Young/Taylor), the Department is required to annually allocate funds to those boards of cooperative services (BOCES) that provide a wide range of services to their member school districts, or school districts with student populations of less than four thousand students [see Section 22-2-122 (3), C.R.S.]. Specifically, up to \$250,000 is to be allocated annually using 1.0 percent of amounts appropriated "to all education grant programs for that fiscal year"; moneys are to be allocated proportionately on a per school district basis, based on the total number of school districts that have student populations of less than four thousand students and are members of eligible BOCES. The BOCES that receive allocations are required to use such moneys to assist member school districts and schools in applying for grants. The above language requests data for both FY 2010-11 and FY 2011-12.

Staff recommends the creation of the following request for information:

- XX Department of Education, Management and Administration, State Charter School Institute, State Charter School Institute Emergency Response** -- The State Charter School Institute is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

This request would provide information on the actual use of the State Charter School Emergency Reserve line item.

**Appendix A: Committee Of Reference SMART Act
Recommendation Letters**

State Representative
TOM MASSEY
605 Pinyon Drive, P.O. Box 213
Poncha Springs, Colorado 81242
Capitol: 303-866-2747
Home: 719-539-7192
Business: 972-672-2534
Business Fax: 719-539-4512
E-mail: tom.massey.house@state.co.us



Chairman:
Education Committee
House Services Committee
Member:
Health and Environment
Committee

COLORADO
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DENVER
80203

January 31, 2012

Representative Cheri Gerou
Chair, Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, Colorado 80203

Dear Representative Gerou:

The SMART Act allows a committee of reference to make formal recommendations to the Joint Budget Committee (JBC) regarding state departments' budgets, based on the committee's hearings with their assigned departments. The House Education Committee met on January 30, 2012, to discuss recommendations to the JBC per the SMART Act. At its meeting, the committee made no recommendations regarding the Colorado Department of Education, the Department of Higher Education, or History Colorado.

Sincerely,

Representative Tom Massey, Chair
House Education Committee

- c: Joint Budget Committee Members
House Education Committee Members
Robert Hammond, Commissioner of Education, Department of Education
Anne Barkis, Legislative Liaison, Department of Education
Lieutenant Governor Joe Garcia, Executive Director, Department of Higher Education
Chad Marturano, Director of Legislative Affairs, Department of Higher Education
Ed Nichols, President and CEO, History Colorado
John Ziegler, Staff Director, Joint Budget Committee
Kristen Johnson, Legislative Council Staff



Senate
State of Colorado
Denver

BOB BACON
State Senator

200 E. Colfax Avenue
Denver, Colorado 80203
Capitol: (303) 866-4841
Home: (970) 221-4552
E-Mail: bob.bacon.senate@state.co.us

COMMITTEES

Chair of:
Capitol Development
Chair of:
Education
Vice Chair of:
State Affairs
Member of:
Appropriations

January 31, 2012

Representative Cheri Gerou
Chair, Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, Colorado 80203

Dear Representative Gerou:

The SMART Act allows a committee of reference to make formal recommendations to the Joint Budget Committee (JBC) regarding state departments' budgets, based on the committee's hearings with their assigned departments. The Senate Education Committee met on January 25 and January 26, 2012, to discuss recommendations to the JBC per the SMART Act. At its meetings, the committee made one recommendation regarding the Department of Education and one recommendation regarding History Colorado.

With regard to the Department of Education, the Senate Education Committee recommends that the \$25.9 million requested for funding for new state assessments in the State Board of Education's budget request instead be allocated as follows:

- up to \$1 million to fund optional administration of ACCUPLACER assessments for high school students;
- the necessary amount to fund development of an assessment for financial literacy;
- up to \$2 million to investigate whether multi-state consortia are developing science and social studies assessments, and if it is found that multi-state consortia are not developing those assessments, to fund their development; and
- the remainder of the \$25.9 million to the School Finance Act.

With regard to History Colorado, the Senate Education Committee recommends that the request for cash funds spending authority and 3.5 FTE be approved as requested.



January 17, 2012

Page 2

Sincerely,

A handwritten signature in cursive script that reads "Bob Bacon". The signature is written in black ink and is positioned above the printed name and title.

Senator Bob Bacon, Chair
Senate Education Committee

- c: Joint Budget Committee Members
- Senate Education Committee Members
- Robert Hammond, Commissioner of Education
- Anne Barkis, Legislative Liaison, Department of Education
- Lieutenant Governor Joe Garcia, Executive Director, Department of Higher Education
- Chad Marturano, Director of Legislative Affairs, Department of Higher Education
- Ed Nichols, President and CEO, History Colorado
- John Ziegler, Staff Director, Joint Budget Committee
- Jennifer Thomsen, Legislative Council Staff

Appendix B:
Letter from the Governor Regarding
Development of New Statewide Assessments

STATE OF COLORADO

OFFICE OF THE GOVERNOR

136 State Capitol Building
Denver, Colorado 80203
(303) 866 - 2471
(303) 866 - 2003 Fax



John W. Hickenlooper
Governor

February 2, 2012

The Honorable Cheri Gerou
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Representative Gerou:

A public education system that graduates all students and prepares them for lives of meaningful citizenship and college and post-secondary careers requires thoughtfully designed and implemented standards and assessments. The state is approaching a critical juncture in this years-long process of reform as we must decide how to assess students in the study of the language arts and math, as well as science and social studies. After surveying the available options, our administration proposes that the Colorado Department of Education (CDE) adopt and implement the language arts and math assessments under development by the PARCC (Partnership of Assessment of Readiness for College and Careers) consortium. PARCC is a multi-state consortium dedicated to creating K-12 assessments that will prepare students for college and careers, measure Colorado students' mastery of the Common Core State Standards which have been incorporated into the Colorado Academic Standards, and provide teachers with timely feedback in order to improve instruction and learning. We further recommend that Colorado seek membership on PARCC's governing board to ensure that the assessments reflect and respond to the state's unique educational needs. Adopting PARCC assessments would support and advance the state's specific academic goals, as outlined in SB08-212, while also making prudent fiscal sense by helping CDE avoid the costly and duplicative work involved with creating new assessments from scratch.

Under this plan, the state would extend the use of the TCAP by one year with the PARCC reading and math assessments scheduled to go online in the spring of 2015. The state would also collaborate with other states to develop and adopt new science and social studies assessments, scheduled for statewide implementation in 2015 and 2016, respectively.

The initial fiscal impact for this plan would be zero in 2012-13. The estimated fiscal impact for 2013-14 would be approximately \$4 million to \$7 million to fund augmentation costs (i.e. costs related to customizing the assessments to incorporate those standards that are unique to Colorado such as personal financial literacy, and Colorado History, and alternative assessments whose total development costs may not be covered completely by federal funds). If the collaborative development of new science and social studies assessments does not materialize, then CDE will be asked to create the assessments at a yet-to-be determined cost.

Colorado's integrated and complementary slate of reforms presents an opportunity to offer universally excellent education for every student in the state, regardless of region, or ethnic or socioeconomic background. Identifying the right assessments is a critical component of this ambitious and collaborative project, and we ask for the support of the General Assembly, the State Board of Education, and stakeholders and Coloradans throughout the state.

Sincerely,



John W. Hickenlooper
Governor

Cc: Senator Mary Hodge, Joint Budget Committee Vice-chairman
Senator Pat Steadman, Joint Budget Committee Member
Senator Kent Lambert, Joint Budget Committee Member
Representative Jon Becker, Joint Budget Committee Member
Representative Claire Levy, Joint Budget Committee Member
Senate President Brandon Shaffer
Speaker of the House Frank McNulty
Mr. John Ziegler, Joint Budget Committee Staff Director
Ms. Roxane White, Chief of Staff, Governor John W. Hickenlooper
Mr. Henry Sobanet, Director, Governor's Office of State Planning and Budgeting
Mr. Erick Scheminske, Deputy Director, Governor's Office of State Planning and Budgeting

Appendix C:
Letter from the Lieutenant Governor Regarding
Development of New Statewide Assessments and
Participation in the PARCC Consortium



STATE OF COLORADO

DEPARTMENT OF HIGHER EDUCATION

John Hickenlooper
Governor

Lt. Gov. Joseph A. Garcia
Executive Director

February 29, 2012

The Honorable Cheri Gerou
Chair
Joint Budget Committee
Legislative Services Building, 3rd Fl
200 East 14th Ave
Denver, Colorado 80203

RE: Support for the Partnership for Assessing College and Career Readiness (PARCC)

Dear Chair Gerou,

On behalf of the Colorado Department of Higher Education, I write to express my support of Colorado's participation as a full member of the Partnership for Assessing College and Career Readiness (PARCC) national assessment consortium and Governor Hickenlooper's February 2, 2012 letter to the Joint Budget Committee concerning his preferred modifications to the state assessment plan.

Since the passage of SB08-212, Colorado's Achievement Plan for Kids (CAP4K), Colorado has blazed a trail that others continue to follow in the national movement to improve content standards and create aligned "P-20" education systems. In partial fulfillment of CAP4K, the State Board of Education approved and embedded the Common Core State Standards (CCSS) in mathematics and English language arts into the Colorado Academic Standards. This was an important step for higher education in Colorado, as CAP4K requires not only that state standards and assessments be aligned with college and career readiness, but also that future modifications to the state's admission and remedial policies make use of "college ready" academic standards. The SBE's decision to employ the CCSS ensured that future modifications to state admission and remedial policies will be applicable to students from Colorado as well as those from 46 other states and territories. Their decision did not, however, answer critical questions concerning the assessing of these standards.

As a result of the SBE's decision to adopt the CCSS, Colorado has been able to participate in the two main assessments consortia, the Partnership for Assessing the Readiness of College and Career (PARCC) and the Smarter Balanced Assessment Consortia (SBAC). This has been very positive, as it ensures that Colorado is in a position to monitor the progress of the development of

these soon-to-be-released assessments. However, because ours is not a governing state in either consortia, Colorado has limited authority to directly influence the development of the assessments, in particular their scope and design and the establishing of "college and career ready" benchmarks. Therefore, to ensure the successful implementation of CAP4K and related reform initiatives, such as SB 10-191, I support Governor Hickenlooper's recommendation that Colorado join the PARCC national assessment consortium as a full, governing state member.

Joining PARCC now would ensure that future instruments to assess college and career readiness will reflect Colorado's needs and values. It would also lower initial expenditures in the adoption of an assessment system to fulfill CAP4K and SB-191.

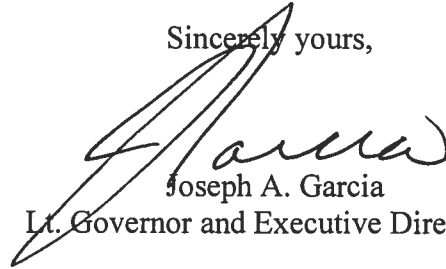
Importantly, if Colorado elects to develop its own assessment system, there is no guarantee that scores derived from that system would have utility beyond the boundaries of Colorado, which is an important consideration given that nearly 1/3 of all Colorado high school graduates who immediately enroll in college do so out of state. Moreover, because 23 other states and the District of Columbia are now involved in PARCC—including 10 of the 12 Race to the Top winners and states contiguous to Colorado including Arizona, New Mexico, and Oklahoma—and that more than 200 state colleges and universities have committed to participate in the development of PARCC, I believe that this consortium holds great promise for helping more Coloradans successfully prepare for and transition into college.

I believe that the PARCC effort is developing in a way that will meet the needs of the postsecondary sector. Since the launching of its work, PARCC has engaged higher education in its work for the purpose of creating assessments that can not only evaluate student learning in a K-12 context, but also have utility in higher education as well. In 2010, PARCC developed the Advisory Committee on College Readiness, or ACCR, on which I serve along with the executive directors of higher education systems in governing states as well several postsecondary system chancellors and presidents. This committee will be integral in the establishing of a common "college ready" description, and I believe that it would be in Colorado's best interest if the state were in a position to participate in these conversations along with leaders of postsecondary systems in other PARCC states.

Another very important reason to join the PARCC consortia is to address the limitations of our fiscal environment. In light of enormous fiscal challenges facing the state, I do not believe that it is prudent at this time to attempt to build an assessment system from scratch. In higher education, it is not uncommon for states or state systems to collaborate on the development of strategies or policies. This is not at all unusual or controversial, as colleges and universities throughout the nation face similar challenges and are generally equitable in their treatment of entering students. In other words, from an admission perspective, a well prepared student from California or Massachusetts or Texas is no different than a well prepared student from Grand Junction or Denver or Sterling, and the evaluation of such students' readiness is, in part, based upon common national assessments such as the ACT or SAT, not state-specific instruments. Consequently, if the PARCC assessment were considered valid and reliable for evaluative college readiness, its inclusion into postsecondary admission and placement policies would not rework them, but rather could expand the capabilities of Colorado's postsecondary system to assist prospective and entering students—resident and non-resident alike.

Over the past several months, the Colorado Commission on Higher Education (CCHE) has been reviewing data on the conditions of education in the state. Not surprisingly these data indicate that the state faces increasingly challenging conditions. Remediation of first-time students is on the increase, costs of attendance are ever-escalating, and the college attainment rate of Colorado's youth is not keeping pace with the long-term needs of the market. Consequently, I believe that we cannot sit on the sideline any longer. I support Governor Hickenlooper's desire for Colorado to join the PARCC consortia and thereby enhance the state's role and voice in the design of this assessment and allow the state to meet the lofty expectations of its reform agenda in spite of the current fiscal conditions.

Sincerely yours,



Joseph A. Garcia
Lt. Governor and Executive Director