

The following file contains two documents:

- A memorandum to the Joint Budget Committee members dated March 23, 2010 concerning funding for public school finance.
- A memorandum to the Joint Budget Committee members dated March 22, 2010 concerning funding for public school finance.
- A packet dated March 3, 2010, concerning the Education Department's FY 2010-11 budget request.

MEMORANDUM

TO: Members of the Joint Budget Committee

FROM: Carolyn Kampman, Joint Budget Committee Staff (303-866-4959)

SUBJECT: Final Committee Actions Related to Public School Finance

DATE: March 23, 2010

Yesterday, the Committee approved the following appropriation for the State Share of Districts' Total Program Funding in the FY 2010-11 Long Bill:

Sources of Funds Appropriated for Public School Finance: FY 2010-11 Long Bill			
Fund Source	FY 2010-11		
	3/3 Recomm.	JBC 3/22 action	Change
General Fund	\$3,362,072,796	\$3,297,235,166	(\$64,837,630)
Cash Funds: State Public School Fund	61,825,876	101,825,876	40,000,000
Cash Funds: State Education Fund	<u>339,395,178</u>	<u>364,232,808</u>	<u>24,837,630</u>
Total State Funds	3,763,293,850	3,763,293,850	0

On March 3, 2010, the Committee also approved staff's recommendation to establish a target for General Fund reductions to be achieved through the annual school finance bill as part of its overall budget balancing plan. Staff's recommended target of \$508.8 million was based on the difference between staff's recommended General Fund appropriation for the FY 2010-11 Long Bill and the level of General Fund appropriations requested by the Governor November 1, 2009. Based on the Committee's actions yesterday, this targeted reduction has been reduced \$444.0 million.

In addition, please note that the annual school finance bill has been introduced (H.B. 10-1369) and passed by the House. House Bill 10-1369 currently includes provisions which reduce General Fund appropriations by \$365,312,540 - \$78.7 million less than the \$444.0 million target.

Now that the March 2010 revenue forecast has been released, the school finance bill has been introduced, and the Committee has information comparing projected General Fund revenues for FY 2009-10 and FY 2010-11 and Committee actions to date, **staff recommends that the Committee consider taking three actions related to public school finance appropriations:**

Staff Comeback Concerning School Finance Reductions
March 23, 2010

1. Given that H.B. 10-1369 has already passed the House and it may be heard in the Senate Education Committee prior to the introduction of the Long Bill and the Committee's overall budget balancing plan, **staff recommends that the Committee include as part of its overall balancing plan the \$365.3 million General Fund savings currently contained in H.B. 10-1369.** This would increase the likelihood of the reduction being realized. In addition, it would prevent the need for the Governor to shift a portion of federal ARRA funds from higher education to public school finance in FY 2010-11, thereby maintaining higher education funding levels and avoiding the imposition of federal ARRA reporting requirements on school districts.
2. The Committee voted, on February 2, 2010, to reduce the General Fund appropriation for school finance for FY 2009-10 by \$13.0 million, and to increase the SEF appropriation for FY 2009-10 by the same amount. This adjustment will be included as a provision of the FY 2010-11 Long Bill. In light of the most recent General Fund revenue projection, **staff recommends that the Committee eliminate this \$13.0 million FY 2009-10 refinancing adjustment,** thereby increasing the State Education Fund balance and providing a greater cushion to account for forecast errors related to income tax revenues, federal mineral lease revenues, and revenues generated by public school lands.
3. **The Governor's final March 5, 2010 budget submittal proposes a \$140.0 million transfer from the General Fund to the State Education Fund in FY 2010-11.** The Committee elected to delay action on this request until it had taken action on all budget requests and the March revenue forecast was released. **If the Committee determines that \$140.0 million General Fund is available** (in FY 2009-10, FY 2010-11, or both fiscal years), **it would be prudent to use such funds to improve the solvency of the State Education Fund in order to mitigate further public school funding reductions in FY 2010-11 or future fiscal years. Staff would recommend, however, simply adjusting the sources of funds appropriated for public school finance** rather than introducing legislation to require a transfer of funds.

MEMORANDUM

TO: Members of the Joint Budget Committee

FROM: Carolyn Kampman, Joint Budget Committee Staff (303-866-4959)

SUBJECT: Staff Comeback Concerning Public School Finance

DATE: March 22, 2010

FY 2010-11 Long Bill Appropriation for Public School Finance

On March 3, 2010, the Committee approved staff's recommendation concerning appropriations for public school finance. **Based on Legislative Council Staff's March 2010 forecast for State Education Fund and federal mineral lease revenues, the passage of S.B. 10-150 (Temporary Transfer of Public School Land Moneys), and updated projections of state public school lands revenues, staff requests that the Committee reconsider its action related to FY 2010-11 Long Bill appropriations and adjust the fund sources as detailed in the table below.**

Sources of Funds Appropriated for Public School Finance: FY 2010-11 Long Bill			
Fund Source	FY 2010-11		
	Initial Recomm.	Revised Recomm.	Change
General Fund	\$3,362,072,796	\$3,292,235,166	(\$69,837,630)
Cash Funds: State Public School Fund	61,825,876	101,825,876	40,000,000
Cash Funds: State Education Fund	<u>339,395,178</u>	<u>369,232,808</u>	<u>29,837,630</u>
Total State Funds	3,763,293,850	3,763,293,850	0

The recommended increase in the appropriation from the *State Education Fund* (SEF) is based on: (1) a \$24.9 million increase in projections of income tax revenues that will be credited to the SEF in FY 2009-10 and FY 2010-11 (compared to December 2009 projections); and (2) Committee action on various line items supported by SEF moneys (primarily reflects the elimination of the \$5.0 million appropriation for the School Counselor Corps Grant Program).

The recommended increase in the appropriation from the *State Public School Fund* (SPSF) is based on the General Assembly's passage of S.B. 10-150 (making \$31.6 million available for school finance) and increases in projections of federal mineral lease revenues. The following table details the basis for staff's revised recommendation from the State Public School Fund:

Staff Comeback Concerning School Finance
 March 22, 2010

UPDATED Projections of Moneys Available in the State Public School Fund: FY 2010-11		
Description	3/3/10 Recomm.	Revised Recomm.
Projected year-end fund balance, FY 09-10	\$0	\$10,393,852
Federal mineral lease revenues (capped at \$65.0 million statutorily)	53,864,000	56,000,000
Rental income earned on public school lands (capped statutorily)	11,000,000	11,000,000
Rental income and royalty/bonus revenues earned on state school lands; and interest/investment earnings on Public School Fund (pursuant to S.B. 10-150)	0	31,600,000
District audit recoveries (portion anticipated to be collected in FY 09-10 is reflected in fund balance, above)	0	0
Total funds projected to be available	64,864,000	108,993,852
Amount required to public school laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	(35,480)	(35,480)
State match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	(2,472,644)	(2,472,644)
Supplemental on-line education programs [pursuant to Sections 22-2-130 and 22-5-119]	(530,000)	(530,000)
Subtotal: Expenditures for purposes other than the School Finance Act	(3,038,124)	(3,038,124)
Less: Recommended appropriation from State Public School Fund for the State Share of Districts' Total Program Funding for FY 10-11	(61,825,876)	(101,825,876)
Projected year-end fund balance	0	4,129,852

The recommended decrease in the *General Fund* appropriation is simply based on the combined \$70 million increase in available cash fund revenues.

"Target" for General Fund Reductions to Be Achieved Through the Annual School Finance Bill

On March 3, 2010, the Committee also approved staff's recommendation to establish a target for General Fund reductions to be achieved through the annual school finance bill as part of its overall budget balancing plan. Staff's recommended target of \$508.8 million was based on the difference between staff's recommended General Fund appropriation for the FY 2010-11 Long Bill and the level of General Fund appropriations requested by the Governor November 1, 2009. Based on the additional cash fund revenues anticipated to be available for school finance, staff would reduce this targeted reduction to \$439.0 million.

In addition, please note that the annual school finance bill has been introduced (H.B. 10-1369) and passed by the House. House Bill 10-1369 currently includes provisions which reduce General Fund appropriations by \$365,312,540.

Staff recommends that the Committee reconsider the school finance-related reduction to include in its overall budget balancing plan. The Committee could approve a target of \$439.0 million based on the updated cash funds projections, a target of \$365.3 million to reflect the actual savings currently contained in the bill, or some target between these two figures.

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF FIGURE SETTING

DEPARTMENT OF EDUCATION

**(Public School Finance; Categorical Programs; Capital Construction Programs;
and Facility Schools *only*)**

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

**Prepared By:
Carolyn Kampman, JBC Staff
March 3, 2010**

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**DEPARTMENT OF EDUCATION:
(School Finance, Categorical Programs, Capital Construction, and Facility Schools only)
FY 2010-11**

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Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools *only*)

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11		Change Requests
				OSPB Request	Recommendation	

DEPARTMENT OF EDUCATION
Commissioner: Dwight D. Jones

(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		1,434,916	1,517,312	1,473,774	1,473,774
FTE	Included in the General Department	<u>16.1</u>	<u>18.0</u>	<u>18.0</u>	<u>18.3</u>
General Fund	and Program Mgmt	0	0	0	0
FTE	line item above	0.0	0.0	0.0	0.0
Cash Funds (State Education Fund)		0	0	0	0
FTE		0.0	0.0	0.0	0.0
Reappropriated Funds (off-the-top of State Share)		1,434,916	1,467,312 S	1,473,774	1,473,774 BA#2
FTE		16.1	18.0	18.0	18.3
Federal Funds			50,000 S	0	0
Accelerating Students Through Concurrent Enrollment (ASCENT) Program Administration	n/a	n/a	39,783	19,892	0
FTE			<u>0.3</u>	<u>0.3</u>	<u>FTE shown above</u>
General Fund			0	19,892	0
FTE			0.0	0.3	0.0
Cash Funds (State Education Fund)			0	0	0
Federal Funds			39,783 S	0	0
FTE			0.3	0.0	0.0
Declining Enrollment Study - CF (SEF)	n/a	0	200,000	200,000	0

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
Funded Pupil Count (FTE)	760,884.0	778,108.4	789,511.1 S	797,438.5	797,438.5	BR#1/BA
<i>Percent Change</i>	1.0%	2.3%	1.5%	1.0%	1.0%	
Denver-Boulder Inflation Rate (prior CY)	3.6%	2.2%	3.9%	-0.9%	-0.6%	
Statewide BASE Per Pupil Funding	\$5,087.61	\$5,250.41	\$5,507.68	\$5,513.19	\$5,529.71	
<i>Percent Change</i>	4.6%	3.2%	4.9%	0.1%	0.4%	
Statewide AVERAGE Per Pupil Funding	\$6,661.05	\$6,874.39	\$7,077.26 S	\$6,819.71	\$7,279.38	
<i>Percent Change</i>	4.7%	3.2%	3.0%	-3.6%	2.9%	
Total Program	5,068,284,706	5,349,019,294	5,587,572,003 S	5,438,295,823	5,804,857,506	BR#1
<i>Percent Change</i>	5.8%	5.5%	4.5%	-2.7%	3.9%	
Local Share of Total Program Funding	1,915,971,895	1,956,083,870	2,068,616,086 S	2,037,119,341	2,041,563,656	BR#1/BA
<i>Percent Change</i>	10.7%	2.1%	5.8%	-1.5%	-1.3%	
State Share of Districts' Total Program Funding	<u>3,152,312,811</u>	<u>3,392,935,424</u>	<u>3,518,955,917</u>	<u>3,401,176,482</u>	<u>3,763,293,850</u>	BR#1/BA
General Fund	2,790,148,902	2,930,064,429	3,063,277,922 S	2,853,235,024	3,362,072,796	BR#1
<i>General Fund Exempt Account (included above)</i>	327,600,000	39,251,792	0	0	0	
Cash Funds (State Education Fund)		362,223,212	352,578,055 S	478,668,862	339,395,178	BR#1/BA
Cash Funds (State Public School Fund)	9,491,876	100,647,783	103,099,940 S	69,272,596	61,825,876	BR#1/BA
CFE (State Education Fund)	259,063,033					
CFE (State Public School Fund)	93,609,000					

Additional State Aid Related to Locally Negotiated Business Incentive Agreements (BIAs) - GF

0	0	0	0	0
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State Share Correction for Local Share Overpayments in Prior Fiscal Years - CF (SPSF)

n/a	0	3,684,365 S	0	0
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Appropriation to State Education Fund - GF

0	120,964,055	0	0	0
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Military Dependent Supplemental Pupil Enrollment Aid - GF

1,818,517	0	0	0	0
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Hold-harmless Full-day Kindergarten Funding - CF (SEF)

n/a	7,321,864	7,698,050 S	7,277,246	7,756,818	BR#1
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Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
Subtotal - Public School Finance	3,154,131,328	3,522,656,259	3,532,095,427	3,410,147,394	3,772,524,442	
FTE	0.0	16.1	18.3	18.3	18.3	
General Fund	2,791,967,419	3,051,028,484	3,063,277,922	2,853,254,916	3,362,072,796	
<i>General Fund Exempt Acct. (incl. above)</i>	327,600,000	39,251,792	0	0	0	
FTE	0.0	0.0	0.0	0.3	0.0	
Cash Funds	9,491,876	470,192,859	467,260,410	555,418,704	408,977,872	
FTE	0.0	0.0	0.0	0.0	0.0	
<i>CF (State Education Fund)</i>		369,545,076	360,476,105	486,146,108	347,151,996	
FTE		0.0	0.0	0.0	0.0	
<i>CF (State Public School Fund)</i>	9,491,876	100,647,783	106,784,305	69,272,596	61,825,876	
Cash Funds Exempt/Reappropriated Funds	352,672,033	1,434,916	1,467,312	1,473,774	1,473,774	
FTE	0.0	16.1	18.0	18.0	18.3	
<i>CFE (State Education Fund)</i>	259,063,033	n/a	n/a	n/a	n/a	
FTE	0.0	n/a	n/a	n/a	n/a	
<i>CFE (State Public School Fund)</i>	93,609,000	n/a	n/a	n/a	n/a	
Federal Funds	0	0	89,783	0	0	
FTE	0.0	0.0	0.3	0.0	0.0	
<i>State Share</i>	3,152,312,811	3,392,935,424	3,518,955,917	3,401,176,482	3,763,293,850	
<i>Change in State Share</i>	3.0%	7.6%	3.7%	-3.3%	6.9%	
<i>General Fund Appropriation for State Share</i>	2,790,546,868	2,930,074,211	3,063,277,922	2,853,235,024	3,362,072,796	
<i>Change in General Fund Portion of State Share</i>	5.0%	5.0%	4.5%	-6.9%	9.8%	
<i>State Aid as Percent of Districts' Total Program Funding</i>	62.2%	63.4%	63.0%	62.5%	64.8%	

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
(B) Categorical Programs						
(I) District Programs Required by Statute						
Special Education Programs for Children with Disabilities	282,426,975	284,228,028	434,220,803	333,041,849	286,289,454	
FTE	<u>56.7</u>	<u>64.5</u>	<u>65.0</u>	<u>65.0</u>	<u>64.5</u>	
General Fund	99,011,021	71,572,347	71,572,347	71,572,347	71,572,347	
Cash Funds (State Education Fund)	n/a	55,789,778	55,789,778	55,789,778	55,789,778	
Cash Funds (local funds) a/	561,355	0		0	0	
Cash Funds Exempt/Reappropriated Funds	153,010	0	101,812	101,812	101,812	
FTE	0.5	0.0	1.0	1.0	1.0	
Cash Funds Exempt (State Education Fund)	22,408,062	n/a	n/a	n/a	n/a	
Federal Funds	160,293,527	156,865,903	306,756,866 S	205,577,912	158,825,517	
FTE	56.2	64.5	64.0	64.0	63.5	
<i>State Funding Portion of Appropriation</i>	<i>121,419,083</i>	<i>127,362,125</i>	<i>127,362,125</i>	<i>127,362,125</i>	<i>127,362,125</i>	
<i>Annual Change in State Funding</i>	<i>4.7%</i>	<i>4.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	
English Language Proficiency Programs	20,462,733	18,429,452	23,411,097	23,941,874	23,696,750	
FTE	<u>4.6</u>	<u>4.8</u>	<u>4.6</u>	<u>4.6</u>	<u>4.6</u>	
General Fund	4,643,799	3,101,598	3,101,598	3,101,598	3,101,598	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds (State Education Fund)	n/a	5,510,459	9,019,602	9,539,879	9,294,755	DI#1
Cash Funds (local funds) a/	13,845	0	0		0	
Cash Funds Exempt (State Education Fund)	2,561,953	n/a	n/a	n/a	n/a	
Federal Funds	13,243,136	9,817,395	11,289,897 S	11,300,397	11,300,397	
FTE	4.6	4.8	4.6	4.6	4.6	
<i>State Funding Portion of Appropriation</i>	<i>7,205,752</i>	<i>8,612,057</i>	<i>12,121,200</i>	<i>12,641,477</i>	<i>12,396,353</i>	DI#1
<i>Annual Change in State Funding</i>	<i>17.5%</i>	<i>19.5%</i>	<i>40.7%</i>	<i>4.3%</i>	<i>2.3%</i>	

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
(II) Other Categorical Programs						
Public School Transportation	45,658,521	45,833,107	49,659,638	49,997,119	49,991,821	
FTE	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	38,864,807	36,896,492	36,922,227 S	36,922,227	36,922,227	
FTE	0.0	2.0	2.0	2.0	2.0	
Cash Funds (State Education Fund)	n/a	8,486,615	12,287,411	12,624,892	12,619,594	DI#1
Cash Funds (local funds) a/	208,322	0	0	0	0	
Cash Funds (Public School Transportation Fund)	n/a	450,000	450,000	450,000	450,000	
Cash Funds Exempt (State Education Fund)	6,135,392	n/a	n/a	n/a	n/a	
Cash Funds Exempt (Public School Transportation Fund)	450,000	n/a	n/a	n/a	n/a	
<i>State Funding Portion of Appropriation</i>	<i>45,000,199</i>	<i>45,383,107</i>	<i>49,209,638</i>	<i>49,547,119</i>	<i>49,541,821</i>	
<i>Annual Change in State Funding</i>	<i>4.8%</i>	<i>0.9%</i>	<i>8.4%</i>	<i>0.7%</i>	<i>0.7%</i>	
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education						
General Fund	<u>21,208,319</u>	<u>21,672,472</u>	<u>23,189,191</u>	<u>23,296,092</u>	<u>23,296,124</u>	
Cash Funds (State Education Fund)	18,228,679	17,792,850	17,792,850	17,792,850	17,792,850	
Cash Funds (local funds) a/	n/a	3,879,622	5,396,341	5,503,242	5,503,274	DI#1
Cash Funds Exempt (State Education Fund)	120,369	0	n/a	0	0	
<i>Annual Change in State Funding</i>	<i>2.8%</i>	<i>2.2%</i>	<i>7.0%</i>	<i>0.5%</i>	<i>0.5%</i>	
Special Education Programs for Gifted and Talented Children						
General Fund	7,997,177	8,394,542	9,003,120	9,205,320	9,059,625	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>	
Cash Funds (State Education Fund)	7,027,087	5,498,443	5,500,000	5,500,000	5,500,000	
Cash Funds (local funds) a/	0.0	0.0	0.0	0.0	0.5	
Cash Funds Exempt (State Education Fund)	n/a	2,896,099	3,503,120	3,705,320	3,559,625	DI#1
Cash Funds (local funds) a/	22,913	0	n/a	0	0	
Cash Funds Exempt (State Education Fund)	947,177	n/a	n/a	n/a	n/a	
<i>State Funding Portion of Appropriation</i>	<i>7,974,264</i>	<i>8,394,542</i>	<i>9,003,120</i>	<i>9,205,320</i>	<i>9,059,625</i>	
<i>Annual Change in State Funding</i>	<i>2.1%</i>	<i>5.3%</i>	<i>7.2%</i>	<i>2.2%</i>	<i>0.6%</i>	
		14,348				

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
Expelled and At-risk Student Services Grant Program	6,329,236	6,341,714	7,343,560	7,557,846	7,493,560	
FTE	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	5,832,872	5,789,845	5,788,807	5,788,807	5,788,807	
FTE	0.8	1.0	1.0	1.0	1.0	
Cash Funds (State Education Fund)	n/a	551,869	1,554,753	1,769,039	1,704,753	DI#1
Cash Funds Exempt (State Education Fund)	496,364	n/a	n/a	n/a	n/a	
Annual Change in State Funding	1.2%	0.2%	15.8%	2.9%	2.0%	
Small Attendance Center Aid	943,333	943,333	959,379	959,379	959,379	
General Fund	767,755	787,645	787,645	787,645	787,645	
Cash Funds (State Education Fund)	n/a	155,688	171,734	171,734	171,734	
Cash Funds (local funds) a/	66,724	0		0	0	
Cash Funds Exempt (State Education Fund)	108,854	n/a	n/a	n/a	n/a	
State Funding Portion of Appropriation	876,609	943,333	959,379	959,379	959,379	
Annual Change in State Funding	-8.9%	7.6%	1.7%	0.0%	0.0%	
Comprehensive Health Education	599,347	688,246	1,005,396	1,005,396	1,005,396	
FTE	<u>0.0</u>	<u>0.1</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	300,000	0	300,000 S	0	300,000	
Cash Funds (State Education Fund)	n/a	105,396	468,396 S	1,005,396	705,396	
FTE	0.0	0.0	0.0	1.0	1.0	
Cash Funds (Comprehensive Health Education Fund)	299,347	582,850	237,000 S	0	0	
FTE	0.0	0.1	1.0	0.0	0.0	
Cash Funds Exempt (State Education Fund)	0	n/a	n/a	n/a	n/a	
Annual Change in State Funding	-0.1%	14.8%	46.1%	0.0%	0.0%	
<i>Minimum Inflationary Increase for Categorical Programs Required by Section 17 of Article IX of the State Constitution</i>				<i>\$1,381,145 included in above line items</i>	<i>\$920,774 included in above line items</i>	

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
Subtotal - Categorical Programs	385,625,641	386,530,894	548,792,184	449,004,875	401,792,109	
FTE	62.1	72.4	73.6	73.6	73.6	
General Fund	174,676,020	141,439,220	141,765,474	141,465,474	141,765,474	
FTE	0.8	3.0	3.0	3.0	3.5	
Cash Funds	1,292,875	78,408,376	88,878,135	90,559,280	89,798,909	
FTE	0.0	0.1	1.0	1.0	1.0	
CF (local funds) a/	993,528	0	0	0	0	
CF (State Education Fund)		77,375,526	88,191,135	90,109,280	89,348,909	
Cash Funds Exempt/Reappropriated Funds	36,120,083	0	101,812	101,812	101,812	
FTE	0.5	0.0	1.0	1.0	1.0	
CFE (State Education Fund)	35,517,073	n/a	n/a	n/a	n/a	
Federal Funds	173,536,663	166,683,298	318,046,763	216,878,309	170,125,914	
FTE	60.8	69.3	68.6	68.6	68.1	
State Funding for Categorical Programs	210,492,440	219,397,596	230,193,609	231,574,754	231,114,383	
Annual Change in State Funding	4.6%	4.2%	4.9%	0.6%	0.4%	

a/ In some districts, local tax revenues more than offset the amount needed for total program funding pursuant to the school finance formula. In these cases, pursuant to Section 22-54-107 (2), C.R.S., the excess tax revenues are used to offset state funding programs (referred to as "categorical buyout"). For FY 2007-08, affected districts (Gunnison and Routt - Steamboat) spent a total of \$993,528 in local tax revenues for various categorical programs; the General Fund appropriation for each of these programs was reduced by the same amount, and these state funds were instead distributed to districts to offset public school transportation expenses.

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
(C) Grant Programs, Distributions, and Other Assistance						
(II) Capital Construction						
Division of Public School Capital Construction						
Assistance - CF (Public School Capital Construction Assistance Fund)	n/a	461,528	910,095 S	912,271	Pending BA	
FTE		4.3	9.0	9.0	9.0	
Public School Capital Construction Assistance Board - Lease Payments - CF (Public School Capital Construction Assistance Fund)						
	n/a	0	20,000,000	20,000,000	20,000,000	
Financial Assistance Priority Assessment - CF (Public School Capital Construction Assistance Fund)						
	n/a	4,450,000	7,850,000	7,850,000	396,000	
Full-day Kindergarten Facility Capital Construction Fund - CF (SEF)						
	n/a	0	0	0	0	
State Aid for Charter School Facilities						
General Fund	<u>5,000,000</u>	<u>5,135,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	
Cash Funds (SEF)	0	0	0	0	0	
Cash Funds Exempt (SEF)	n/a	5,135,000	5,000,000	5,000,000	5,000,000	
	5,000,000	n/a	n/a	n/a	n/a	
State Charter School Institute Capital Construction Assistance - CF (SCSI CC Assistance Fund)						
	0	0	365,226	365,226	875,636	
(VI) Facility Schools						
Facility Schools Unit and Facility Schools Board						
FTE	n/a	162,392	257,349	258,109	258,109	
		0.9	3.0	3.0	3.0	
Cash Funds (SEF)		162,392	0	0	0	
FTE		0.9	0.0	0.0	0.0	
Reappropriated Funds		0	257,349	258,109	258,109 BA	
FTE		0.0	3.0	3.0	3.0	
Facility School Funding - CF (SEF)						
	n/a	16,584,920	17,800,000 S	20,817,769	17,900,000	

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
Hold-harmless Facility School Student Funding - CF (SEF)	n/a	587,504	n/a	n/a	n/a	n/a
Facility Summer School Grant Program - CFE (SEF)	434,500	n/a	n/a	n/a	n/a	n/a
Subtotal - Grant Programs, Distributions, and Other Assistance - Capital Construction and Facility Schools Only						
	5,434,500	27,381,344	52,182,670	55,203,375	Pending	
FTE	0.0	5.2	12.0	12.0	12.0	
General Fund	0	0	0	0	0	
Cash Funds	0	27,381,344	51,925,321	54,945,266	Pending	9.0
FTE	0.0	5.2	9.0	9.0	9.0	
<i>CF (State Education Fund)</i>	<i>n/a</i>	<i>22,469,816</i>	<i>22,800,000</i>	<i>25,817,769</i>	<i>22,900,000</i>	
<i>FTE</i>	<i>n/a</i>	<i>0.9</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	
Cash Funds Exempt/Reappropriated Funds	5,434,500	0	257,349	258,109	258,109	
FTE	0.0	0.0	3.0	3.0	3.0	
<i>CFE (State Education Fund)</i>	<i>5,434,500</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<i>FTE</i>	<i>0.0</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Federal Funds	0	0	0	0	0	

Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting Recommendations
Department of Education (School Finance, Categorical Programs, Capital Construction, and Facility Schools only)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	OSPB Request	Recommendation	
TOTAL - ASSISTANCE TO PUBLIC SCHOOLS -						
School Finance, Categorical Programs, Capital Construction, and Facility Schools Only						
	3,545,191,469	3,936,568,497	4,133,070,281	3,914,355,644		Pending
FTE	62.1	93.7	103.9	103.9		103.9
General Fund	2,966,643,439	3,192,467,704	3,205,043,396	2,994,720,390		3,503,838,270
<i>General Fund Exempt Account (included above)</i>	327,600,000	39,251,792	0	0		0
FTE	0.8	3.0	3.0	3.3		3.5
Cash Funds	10,784,751	575,982,579	608,063,866	700,923,250		Pending
FTE	0.0	5.3	10.0	10.0		10.0
<i>CF (State Education Fund)</i>	n/a	469,390,418	471,467,240	602,073,157		459,400,905
FTE	n/a	0.9	0.0	0.0		0.0
<i>CF (State Public School Fund)</i>	n/a	100,647,783	106,784,305	69,272,596		61,825,876
Cash Funds Exempt/Reappropriated Funds	394,226,616	1,434,916	1,826,473	1,833,695		1,833,695
FTE	0.5	16.1	22.0	22.0		22.3
<i>CFE (State Education Fund)</i>	300,014,606	n/a	n/a	n/a		n/a
FTE	0.0	n/a	n/a	n/a		n/a
<i>CFE (State Public School Fund)</i>	93,609,000	n/a	n/a	n/a		n/a
Federal Funds	173,536,663	166,683,298	318,136,546	216,878,309		170,125,914
FTE	60.8	69.3	68.9	68.6		68.1

* "S" indicates that the FY 2009-10 Appropriation amount reflects a supplemental funding adjustment approved by the Committee.

JBC WORKING DOCUMENT - ALL DECISIONS SUBJECT TO CHANGE
Staff Recommendation Does Not Represent Committee Decision

DEPARTMENT OF EDUCATION:
(School Finance, Categorical Programs, Capital Construction, and Facility Schools only)
FY 2010-11

SUMMARY OF RECOMMENDATIONS INCLUDED IN THIS PACKET

The following table 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 2009-10 Appropriation for FY 2010-11:</i>						
State Share of Districts' Total Program Funding	244,337,933	298,794,874	(54,456,941)	0	0	0.0
Less: "Placeholder" for savings to be achieved through the annual school finance bill*	<u>(508,837,772)</u>	<u>(508,837,772)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: School Finance	(264,499,839)	(210,042,898)	(54,456,941)	0	0	0.0
Required Increase in State Funding for Categorical programs	920,774	0	920,774	0	0	0.0
State Charter School Institute Capital Construction Assistance	510,410	0	510,410	0	0	0.0
Facility School Funding	100,000	0	100,000	0	0	0.0
Eliminate Funding for Declining Enrollment Study	(200,000)	0	(200,000)	0	0	0.0
Eliminate Funding for Local Share Overpayments	(3,684,365)	0	(3,684,365)	0	0	0.0
Reduce Funding for Financial Assistance Priority Assessment	(7,454,000)	0	(7,454,000)	0	0	0.0
Eliminate Federal ARRA Funding	(154,012,028)	0	0	0	(154,012,028)	0.0

* Statutory change required.

General Discussion of Constitutional Funding Requirements and Deflation

Article IX, Section 17 of the Colorado Constitution (Amendment 23) links education funding to the inflation rate. Specifically, for FY 2010-11, this provision requires both the statewide base per pupil funding and total state funding for all categorical programs to "grow annually at least by the rate of inflation plus an additional one percentage point". This provision defines "inflation" to have the same meaning as defined in Article X, Section 20 of the Colorado Constitution (the Taxpayer's Bill of Rights or TABOR). TABOR defines "inflation" to mean the "percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index". Thus, Amendment 23 requires the General Assembly to increase the statewide base per pupil funding and total state funding for categorical programs by at least the percentage change in the Denver-Boulder Consumer Price Index (CPI) plus one percentage point.

Consistent with TABOR, the General Assembly implemented this requirement by using the inflation rate for the prior calendar year to determine funding for each state fiscal year. Thus, the inflation rate for CY 2009 is used to determine funding for FY 2010-11. The Bureau of Labor Statistics recently announced that the Denver-Boulder CPI change for CY 2009 was -0.6 percent. Since the passage of Amendment 23, the annual change in the CPI has ranged from 0.1 percent (2004) to 4.7 percent (2001)¹. This is the first instance since 2000 that the CPI change has been negative.

Staff's recommendations in this packet related to the spending requirements in Amendment 23 assume that a negative change in the CPI should be treated the same as a positive rate of change. Thus, staff's recommendations are based on a 0.4 percent increase ($-0.6 + 1.0 = 0.4$) in the statewide base per pupil funding and a 0.4 percent increase in total state funding for all categorical programs. This approach is consistent with the Department's request.

Since the passage of Amendment 23, the annual Long Bill has included funding sufficient to comply with the minimum requirements of Amendment 23 (i.e., to fully fund the existing School Finance Act formula based on the minimum required increase in the statewide base per pupil funding and to provide the minimum required increase in total state funding for categorical programs). In some instances, the Long Bill has also included additional state funding for categorical programs². The General Assembly annually passes a separate bill to make the statutory changes necessary to increase the statewide base per pupil funding, meeting or exceeding the minimum requirements of Amendment 23, and making other changes to the school finance formula.

The Joint Budget Committee, through introduction of the FY 2010-11 Long Bill, will thus need to make a recommendation to the General Assembly related to the minimum increases in the statewide base per pupil funding and total state funding for categorical programs.

¹ Since 1965, the annual change in the CPI has ranged from 0.1 percent (2004) to 15.5 percent (1979).

² In three instances the General Assembly has increased state funding for categorical programs by more than the minimum amount required by Amendment 23, resulting in annual appropriations that are now \$34.7 million higher than would have otherwise been constitutionally required.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(A) Public School Finance

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

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

As described below, staff recommends also reflecting the 0.3 FTE initially appropriated through H.B. 09-1319 in this line item; this position administers the Accelerating Students Through Concurrent Enrollment (ASCENT) Program. The following table provides a staffing summary for this line item.

Public School Finance, Administration: Staffing Summary				
Position Description	FY 2008-08 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
School Finance	5.8	6.0	6.0	6.0
Colorado Preschool Program and Full-day Kindergarten Programs	5.3	7.0	7.0	7.0
School District Audits	5.0	5.0	5.0	5.0
ASCENT Program	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>
Total	16.1	18.0	18.0	18.3

As authorized by S.B. 09-215, this line item is supported by "off-the-top" funding from the State Share of Districts’ Total Program Funding line item. This funding mechanism was reinstated to reduce General Fund expenditures, maintain critical Department functions, and comply with constitutional funding requirements.

The Department requests \$1,473,774 reappropriated funds and 18.0 FTE for this line item for FY 2010-11. **Staff recommends approving the request, which is consistent with Committee policies.** The following table details the calculations underlying staff's recommendation.

Summary of Recommendation: Public School Finance, Administration					
Description	Total Funds	General Fund	Reapp. Funds	Federal Funds	FTE
Personal services portion of FY 09-10 Long Bill appropriation	\$1,360,582	\$0	\$1,360,582	\$0	18.0
Restore base personal services reduction related to furloughs	34,461	0	34,461	0	0.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0.0%)	0	0	0	0	0.0
Reflect ASCENT staff (supported by federal ARRA funds appropriated in FY 2009-10)	0	0	0	0	0.3
Reduction in employer's PERA contribution (2.5%)	<u>(27,999)</u>	<u>0</u>	<u>(27,999)</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	1,367,044	0	1,367,044	0	18.3
Operating expenses and travel portion of FY 09-10 appropriation	156,730	0	106,730	50,000	
Eliminate federal ARRA funding for preschool ID system	<u>(50,000)</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>	
Subtotal: Operating and Travel Expenses	106,730	0	106,730	0	
Recommended FY 10-11 appropriation	1,473,774	0	1,473,774	0	18.3

In addition, as described for the next line item, **staff recommends reflecting the 0.3 FTE appropriated through H.B. 09-1319 in this line item**; this position administers the ASCENT Program.

Accelerating Students Through Concurrent Enrollment Program (ASCENT) Administration.

Background Information. House Bill 09-1319 replaced the High School Fast Track program, the Postsecondary Enrollment Options Act, and the Fast College Fast Jobs Act with the **Concurrent Enrollment Programs Act** [Section 22-35-101 *et seq.*, C.R.S.]. The act continued to permit students under the age of 21 and in grades 9, 10, 11 or 12 to enroll in courses at institutions of higher education and apply credits toward the requirements of high school graduation. Subject to course availability and the approval of the school district, students may enroll in unlimited college courses. Only 12th grade students may enroll in basic skills courses. If a student is retained by the high school

beyond the senior year, the bill limits the number of courses in which the student can concurrently enroll. The bill allows districts to continue to receive funding through FY 2011-12 for these "fifth year" students under concurrent enrollment programs that existed prior to the bill's passage.

A school district includes qualified students in its funded pupil count, and thus continues to receive funding for students participating in concurrent enrollment programs. Higher education institutions also include qualified students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from qualifying students' home school districts, as well as College Opportunity Fund (COF) stipend payments. A qualified student who does not complete a secondary course is required to reimburse the school district for the associated tuition. Each applied credit counts against that student's lifetime limit of 145 COF credits. The amount of the tuition paid for qualified students and other details are specified in a cooperative agreement negotiated between the school district and the institution of higher education. The act encourages, but does not require, higher education institutions to allow concurrent enrollment of qualified students or to enter into a cooperative agreement with a school district. The act also creates the Concurrent Enrollment Advisory Board. Finally, the act requires the Department of Education and the Department of Higher Education to annually submit to the Education Committees by February 1, beginning in 2011, a report concerning concurrent enrollment programs.

The act also created the **ASCENT Program** [see Sections 22-35-108; 22-54-103 (1.4), (5.2), and (7)(e); and 22-54-104 (2)(a)(IX), (3.5)(d)(III), and (4.7)(a), C.R.S.] for students retained by the high school for instruction beyond the senior year (5th year seniors). The objectives of the program include: increasing the percentage of students who participate in higher education, especially among low-income and traditionally underserved populations; decreasing the number of high school dropouts; decreasing the amount of time required for a student to complete a postsecondary degree; reducing state expenditures for public education; and increasing the number of educational pathways available to students.

Beginning in FY 2010-11, school districts must submit an annual recommendation of current grade 12 seniors who will become eligible for the ASCENT Program in the following fiscal year. Subject to available appropriations, the Department may approve any student who:

- is under age 21;
- has completed 15 credits of concurrent enrollment by the end of grade 12;
- is not in need of basic skills courses;
- is accepted into a degree program at an institution of higher education; and
- has not participated in the ASCENT Program in any previous year.

For FY 2010-11 and FY 2011-12, the Department is required to give priority to students who have been participating in the Fast College Fast Jobs pilot program.

Similar to students participating in multi-district online programs and the Colorado Preschool Program, ASCENT students are counted and funded separately from other students. Funding for the

ASCENT Program is set at \$6,135 per full-time student. Beginning in FY 2010-11, this per pupil amount will increase by the same percentage by which the statewide base per pupil funding increased compared to FY 2007-08. For FY 2010-11, this amount is calculated as follows:

FY 2007-08 base per pupil funding	\$5,087.61
FY 2010-11 base per pupil funding	\$5,529.71
\$ Change	\$442.10
% Change	8.69%
Initial per pupil funding for ASCENT participants	\$6,135.00
Multiplied by percent change in base per pupil funding	108.69%
ASCENT per pupil funding for FY 2010-11	\$6,668.00

ASCENT Administration Funding. House Bill 09-1319 included a legislative declaration authorizing the use of moneys in the State Education Fund for concurrent enrollment programs [see Section 22-35-102 (2), C.R.S.]. However, another provision declares that the administrative costs incurred by the Department of Education in its implementation of the ASCENT Program shall be supported by federal ARRA funds. The act included an appropriation of \$30,031 federal funds, including \$19,892 and 0.3 FTE for administrative costs (including supporting the work of the Concurrent Enrollment Advisory Board, coordinating the adoption of program rules, assisting school districts in designating students for participation in the ASCENT Program, managing data collection, and preparing reports for the General Assembly), and \$10,139 for legal services.

Through S.B. 10-65 (the FY 2009-10 supplemental bill for the Department of Education), the General Assembly increased the appropriation in this bill by \$19,891 federal funds. Consistent with every other line item for which federal ARRA funds have been made available, this adjustment reflects the full amount of federal ARRA funds made available for this purpose. Thus, the FY 2009-10 appropriation for this line item reflects ARRA moneys that will be spent in both FY 2009-10 and FY 2010-11 for ASCENT Program administration.

The Department’s budget request reflects a General Fund appropriation of \$19,892 and 0.3 FTE for this line item. As these expenditures will be covered by federal ARRA funds, staff is not recommending an appropriation for this line item for FY 2010-11. However, for purposes of transparency, staff recommends reflecting the 0.3 FTE that will continue to be supported by federal ARRA funds in FY 2010-11 in the above school finance Administration line item.

Finally, please note that it is unclear how the General Assembly intends to support the ongoing expenses associated with administration of the ASCENT Program beginning in FY 2011-12. This issue will need to be addressed through the regular budget process next year.

Declining Enrollment Study. House Bill 08-1388 included a provision [see Section 22-54-132, C.R.S.] requiring the Department to contract with a private entity to conduct a study to evaluate how declining pupil enrollment in school districts impacts students and to recommend possible remedies.

Among other issues, the study is to examine the effects of existing provisions of the School Finance Act and school choice on districts experiencing declining enrollment, as well as the barriers to and incentives for district consolidation. The Department is required to submit a report summarizing the study findings and recommendations to both Education Committees and the Joint Budget Committee on or before March 15, 2010.

The Department requested continuation of the \$200,000 State Education Fund appropriation for FY 2010-11. Staff recommends eliminating this line item, as the study will be completed this fiscal year.

State Share of Districts' Total Program Funding.

Background Information. The primary source of funding for public schools in Colorado is provided pursuant to the Public School Finance Act of 1994, which establishes a per pupil-based formula for determining the "total program" funding level for each school district. The formula provides the same *base* amount of funding per pupil for every district. Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in base per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount must increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2010-11, base per pupil funding will need to increase from \$5,507.68 to \$5,529.71 (0.4 percent), based on the actual -0.6 percent change in the CPI in CY 2009.

The formula increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. The formula also provides additional funding for districts with students who may be at risk of failing or dropping out of school. Thus, actual per pupil funding varies for each district. The Department provided information indicating that based on the existing statutory formula, on average, districts will receive per pupil funding of \$7,279.38 in FY 2010-11; this represents an increase of 2.9 percent when compared to existing FY 2009-10 appropriations (i.e., after the \$130 million recision required by S.B. 10-65). Each individual district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding.

Local property and specific ownership taxes provide the first source of revenue for districts' total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed (taxable) value of property in each district. Specific ownership taxes are paid on motor vehicles in lieu of property taxes. State funds are then appropriated to fund the balance of districts' total program funding. For FY 2010-11, local property taxes and specific ownership taxes are projected to decrease by 1.3 percent.

Department Request. The Department's request for school finance for FY 2010-11 is based on earlier projections of the funded pupil count, the annual change in the CPI for CY 2009 (-0.9 percent, compared to the actual -0.6 percent change), and available local revenues. The request is also predicated on one or more statutory changes that would reduce total program funding.

Specifically, the request proposes changes to districts' cost-of-living factors, the addition of an "equity adjustment factor", and a reduction in the online funding amount in order to achieve the same percent reduction in total program funding for all school districts. The following statements are intended to put the Department's proposal in context:

- When compared to the adjusted FY 2009-10 appropriation (i.e., after the \$130 million recision authorized through S.B. 10-65), the Department's request represents a \$149 million (2.7 percent) reduction in total program funding, and a \$258 per pupil (3.6 percent) reduction in the statewide average per pupil funding.
- When compared to the amount required to fully fund the existing school finance formula for FY 2010-11, the Department's request represents a \$367 million (6.3 percent) reduction in total program funding, and a \$460 per pupil (6.3 percent) reduction in the statewide average per pupil funding.

The proposed level of funding and the methodology has not changed since the initial November 6, 2009 request was submitted. The Department's most recent request, however, does seek reversal of the temporary property tax reduction for local districts, and instead proposes allowing local districts to keep property taxes based on the original FY 2009-10 appropriation through a mill levy hold harmless provision. The Department's most recent request also reflects adjustments to fund sources based on updated assessed valuation and specific ownership taxes. In addition, the Department's request is predicated on a transfer of approximately \$135 million General Fund to the State Education Fund in FY 2010-11. The source of the \$135 million is a combination of all the General Fund balancing actions and the federal match rate for the Medicaid program. The Department proposes transferring General Fund to the State Education Fund to address the deficit in the State Education Fund, and to reduce the calculated statutory General Fund reserve for FY 2010-11 (by approximately \$5.4 million if the reserve is at 4.0 percent).

Staff Recommendation Based on Current Law. Staff's recommendation for the Long Bill is based on current law. At the end of the narrative for this line item, staff has included a recommendation for a "target" amount of savings to be achieved through the annual school finance bill as part of the Committee's overall budget balancing plan. The following table summarizes the key components of the Department's request and staff's recommendation.

School Finance: Total Program	FY 09-10	FY 10-11	
	Adjusted Approp.	Request	Long Bill Recom.
Funded Pupil Count	789,511.1	797,438.5	797,438.5
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>1.0%</i>	<i>1.0%</i>
Statewide <u>Base</u> Per Pupil Funding	\$5,507.68	\$5,513.19	\$5,529.71
<i>Annual Percent Change</i>	<i>4.9%</i>	<i>0.1%</i>	<i>0.4%</i>
Statewide <u>Average</u> Per Pupil Funding	\$7,077.26	\$6,819.71	\$7,279.38
<i>Annual Percent Change</i>	<i>3.0%</i>	<i>-3.6%</i>	<i>2.9%</i>
Total Program Funding	\$5,587,572,003	\$5,438,295,823	\$5,804,857,506
<i>Annual Percent Change</i>	<i>4.5%</i>	<i>-2.7%</i>	<i>3.9%</i>
<u>Local Share</u> of Districts' Total Program Funding	\$2,068,616,086	\$2,037,119,341	\$2,041,563,656
Less: Local taxes foregone as a result of locally negotiated business incentive agreements	\$0	\$0	\$0
Net local share	\$2,068,616,086	\$2,037,119,341	\$2,041,563,656
<i>Annual Percent Change</i>	<i>5.8%</i>	<i>-1.5%</i>	<i>-1.3%</i>
<u>State Share</u> of Districts' Total Program Funding (including amount related to BIAs)	\$3,518,955,917	\$3,401,176,482	\$3,763,293,850
<i>Annual Percent Change</i>	<i>3.7%</i>	<i>-3.3%</i>	<i>6.9%</i>
<i>State Share as % of Districts' Total Program</i>	<i>63.0%</i>	<i>62.5%</i>	<i>64.8%</i>

Please note the following in relation to the FY 2010-11 recommended figures above:

- Current law authorizes the Department to fund 20,160 half-day Colorado Preschool Program slots in FY 2010-11. The above recommended figures thus include 10,080 FTE and \$67.6 million in total program funding for preschool for at-risk children.
- Current law authorizes districts to count kindergarten students as 0.58 FTE rather than 0.50 FTE in FY 2009-10. However, current law is silent with regard to the factor to apply for FY 2010-11. House Bill 08-1388 did include a provision specifying that the General Assembly intends to annually increase the appropriation for full-day kindergarten programs, beginning with an increase of \$20 million in FY 2009-10. Consistent with the General Assembly's action last session, **the above recommended figures assume that the General Assembly will maintain the 0.58 kindergarten funding factor for FY 2010-11.** The above figures thus include 5,216 FTE and \$35.3 million in total program funding for full-day kindergarten.
- House Bill 09-1319 requires each school district to annually submit to the Department, by September 1, an estimate of the number of students it will seek to be designated by the Department as ASCENT Program participants for the following school year. The Department, as part of its annual budget request, is required to report the total number of students who have been identified by school districts as potential participants. By June 1,

2010, and annually thereafter, the State Board of Education is required to report to the Department how many qualified students it may designate as ASCENT Program participants from each district for the following school year. **The above recommended figures are assumed to include 277 FTE funded at a rate of \$6,668/FTE, for a total of \$1,847,036 in ASCENT Program funding.**

- **The above figures do not include any adjustments to districts' cost of living factors based on the biennial cost of living analysis** conducted by Legislative Council Staff pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S. This study has not yet been finalized. Staff thus assumes that any necessary adjustments will be included in the annual school finance bill.

Staff recommends appropriating a total of \$3,763,293,850 in the Long Bill for school finance for FY 2010-11. Staff's recommendation is based on the existing school finance formula, as modified by H.B. 10-1318 (which suspends minimum state aid), and the most recent projections provided by Department Staff. [Please note that the annual appropriation for school finance is based on estimates of pupil counts and local property tax revenues. Thus, the annual appropriation typically requires a mid-year adjustment once the actual data is available.] The following table summarizes staff's recommendation, by fund source, in relation to the request. Staff has provided a discussion of each funding source following the table.

Sources of Funds Appropriated for Public School Finance				
Fund Source	FY 09-10	FY 2010-11		
		Request	Recom. Long Bill Approp.	Annual Change
General Fund	\$3,063,277,922	\$2,853,235,024	\$3,362,072,796	\$298,794,874
<i>Annual Percent Change</i>		-6.9%	9.8%	
Cash Funds: State Public School Fund (federal mineral lease revenues, rental income earned on public school lands, and audit recoveries)	103,099,940	69,272,596	61,825,876	(41,274,064)
<i>Annual Percent Change</i>		-32.8%	-40.0%	
Cash Funds: State Education Fund 1/	352,578,055	478,668,862	339,395,178	(13,182,877)
<i>Annual Percent Change</i>		35.8%	-3.7%	
Total State Funds	3,518,955,917	3,401,176,482	3,763,293,850	244,337,933
<i>Annual Percent Change</i>		-3.3%	6.9%	

1/ The requested amount from the State Education Fund includes an estimated \$135 million General Fund transfer into the State Education Fund.

State Public School Fund. The State Public School Fund (SPSF) is the smallest source of revenue available for public school finance. The SPSF currently receives revenues from three primary sources³, discussed below.

1. Federal Mineral Lease Revenues. A portion of federal funds received by the State for sales, bonuses, royalties, and rentals of public lands within the State are also credited to the SPSF. These federal mineral lease (FML) revenues are primarily derived from coal, gas, and oil, and most revenues are earned from federal lands on the Western Slope. Due to production and price changes, federal mineral lease revenues can vary significantly from year to year, and are therefore difficult to project. However, S.B. 08-218 modified the allocation of these revenues, effective July 1, 2008. For fiscal years 2008-09 through 2010-11, the lesser of 48.3 percent of FML revenues (excluding bonus payments) or \$65,000,000 will be transferred to the SPSF; for subsequent fiscal years, this \$65.0 million cap will be increased by 4.0 percent annually.
2. Rental Income Earned on Public School Lands. A portion of rental income earned on public school lands, including mineral royalties, grazing fees, land sales, timber sales, and interest earnings, is credited to the SPSF. A portion of rental income is also appropriated to support the State Land Board, a portion is credited to the Public School Capital Construction Assistance Fund, and the remainder is transferred to the Public School Fund. Pursuant to H.B. 08-1335, the amount transferred to the SPSF is limited to \$11.0 million.
3. District Audit Recoveries. The balance of annual revenues to the SPSF come from amounts recovered by the Department pursuant to school district audits. Pursuant to S.B. 07-199, the time period over which a district may pay back overpayments to the Department was extended so that it is equivalent to the number of years covered by the audit [see Section 22-2-113 (1) (g), C.R.S.]. The Department is now offsetting a large portion of its accounts receivable from districts (an asset) with deferred revenue equal to those amounts that are not anticipated to be received within the following fiscal year (a liability). Thus, the SPSF balance reflects only that portion of accounts receivable that the Department actually anticipates receiving within the following fiscal year.

Staff recommends appropriating \$61,825,876 from the State Public School Fund for this line item for FY 2010-11. Calculations underlying staff's recommendation are provided in the following table.

³ Please note that the Department is required to transfer to the SPSF, on a quarterly basis, amounts appropriated from the General Fund for the state share of districts' total program funding [see Section 22-54-114 (1), C.R.S.]. The SPSF thus serves as a flow-through account for much of the state funding for school finance. In addition, current law requires the Department to transfer half of any unexpended balance at the end of each fiscal year to the Colorado Comprehensive Health Education Fund. These portions of the SPSF are excluded from the above discussion.

Projections of Moneys Available in the State Public School Fund: FY 2010-11	
Description	Amount
Projected year-end fund balance, FY 09-10	\$0
Federal mineral lease revenues (capped at \$65.0 million statutorily)	53,864,000
Rental income earned on public school lands (capped statutorily)	11,000,000
District audit recoveries (portion anticipated to be collected in FY 09-10 is reflected in fund balance, above)	<u>0</u>
Total funds projected to be available	64,864,000
Amount required to public school laws [pursuant to Section 22-2-112 (1) (i), C.R.S.]	(35,480)
State match for School Lunch Program [pursuant to Section 22-54-123, C.R.S.]	(2,472,644)
Supplemental on-line education programs [pursuant to Sections 22-2-130 and 22-5-119]	(530,000)
Subtotal: Expenditures for purposes other than the School Finance Act	(3,038,124)
Less: Recommended appropriation from State Public School Fund for the State Share of Districts' Total Program Funding for FY 10-11	(61,825,876)
Projected year-end fund balance (based on current accounts receivable)	0

The Department's request is based on the Office of State Planning and Budgeting (OSPB) projections of federal mineral lease revenues, while staff's recommendation is based on the Legislative Council Staff forecast (\$61.3 million compared to \$53.9 million).

District audit recoveries are booked as accounts receivable. Due to the uncertain nature of this revenue source and the fact that school districts are now allowed to repay audit recoveries over a longer period of time, staff's recommendation does not include an estimate of audit recoveries that districts may be required to repay in FY 2010-11.

Finally, please note that S.B. 10-150, which passed the Senate on February 24, 2010, is estimated to increase moneys credited to the SPSF in FY 2010-11 by a total of \$46.1 million, including \$29.1 million in interest earned on the Public School ("Permanent") Fund, and \$17.0 million in rental/royalty income. If this bill passes before the FY 2010-11 Long Bill is introduced, the Long Bill appropriation from the SPSF could be increased by \$46.1 million. This could reduce the magnitude of the proposed reduction in total program funding.

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

In enacting the provisions of Amendment 23, the General Assembly declared the following with respect to the funding increases required by Amendment 23 and the potential impact of such increases on other state programs and services:

"In enacting legislation to implement section 17 of article IX of the state constitution, it is the duty, intent, and legislative prerogative of the general assembly to mitigate any adverse impact that the state education funding requirements of said section 17 of article IX may have on the financial condition of the state and other state programs and services by *ensuring that moneys are credited to the state education fund, invested while in the fund, and expended from the fund in a manner that will ensure that the fund remains viable and that fund moneys will always be available to meet a significant portion of the long-term state education funding requirements of said section 17 of article IX.*" (emphasis added) [Section 22-55-101 (3) (c), C.R.S.]

Staff recommends appropriating a total of \$339,395,178 from the SEF for this line item for FY 2010-11. This amount is based on the following:

- Projected SEF revenues and interest earnings of \$346 million in FY 2009-10 (based on Legislative Council Staff's December 2009 revenue forecast), SEF expenditures of \$497 million (reflecting recent legislative actions), and a fiscal year-end SEF balance of \$180 million.
- Projected SEF revenues of \$354 million in FY 2010-11 (based on Legislative Council Staff's December 2009 revenue forecast), SEF expenditures for categorical programs of \$89.3 million (based on staff's recommendations in this packet), SEF expenditures for various programs and functions totaling \$55.5 million (based on staff's recommendations in this packet and the Department's requests for other line items not covered in this packet).
- Maintaining a balance of \$50 million in the SEF through the end of FY 2010-11. The State Treasurer currently has \$50 million of the SEF balance invested in long-term investments. Staff believes that it's prudent to avoid forcing the Treasurer to liquidate these assets prematurely. In addition, the General Assembly is now in the position of relying on *projected* income tax revenues to support current year appropriations from the SEF. Given the nature of income tax revenues, staff believes that it would be prudent to plan for a forecast error rate of five to 15 percent. A balance of \$50 million could also serve as a buffer for income tax revenue forecast errors.

General Fund. Although moneys available in the State Public School Fund and the SEF may be used to provide a portion of the funding required for districts' total program and for categorical programs, the state General Fund has always been and will continue to be the primary source of funding for this purpose. Currently, the General Fund provides over 87 percent of the *state* funding for districts' total program funding.

For purposes of providing a historical perspective, the following table summarizes annual appropriations for the *state share* of school districts' total program funding since FY 1994-95 (when the current School Finance Act was adopted). From FY 1994-95 to FY 2000-01, the compound annual growth rate in General Fund appropriations for districts' total program funding was 6.13 percent. This compares to a compound annual growth rate of 5.00 percent for the nine years following the passage of Amendment 23 (FY 2001-02 through FY 2009-10).

Recent History of Appropriations for the State Share of Districts' Total Program Funding						
Fiscal Year	General Fund	Annual % Change	State Public School Fund/ State Education Fund	Annual % Change	Total Funds	Annual % Change
1994-95	\$1,393,562,842		\$34,016,762	-36.87%	\$1,427,579,604	
1995-96	1,469,655,920	5.5%	56,613,541	66.43%	1,526,269,461	6.91%
1996-97	1,594,123,930	8.5%	53,580,360	-5.36%	1,647,704,290	7.96%
1997-98	1,689,946,178	6.0%	35,647,023	-33.47%	1,725,593,201	4.73%
1998-99	1,776,015,806	5.1%	74,830,202	109.92%	1,850,846,008	7.26%
1999-00	1,887,449,285	6.3%	42,685,306	-42.96%	1,930,134,591	4.28%
2000-01	1,974,673,211	4.6%	73,400,663	71.96%	2,048,073,874	6.11%
Passage of Amendment 23						
2001-02	2,073,406,872	5.0%	156,629,363	113.39%	2,230,036,235	8.88%
2002-03	2,137,582,405	3.1%	346,960,158	121.52%	2,484,542,563	11.41%
2003-04	2,247,917,791	5.2%	379,156,261	9.28%	2,627,074,052	5.74%
2004-05	2,342,782,148	4.2%	401,122,658	5.79%	2,743,904,806	4.45%
2005-06	2,480,460,455	5.9%	390,768,821	-2.58%	2,871,229,276	4.64%
2006-07	2,657,663,684	7.1%	403,505,151	3.26%	3,061,168,835	6.62%
2007-08	2,790,546,868	5.0%	362,163,909	-10.25%	3,152,710,777	2.99%
2008-09	2,930,074,211	5.0%	462,870,995	27.81%	3,392,945,206	7.62%
2009-10	3,063,277,922	4.5%	455,677,995	-1.55%	3,518,955,917	3.71%

Maintenance of Effort Requirement. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to annually increase the General Fund appropriation for the state share of districts' total program by at least five percent annually through FY 2010-11. This maintenance of effort (MOE) requirement, however, does not apply in any fiscal year in which Colorado personal

income grows less than 4.5 percent between the two previous calendar years⁴. The MOE did not apply for FY 2002-03 through FY 2004-05. Based on actual personal income growth of 3.3 percent in CY 2008, the MOE does not apply for FY 2009-10 and the Legislative Council Staff's December 2009 forecast indicates that it will not apply for FY 2010-11 (based on a projected -1.5 percent change in personal income in CY 2009).

Non-Supplantation Requirement. In addition to the General Fund MOE requirement, Article IX, Section 17 (5) of the Colorado Constitution states that moneys appropriated from the SEF may not be used to supplant the level of General Fund appropriations that existed on December 28, 2000 (the effective date of Amendment 23) for categorical programs and total program. The General Fund appropriation for the State Share of Districts' Total Program Funding on December 28, 2000 was \$1,982,638,862. Thus, the FY 2010-11 General Fund appropriation must exceed this amount.

Staff recommends including an appropriation of \$3,362,072,796 General Fund in the FY 2010-11 Long Bill for this line item. This amount is equal to the difference between the State Share of Districts' Total Program Funding based on the existing school finance formula, less moneys available from the State Public School Fund and the SEF. This amount represents an increase of \$298.8 million (9.8 percent) compared to the adjusted FY 2009-10 appropriation.

Staff Recommendation for Budget Balancing Plan. Staff's recommendation for the Long Bill, above, is based on current law. **In light of the General Fund revenue shortfall, staff further recommends that the Committee establish a "target" amount of savings to be achieved through the annual school finance bill as part of the Committee's overall budget balancing plan. For now,** staff recommends that the Committee establish a relatively high target based on the General Fund appropriation requested by the Department. Specifically, **staff recommends a target of \$508.8 million,** calculated as follows:

\$2,853,235,024	General Fund appropriation requested by Department
<u>3,362,072,796</u>	less: General Fund appropriation recommended for Long Bill based on current law
(508,837,772)	Target for General Fund reductions to be achieved through annual school finance bill

The following table provides a comparison of the funding levels that would result from a reduction of \$508.8 million to funding levels for the previous three fiscal years. In addition, the table details funding that districts would have been eligible to receive under the school finance formula each fiscal year.

⁴ The determination of whether the maintenance of effort provision applies to a particular fiscal year is based on the Colorado personal income data that is released in December of that same fiscal year.

Comparison of Proposed Funding for FY 2010-11 and Prior Fiscal Years				
	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Funded Pupil Count	760,884.0	778,108.4	789,511.1	797,438.5
<i>Funding Per Formula</i>				
Total Program Funding	\$5,068,284,706	\$5,355,007,072	\$5,717,386,020	\$5,804,857,506
<i>% change</i>		5.7%	6.8%	1.5%
Statewide Average Per Pupil Funding	\$6,661	\$6,882	\$7,242	\$7,279
<i>% change</i>		3.3%	5.2%	0.5%
<i>Actual/Proposed Funding</i>				
Total Program Funding	\$5,068,284,706	\$5,349,019,294	\$5,587,572,003	\$5,296,019,734
<i>% change</i>		5.5%	4.5%	-5.2%
Statewide Average Per Pupil Funding	\$6,661	\$6,874	\$7,077	\$6,641
<i>% change</i>		3.2%	3.0%	-6.2%

- When compared to the adjusted FY 2009-10 appropriation (i.e., after the \$130 million recision authorized through S.B. 10-65), staff's proposed funding level represents a \$291 million (5.2 percent) reduction in total program funding, and a \$436 per pupil (6.2 percent) reduction in the statewide average per pupil funding.
- When compared to the amount required to fully fund the existing school finance formula for FY 2010-11, staff's proposed funding level represents a \$508.8 million (8.8 percent) reduction in total program funding, and a \$638 per pupil (8.8 percent) reduction in the statewide average per pupil funding.

Staff has included in Appendices E and F two charts that present the same information in a graphic format. Please note that the scales for both charts have been adjusted to make the year-to-year changes easier to see.

The size of this targeted reduction could change based on the following:

- If S.B. 10-150 is enacted, an estimated \$46.1 million in revenues generated from state public school lands could be appropriated in this line item, thereby reducing the General Fund appropriation and the magnitude of the targeted reduction by \$46.1 million. This JBC-sponsored bill is pending a hearing in the House Appropriations Committee.
- The Committee voted, on February 2, 2010, to reduce the General Fund appropriation for this line item for FY 2009-10 by \$13.0 million, and to increase the SEF appropriation for FY 2009-10 by the same amount. This adjustment will be included as a provision of the FY 2010-11 Long Bill. If the Committee ultimately decides to reduce or eliminate this FY 2009-

10 refinancing adjustment, more moneys would be available for appropriation from the SEF for FY 2010-11 and the targeted reduction could be reduced commensurately.

- Staff's recommendation is predicated on the Committee approving the Department's requests for SEF appropriations that are not included in this packet. If the Committee approves SEF appropriations that are smaller than those requested by the Department, the Committee could then increase SEF appropriation for this line item, decrease the General Fund appropriation, and thus decrease the magnitude of the targeted reduction.
- The Governor's Office has submitted and plans to submit budget balancing proposals that would make about \$135 million General Fund available for school finance. Once the Committee has taken actions on all department budget requests, if sufficient General Fund revenues remain available the Committee could choose to reduce the magnitude of the targeted reduction. [The Committee could decide at that time whether to appropriate the General Fund through this line item, or to introduce a bill to transfer the General Fund to the SEF, and then appropriate such moneys from the SEF for this line item.]
- Staff's recommendations are based on Legislative Council Staff's December 2009 revenue forecast. If the March 2010 forecast increases projected General Fund revenues, projected income tax revenues credited to the State Education Fund, and/or projected federal mineral lease revenues, the Committee could choose to reduce the magnitude of the targeted reduction.

Finally, please note that staff's recommendation for targeted reductions to be achieved through the annual school finance bill would result in state appropriations that fall below those provided for FY 2008-09 (a gap of \$138.5 million). This would **require the Governor to allocate a portion of the remaining federal ARRA funds for Education Stabilization** (\$89.2 million) that would otherwise be available for higher education institutions, **to support school finance**. In addition to reducing federal funds available for higher education, this reallocation would place significant federal reporting requirements on all school districts.

ASCENT Program. As noted earlier in this packet, H.B. 09-1319 created the ASCENT Program for 5th year high school students. Beginning with FY 2010-11, the following process is to occur annually:

- Local education providers submit, by September 1, an estimate of the number of students who will seek to be designated as ASCENT Program participants in the following fiscal year.
- The Department includes, as part of its annual budget request, the total number of students identified as potential participants.
- The State Board of Education, by June 1, determines how many qualified students may be designated as ASCENT Program participants for the following school year. Subject to available appropriations, the Department may designate ASCENT Program participants. For

FY 2010-11 and FY 2011-12, the Department is to give priority to qualified students who are participating in the Fast College Fast Jobs Pilot Program.

- Local education providers include students who have been designated as participants in their funded pupil count. The district's total program funding will include the district's ASCENT program funding, calculated as the number of ASCENT participant FTE multiplied by a flat dollar amount (\$6,668 for FY 2010-11).

Similar to students participating in multi-district online programs and the Colorado Preschool Program, staff assumes that funding for ASCENT students should be included in the State Share of Districts' Total Program Funding line item. However, as the number of ASCENT Program participants is subject to available appropriations, **staff recommends adding the following new footnote:**

N **DEPARTMENT OF EDUCATION, ASSISTANCE TO PUBLIC SCHOOLS, PUBLIC SCHOOL FINANCE, STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING** – IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE DEPARTMENT OF EDUCATION BE AUTHORIZED TO UTILIZE UP TO \$1,847,036 OF THIS APPROPRIATION TO FUND QUALIFIED STUDENTS DESIGNATED AS ASCENT PROGRAM PARTICIPANTS AS AUTHORIZED PURSUANT TO SECTION 22-35-108, C.R.S. THIS AMOUNT IS CALCULATED BASED ON AN ESTIMATED 277 PARTICIPANTS FUNDED AT A RATE OF \$6,668 PER FTE PURSUANT TO SECTION 22-54-104 (4.7), C.R.S.

Consistent with the Department's request and the fiscal note for H.B. 09-1319, staff has not included any additional funding in this line item for the ASCENT Program based on the assumption that the same overall number of 5th year students will be funded in FY 2010-11 as in FY 2009-10.

Additional State Aid Related to Locally Negotiated Business Incentive Agreements. From 1990 to May 2003 school districts had the authority to negotiate incentive agreements with new or expanded businesses as a means of promoting economic development⁵. State law allowed school districts, as well as cities and counties, to negotiate with taxpayers to forgive up to 50 percent of the property taxes levied on personal property attributable to a new or expanded business facility. A school district that negotiated such an agreement is eligible for additional state aid equal to the property tax revenues which are foregone as part of the agreement.⁶ The state "backfill" for foregone property tax revenues for any single facility is limited to ten years.

The annual cost of backfilling for locally-negotiated business incentive agreements has ranged from \$67,250 in FY 1994-95 to \$2,785,645 in FY 2002-03. However, in FY 2002-03, the appropriation fell \$784,157 short of funding the required state aid associated with these agreements. The Department was thus required to reduce the state aid for all districts by the amount of the shortfall.

⁵ See Section 22-32-110 (1) (ff) and (gg), C.R.S.

⁶ See Section 22-54-106 (8), C.R.S.

Similar recisions were required in FY 2001-02 (\$244,237), and in FY 2003-04 (\$393). Pursuant to S.B. 05-200, however, a statewide recision is no longer necessary when the appropriation falls short. Instead, the shortfall only affects those districts that are receiving additional state aid as a result of an incentive agreement. Appropriations for FY 2005-06 and FY 2006-07 fell short by \$ 757,125 and \$845,430, respectively. No funds were appropriated for this purpose for FY 2007-08, FY 2008-09, or FY 2009-10.

The following table lists those agreements still active, along with the additional state aid estimated to be required to offset property tax revenues that are foregone as part of such agreements. Similar to the previous line item, the actual amount required will not be known until January 2011.

Estimated Additional State Aid Required to Offset Property Tax Revenues Foregone as a Result of Locally Negotiated Business Incentive Agreements (BIAs): FY 2010-11					
County	School District	Company (Term of Agreement(s))	Assessed Value Attributable to Incentive	Increase in State Aid	Percent of Total
El Paso	Harrison	Atmel Corporation (FY 01-02 to FY 10-11)	\$12,247,540	\$115,237	31.56%
El Paso	Fountain	Front Range Power Co. (FY 03-04 to FY 10-11)	25,390,400	249,892	68.44%
TOTAL				365,129	100.00%

The Department has not requested an appropriation for FY 2010-11 for the additional state aid required to “backfill” existing agreements. Consistent with the General Assembly's recent actions, staff recommends approving the request.

Please note that H.B. 10-1013, a bill introduced by the Interim Committee on School Finance, would strike those statutory provisions related to BIA’s.

State Share Correction for Local Share Overpayments in Prior Fiscal Years. This line item provided a one-time appropriation from the State Public School Fund (from school district audit recoveries) to provide additional state funding to Steamboat Springs RE-2 School District due to an erroneous over-collection of local revenues in the last two fiscal years. This error resulted in the state share of the district's total program expenses being understated. As this was a one-time appropriation, **the Department requests elimination of this line item. Staff recommends approving the request.**

Military Dependent Supplemental Pupil Enrollment Aid.

House Bill 07-1232 [Section 22-54-128, C.R.S.] established a process to provide mid-year funding increases to school districts that are impacted by military troop movements. For FY 2007-08 through FY 2010-11, districts may request additional funding for pupils who are dependents of full-time active-duty members of the military and who enroll after the annual October pupil count. Districts may receive additional funding if the number of eligible students, counted in February, represents

an increase of at least 1.0 percent or 25 pupils. The Department is required to request a supplemental appropriation by March 1 each year sufficient to provide each eligible district with one-half of its per pupil revenues for each eligible pupil.

For FY 2007-08, six eligible school districts⁷ received a total of \$1,818,517 pursuant to this program. No funding was appropriated for this purpose for FY 2008-09, and the FY 2009-10 Long Bill did not include funding for this purpose.

The Department recently submitted a supplemental request, as required by Section 22-54-128 (6), C.R.S., indicating that seven school districts are eligible to receive \$2,382,012 for FY 2009-10⁸. However, the Department submitted an accompanying request proposing that this amount not be appropriated. The Department is not requesting funding for this purpose for FY 2010-11.

In light of the revenue shortfall, **staff recommends that the Committee approve the request to not provide funding for military dependent supplemental pupil enrollment aid for either FY 2009-10 or FY 2010-11.** Section 22-54-128 (7), C.R.S., indicates that funding for the program is "subject to available appropriations". In addition, please note that these districts do receive funding for students who enroll after the October pupil count in the following school year (if the student remains in school).

☛ **The Department also requests a statutory change to repeal Section 22-54-128, C.R.S. on July 1, 2010 (rather than July 1, 2011).** If the General Assembly does not intend to provide funding for this purpose for FY 2010-11, a repeal of this provision would eliminate the associated administrative burden on the Department and impacted school districts. It is possible that this provision could be repealed through an amendment to H.B. 10-1013 (Middleton/Romer), "Concerning the modification of certain provision related to the administration of public schools from kindergarten through the twelfth grade". This bill is currently pending a hearing in the House Appropriations Committee.

Hold-harmless Full-day Kindergarten Funding

Under current law [Section 22-28-104 (2) (a) (III), C.R.S.], a total of 20,160 half-day preschool slots are authorized for the Colorado Preschool Program (CPP) for FY 2010-11. Pursuant to H.B. 08-1388, CPP slots can no longer be used to provide full-day kindergarten. For those districts that had previously elected to use CPP slots to provide full-day kindergarten, this act included a "hold harmless" provision. Thus, these districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP.

⁷ Eligible school districts, all in El Paso county, included: Harrison, Widefield, Fountain, Colorado Springs, Academy 20, and Falcon.

⁸ Eligible school districts, all in El Paso county, include: Harrison, Fountain, Colorado Springs, Academy 20, Ellicott, Peyton, and Falcon.

The Department has provided data indicating that this line item will require \$7,756,818 for FY 2010-11 based on the existing school finance formula. Appendix A details the school districts that receive additional funding through this line item, along with the estimated payments for FY 2010-11. **Staff recommends including an appropriation of \$7,756,818 cash funds from the State Education Fund in the FY 2010-11 Long Bill based on current law.**

- **However**, in light of the State revenue shortfall and the near-term projected insolvency of the State Education Fund, **staff has provided an option to modify this hold-harmless funding, beginning in FY 2010-11.** Of the 60 districts receiving funding through this line item, 29 are currently are projected to receive supplemental kindergarten funding that will support more FTE than the district previously supported using CPP slots; for the remaining 31 districts, supplemental kindergarten funding is projected to support fewer FTE than the district previously supported using CPP slots. **The General Assembly could consider modifying the hold harmless funding provision, limiting funding to simply ensure that these districts receive sufficient funding to provide full-day kindergarten programs to at least the same number of kindergarten students that were supported through CPP funding in FY 2007-08.** As illustrated in Appendix A, this proposal would reduce hold harmless funding by \$6,635,501 for FY 2010-11 (from \$7,756,818 to \$1,121,317).

For example, Adams - Commerce City is anticipated to have 620 kindergarten students in FY 2010-11. This district previously utilized CPP slots to provide full-day kindergarten for 111 students (18 percent). Under current law, this district is anticipated to receive the following for FY 2010-11:

- CPP funding for 600 preschool students (approximately 97 percent of students entering kindergarten the following school year);
- half-day kindergarten funding for all 620 students;
- supplemental kindergarten funding to provide full-day kindergarten for 99 students; and
- hold harmless funding to provide full-day kindergarten for another 93 students.

This proposal would reduce the additional funding for full-day kindergarten from a level that supports 192 students (31 percent of kindergarten students) to a level that supports 111 students (18 percent of students) – the same number of students as in FY 2007-08. The district would thus receive hold harmless funding to provide full-day kindergarten for only 12 students.

LONG BILL FOOTNOTES

Staff recommends eliminating the following footnote:

- 5 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding** -- The minimum state aid for fiscal year 2009-10 is established at \$96.37 per student.

The Public School Finance Act of 1994 indicates that “no district shall receive less in state aid than an amount established by the general assembly in the annual general appropriation act based upon the amount of school lands and mineral lease moneys received pursuant to the provisions of article 41 of [Title 22] and section 34-63-102 (2), C.R.S., multiplied by the district's funded pupil count” [see Section 22-54-106 (1) (b), C.R.S.]. [Please note that this is different than the *minimum per pupil funding* referenced in Section 22-54-104 (2) (a), C.R.S.]

The minimum per pupil state aid amount identified in this footnote is used by both the Department of Education and Legislative Council staff in calculating the amount of state aid for which each district is eligible based upon annual public school finance legislation. Staff would calculate the *minimum per pupil state aid* for FY 2010-11 as follows:

Interest/investment earnings on the Public School "Permanent" Fund that are credited to the State Public School Fund	\$0
Rental income earned on state public school lands that is credited to the State Public School Fund	11,000,000
Mineral lease moneys allocated to State Public School Fund	<u>53,864,000</u>
Total estimated revenues	\$64,864,000
Divided by: Projected statewide funded pupil count (Long Bill)	<u>797,438.5</u>
Minimum per pupil state aid	\$81.34

Pursuant to H.B. 08-1335, interest and investment income earned on the Public School "Permanent" Fund is no longer credited to the State Public School Fund. Thus, staff has reflected \$0 from this funding source above. Further, pursuant to S.B. 08-218, the amount of federal mineral lease revenues credited to the State Public School Fund is now capped; the applicable cap for FY 2010-11 is \$65.0 million. However, based on Legislative Council Staff's December 2009 revenue forecast, staff anticipates that only \$53,864,000 will be credited to the State Public School Fund in FY 2010-11.

Please note that staff has included rental income that is earned on state public school lands in the above calculation for a number of years. Staff notes that the statutory provision concerning minimum per pupil state aid does not reference the statutory section that allocates (up to \$11 million in) rental income earned on state public school lands to the State Public Income Fund [Section 36-1-116, C.R.S.]. However, given that the above statutory provision references "school lands and mineral

lease moneys", staff assumes that it is appropriate to continue to include the rental income earned on state public school lands that is available for appropriation.

The Department estimates that four school districts will be affected by the minimum state aid factor in FY 2010-11. The following table details the amount of state aid these districts are estimated to receive in FY 2010-11 as a result of this factor.

Additional FY 2010-11 State Aid Projected to be Required Under Current Law Due to Minimum State Aid	
Clear Creek	\$74,482
Grand - West Grand	37,649
Park - Park	43,220
Pitkin - Aspen	<u>10,060</u>
Total	\$165,411

Finally, please note that the impact of minimum state aid will change if the statutory public school finance formula changes.

House Bill 10-1318 passed third reading in the Senate on Friday, February 26, 2010. This bill suspends the minimum state aid provision for five fiscal years, beginning in FY 2010-11. This footnote is not necessary to include in the FY 2010-11 Long Bill if H.B. 10-1318 is enacted.

Staff recommends eliminating the following footnote:

6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding -- Of the amount appropriated for this line item, a portion, not to exceed \$250,000 for fiscal year 2009-10, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5) (c) (III) (B), C.R.S.

Pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S., the Legislative Council staff is required to conduct a biennial study concerning the relative cost of living in each school district. The results of the study are then to be used to adjust each school district's cost of living factor for purposes of calculating per pupil funding for the following two fiscal years. Thus, the results of the current study will impact funding requirements for FY 2010-11 and FY 2011-12.

Prior to FY 2003-04, this biennial study was funded from the General Fund. Pursuant to a provision included in S.B. 03-248 [Section 22-54-104 (5) (c) (III) (B), C.R.S.], the costs of this study are now funded "off-the-top" of districts' total program funding. Thus, the Department of Education is to transfer a portion of the total amount appropriated for the State Share of Districts' Total Program Funding for FY 2009-10 to the Legislative Council to fund the statutorily required cost of living

analysis. The amount transferred by the Department is not to exceed an amount specified in a Long Bill footnote.

The FY 2009-10 Long Bill included a \$250,000 appropriation to the Legislative Department from reappropriated funds to receive and spend funds transferred from the Department of Education. Legislative Council staff is working with two vendors to collect and analyze cost-of-living data. Specifically, Corona Research is performing most of the work related to data collection and compiling the results; Wildrose Appraisal, Inc. will be collecting housing value information. These two contracts will cost a total of \$217,035. Legislative Council staff anticipate that the results of the study should be available soon.

This footnote is not necessary to include in the FY 2010-11 Long Bill.

Staff recommends continuing the following request for information, as amended:

- 12 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, ~~2009~~ 2010 information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year ~~2008-09~~ 2009-10: (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.

This is a request for information that allows staff to inform the Committee concerning the "adequacy" of funded preschool slots.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(B) Categorical Programs

Description / 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, based on the actual inflation rate for calendar year 2008 (3.9 percent), the General Assembly was required to increase state funding for categorical programs by at least \$10.7 million (4.9 percent) for FY 2009-10.

The General Assembly determines on an annual basis how to finance the required increase, and how to allocate the required increase among the various categorical programs. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Increases in State Funding for Categorical Programs				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2009-10 Appropriation	Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education programs for children with disabilities	\$71,510,773	\$127,362,125	\$55,851,352	78.1%
English language proficiency programs	3,101,598	12,121,200	9,019,602	290.8%
Public school transportation	36,922,227	49,209,638	12,287,411	33.3%
Career and technical education programs	17,792,850	23,189,191	5,396,341	30.3%
Special education programs for gifted and talented children	5,500,000	9,003,120	3,503,120	63.7%
Expelled and at-risk student services grant program	5,788,807	7,343,560	1,554,753	26.9%
Small attendance center aid	948,140	959,379	11,239	1.2%
Comprehensive health education	600,000	1,005,396	405,396	67.6%
Total	\$142,164,395	\$230,193,609	\$88,029,214	61.9%

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.

In addition, please note that S.B. 10-62, as introduced, would have altered procedures used to allocate the annual increase in state funding among categorical programs. Rather than reflecting funding increases for specific categorical programs, the annual Long Bill would have included a single line item appropriation reflecting the minimum funding increase required for these programs under Amendment 23. The Joint Budget Committee staff would have been required to annually make recommendations to the Education Committees regarding the allocation of the funding increase among these programs, and the General Assembly would have been required to pass a separate bill to allocate the funds among categorical programs. These provisions, however, were struck from the bill in the Senate Education Committee on Thursday, February 25, 2010. If these provisions are

reinstated and the bill is enacted prior to the introduction of the FY 2010-11 Long Bill, staff will request permission from the Committee to modify Long Bill appropriations accordingly.

A description of each categorical program line item is provided below, including a description of the funds available -- other than state funds -- for each program. A discussion and recommendations related to the constitutionally required funding increase for this group of programs for FY 2010-11 follows, with the recommended allocations summarized on page 50.

(I) District Programs Required by Statute

Special Education - EDUCATION PROGRAMS FOR Children with Disabilities. 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.

Based on information provided to the 2009 Interim Committee on School Finance, the primary disabilities of children served through special education programs are as follows:

- Specific learning disability (29,971 children, 36.2 percent of children served);
- Speech or language disability (20,152 children, 24.3 percent);
- Physical disabilities (9,739 children, 11.8 percent); and
- Significant identifiable emotional disability (7,301 children, 8.8 percent).

In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children⁹), districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements are subject to available appropriations. For FY 2008-09, the Department allocated the following amounts to administrative units and state-operated programs:

⁹ 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.

State Funding	\$ 127,362,125
Federal IDEA, Part B Grant	128,627,741
Federal IDEA, Part B, Section 619 Grant (Preschool)	<u>3,642,261</u>
Total: SFY 2008-09	259,332,127

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 allocated *state funds* among units as follows:

- "Tier A": Administrative units received **\$1,250 for each child with a disability** who was reported on the prior year special education count. In FY 2008-09, a total of \$102,670,000 was allocated for a total of 82,136 children.
- "Tier B": Administrative units received an additional **\$6,000 per student for a percentage of the children** reported on the prior year special education count **with the following disabilities**: significant limited intellectual capacity, significant identifiable emotional disability, hearing disability, vision disability, deaf-blind, autism, traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation. For FY 2008-09, \$17,914,303 in state funding covered 2,986 (16.4 percent) of the 18,244 eligible children.
- "Tier C": Administrative units received **grants for reimbursement of high costs** incurred in providing special education services to a child in the preceding fiscal year. These grants were distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. A total of \$4.0 million is allocated for this purpose, including \$2 million for costs incurred to serve students within the school district, and \$2 million for costs incurred to serve students outside the district. For FY 2008-09, the "high cost" thresholds were set at \$25,000 per in-district student, and \$40,000 per student served out-of-district. The appropriation covered 62 (15 percent) of the 415 high cost in-district students; and 33 (35 percent) of the 94 high cost out-of-district students.
- 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). For FY 2008-09, \$2,248,400 was allocated among units based evaluations of 5,520 children at a reimbursement rate of \$407.32 per child. 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. For FY 2007-08, these costs totaled \$707,344; 15 administrative units thus received reimbursement for about 71 percent of the costs incurred.

The Department's request for FY 2010-11 does not include any increase in state funding, due to the significant increase in federal funds available to districts for special education programs pursuant to the American Recovery and Reinvestment Act (ARRA). While these funds have all been reflected in the FY 2009-10 budget, districts are anticipated to spend these moneys in both FY 2009-10 and FY 2010-11. 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. Finally, the request includes \$205.6 million in federal funds that are anticipated to be available to reimburse administrative units and support 64.0 federally-funded Department FTE.

Consistent with the Department's request, staff's recommendation does not include any increase in state funding for this line item for FY 2010-11. Staff also recommends approving the request to reflect \$101,812 reappropriated funds transferred from the Department of Human Services and 1.0 FTE. Finally, staff recommends reflecting \$158,825,517 federal funds for FY 2010-11, which is lower than the amount reflected in the Department's request. The Department's request reflects moneys available pursuant to ARRA in both FY 2009-10 and FY 2010-11. Through S.B. 10-65, the General Assembly adjusted FY 2009-10 appropriations to the Department to reflect all ARRA funds for FY 2009-10, even if a portion of the moneys will actually be spent by the Department and school districts in FY 2010-11. The FY 2009-10 appropriation for this line item reflects \$154,012,028 in federal ARRA moneys. Staff's recommendation is based on the Department's estimate of federal moneys available for special education services for FY 2009-10, excluding ARRA funds.

In addition, staff recently learned that the Department has been using federal funds reflected in this line item to support 1.0 FTE who spends half of her time administering programs for gifted and talented children. A recent review by the federal Office of the Inspector General determined that this is an inappropriate use of these federal funds. The Department thus proposes shifting 0.5 FTE from this line item to the Special Education - Gifted and Talented Children line item. As described further below, the Department would use a portion of the state funding in that line item to support this position. **Staff thus recommends reflecting only 63.5 federally-funded FTE in this line item.** Since Commissioner Jones was appointed to lead the Department, his staff have been working toward full alignment between funding sources and Department employees' job duties. The Department's proposal to address this particular position is appropriate and does not require any additional state funding.

Finally, staff recommends renaming this line item "Special Education Programs for Children with Disabilities".

English Language Proficiency Program. Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students whose dominant language is not English. 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 (an estimated \$11.3 million for FY 2009-10), and the State provides assistance to districts through two mechanisms. First, districts receive "at-risk" funding through the School Finance Act for students whose dominant language is not English. Second, districts receive funding through the English Language Proficiency Act (ELPA) for students whose dominant language is not English. This 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 limited English, but whose predominant language is not 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 whose dominant language is difficult to determine as they speak and comprehend limited English and at least one other language. 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.

The Department's \$23.9 million request represents a 2.3 percent increase in total funding. The Department's request includes \$3.1 million General Fund, \$9.5 million from the State Education Fund, and \$11.3 million in federal funds that are anticipated to be available and would support 4.6 FTE.

Staff recommends approving the Department's request with respect to federal funds and the associated staff. As described more fully at the end of this section, staff's recommendation includes a \$275,153 (2.3 percent) increase in state funding.

(II) Other Categorical Programs

Public School Transportation. Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that with the exception of one district (San Juan - Silverton), all districts provide transportation services. Statewide, over 40 percent of students are transported. School districts employ a fleet of over 6,200 buses and small vehicles traveling approximately 50 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. Six districts have received voter approval to levy separate mills to generate additional local revenues¹⁰, 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.

The Department's \$50.0 million request includes \$36.9 million General Fund, \$12.6 million from the State Education Fund, and \$450,000 from the State Public School Transportation Fund. The latter fund 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 2010-11. **Staff recommends approving the Department's request with respect to the State Public School Transportation Fund, as well as the funding to support the 2.0 FTE who administer this program. As described more fully at the end of this section, staff's recommendation includes a \$332,183 (0.7 percent) increase in state funding.** The following table details staff's calculations related to this line item.

¹⁰ Districts include: Eagle, Gilpin, Grand - West Grand, Rio Blanco - Rangely, San Miguel - Telluride, and Summit.

Summary of Recommendation: Categorical Programs, Public School Transportation					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Personal services portion of FY 09-10 Long Bill appropriation	\$149,853	\$144,123	\$5,730	\$0	2.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0.0%)	0	0	0	0	0.0
Reduction in employer's PERA contribution (2.5%)	<u>(3,358)</u>	<u>0</u>	<u>(3,358)</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	146,495	144,123	2,372	0	2.0
Operating and travel expenses portion of FY 09-10 Long Bill appropriation	39,093	39,093	0	0	
Spending authority from Public School Transportation Fund	450,000	0	450,000	0	
Distributions to districts portion of FY 09-10 Long Bill appropriation	49,020,692	36,739,011	12,281,681	0	
Increase in distributions	<u>335,541</u>	<u>0</u>	<u>335,541</u>	<u>0</u>	
Subtotal: Distributions	49,356,233	36,739,011	12,617,222	0	
Recommended FY 10-11 appropriation	49,991,821	36,922,227	13,069,594	0	2.0

Transfer to the Department of Higher Education for Distribution of State Assistance for Vocational CAREER AND TECHNICAL Education. The State Board for Community Colleges and Occupational Education is responsible for approving career and technical education programs, as well as distributing state funds to school districts with students enrolled in approved programs [see Article 8 of Title 23, C.R.S.].

The state funds are distributed to school districts to partially reimburse related 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.

The Department's \$23.3 million request includes \$17.8 million General Fund and \$5.5 million from the State Education Fund. **As described more fully at the end of this section, staff's recommendation includes a \$106,933 (0.5 percent) increase in state funding.**

Finally, staff recommends renaming this line item "Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education", consistent with recent statutory changes to Article 8 of Title 23, C.R.S.

Special Education - EDUCATION PROGRAMS FOR Gifted and Talented Children. 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". Funding that is provided by the state for gifted programs are to 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, for FY 2009-10, the Department has used \$1,558,961 of the appropriation for "hold-harmless" allocations for certain rural school districts and boards of cooperative services that provide services to multiple school districts. Another \$618,000 is used to support ten regional gifted education consultants, and 2.0 percent of the appropriation (\$180,062 for FY 2009-10) is used for state administration.

The Department's \$9.2 million request includes \$5.5 million General Fund and \$3.7 million from the State Education Fund. **As described more fully at the end of this section, staff's recommendation includes a \$56,505 (0.6 percent) increase in state funding.**

As noted earlier in this packet, staff recently learned that the Department has been using federal special education funding to support 0.5 FTE who helps administer programs for gifted and talented children. A recent federal audit determined that this is an inappropriate use of these federal funds. The Department thus proposes shifting 0.5 FTE from the Special Education - Children with Disabilities line item to this line item. The Department proposes using a portion of the \$180,062 General Fund that is used to support state administrative costs to support this position. **Staff thus recommends reflecting 0.5 FTE in this line item.**

Finally, staff recommends renaming this line item "Special Education Programs for Gifted and Talented Children".

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

- at least 45 percent of moneys appropriated for the program (\$3,304,602 for FY 2009-10) 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 (\$73,436 for FY 2009-10) for the purpose of annually evaluating the program; and (b) up to two percent of moneys appropriated (\$146,871) 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 for FY 2009-10) to work with selected judicial districts to develop alternatives to guardian ad litem services in truancy proceedings. A list of FY 2009-10 grant awards and allocations is provided in Appendix B.

The Department requests a total of \$7,557,846 for FY 2010-11 -- an increase of \$214,286 (2.9 percent). This request includes funding associated with 1.0 FTE who administers the program. **As described more fully at the end of this section, staff's recommendation includes a \$150,000 (2.0**

percent) **increase in state funding**. The following table details staff's calculations related to this line item.

Summary of Recommendation: Categorical Programs, Expelled and At-risk Student Services Grant Program					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Personal services portion of FY 09-10 Long Bill appropriation	\$52,884	\$52,884	\$0	\$0	1.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0.0%)	0	0	0	0	0.0
Reduction in employer's PERA contribution (2.5%)	<u>(2,013)</u>	<u>(2,013)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	50,871	50,871	0	0	1.0
Operating expenses portion of FY 09-10 Long Bill appropriation	500	500	0	0	
Grant awards portion of FY 09-10 Long Bill appropriation	7,290,176	5,735,423	1,554,753	0	
Increase in grant awards	<u>152,013</u>	<u>2,013</u>	<u>150,000</u>	<u>0</u>	
Subtotal: Grant awards	7,442,189	5,737,436	1,704,753	0	
Recommended FY 10-11 appropriation	7,493,560	5,788,807	1,704,753	0	1.0

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

Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation:

The general assembly shall appropriate annually an amount for small attendance center aid to be distributed pursuant to the formula in subsection (2) of this section. In the event the amount of money appropriated by the general assembly is less than the amount of aid authorized by this section to all districts, the amount to be distributed to each school district shall be in the same proportion as the amount that

the appropriation bears to the total amount of aid for all districts. [Section 22-54-122 (3), C.R.S.]

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. The FY 2008-09 appropriation fell \$12,456 (1.3 percent) short of full funding, and the FY 2009-10 appropriation falls \$106,615 (10.0 percent) short of full funding. The following table details the allocation of small attendance center aid for FY 2009-10. On average, eligible schools received an additional \$1,103 per pupil.

Small Attendance Center Aid: FY 2009-10					
School District	School	10/09 Enrollment	Full Funding per Formula	Amount Distributed	Distribution per FTE
Dolores	Rico Elementary	9.6	\$19,085	\$17,176	\$1,789
Gunnison	Marble Charter School	37.5	92,432	83,188	2,218
Huerfano	Gardner School	62.3	100,653	90,586	1,454
La Plata - Durango	Fort Lewis Mesa Elementary	150.7	83,826	75,442	501
Larimer - Poudre	Red Feather Elementary	32.5	85,088	76,578	2,356
Logan - Valley	Caliche Elementary	143.7	86,362	77,724	541
Logan - Valley	Caliche Jr./Sr. High	117.0	114,201	102,779	878
Mesa - Mesa Valley	Gateway School	40.2	95,891	86,300	2,147
Moffat	Maybell Elementary	14.2	41,293	37,163	2,617
Montrose - West End	Paradox Valley Charter School	36.6	64,456	58,009	1,585
Park	Guffey Community Charter School	26.7	65,531	58,977	2,209
Park	Lake George Charter School	69.3	112,031	100,826	1,455
Pueblo 70	Beulah School	<u>129.3</u>	<u>105,146</u>	<u>94,630</u>	<u>732</u>
Totals		869.6	1,065,995	959,378	1,103

The Department requests \$959,379 for FY 2010-11, which matches the existing FY 2009-10 appropriation. The actual amounts districts will be eligible to receive will not be known until January 2011. **Staff recommends approving the request.**

Comprehensive Health Education. The *Colorado Comprehensive Health Education Act of 1990* requires the Department of Education to promote the development and implementation of local comprehensive health education programs and local student wellness programs. The Department is to: develop recommended 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 2009-10 is the third year of a three-year grant cycle for comprehensive health education programs, and the second year of a three-year grant cycle for local student wellness programs.

***Department Request.* The Department requests an appropriation totaling \$1,005,396, which is the same amount appropriated for FY 2009-10. The Department's request is entirely from the State Education Fund.**

***Staff Recommendation.* Staff recommends approving the request, with adjustments to fund sources.** First, staff's recommendation does not include an appropriation from the Comprehensive Health Education (CHE) Fund. This fund consists of two fund sources. First, Section 22-54-114 (3) (a), C.R.S., requires the Department to annually transfer to the CHE Fund one-half of any unexpended appropriations for the State Share of Districts' Total Program Funding¹¹. Second, any gifts, grants, and donations the Department may receive for comprehensive health education programs are to be credited to the CHE Fund. The existing FY 2009-10 appropriation is anticipated to exhaust most of the fund balance. Given the shortfall in state funding for districts' total program funding in the current fiscal year, no funds will be transferred to the CHE Fund this year. Finally, S.B. 10-151, a Committee-sponsored bill, repeals the Comprehensive Health Education Fund. This is bill pending a hearing in House Appropriations Committee.

Second, staff's recommendation includes continuation of a \$300,000 General Fund appropriation to comply with the constitutional requirement 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]. The following table illustrates that staff's recommendations are consistent with this requirement.

¹¹ Recent transfers include \$150,647 in FY 2007-08 and \$10,821 in FY 2008-09.

General Fund Maintenance of Effort for Categorical Programs: FY 2010-11					
	General Fund	CHE Fund	Subtotal	State Education Fund	Total State Funds
Appropriations of State Funds for Categorical Programs as of 12/28/00	\$141,765,474	\$300,000	\$142,065,474	\$0	\$142,065,474
Recommended Appropriations of State Funds for Categorical Programs for FY 10-11	141,765,474	0	141,765,474	89,798,909	231,564,383
<i>Change from 12/28/00</i>	<i>0</i>	<i>(300,000)</i>	<i>(300,000)</i>	<i>89,798,909</i>	<i>89,498,909</i>

The following table details the calculation of staff's recommendation. Please note that the Department's request did not reflect a reduction related to the reduction in the employer's PERA contribution. Staff's recommendation is consistent with Committee policy.

Summary of Recommendation: Categorical Programs, Comprehensive Health Education Program					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Personal services portion of FY 09-10 Long Bill appropriation	\$96,321	\$0	\$96,321	\$0	1.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0.0%)	0	0	0	0	0.0
Reduction in employer's PERA contribution	<u>(2,170)</u>	<u>0</u>	<u>(2,170)</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	94,151	0	94,151	0	1.0
Operating and travel expenses portion of FY 09-10 Long Bill appropriation	1,450	0	1,450	0	
Grant awards and training portion of FY 09-10 Long Bill appropriation	907,625	0	907,625	0	
FY 2009-10 Supplemental	0	300,000	(300,000)	0	
Change in grant awards	<u>2,170</u>	<u>0</u>	<u>2,170</u>	<u>0</u>	
Subtotal: Grant awards	909,795	300,000	609,795	0	
Recommended FY 10-11 appropriation	1,005,396	300,000	705,396	0	1.0

Allocation of Required Funding Increase for FY 2010-11. As noted earlier, the 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 2010-11. The Department's request for FY 2010-11 includes an \$1,381,145 increase, based on a projected -0.4 percent inflation rate (-0.4% + 1.0% =

0.6%). **Based on an actual change in the CPI for CY 2009, staff recommends adding \$920,774 state funds for categorical programs for FY 2010-11** (-0.6% + 1.0% = 0.4%).

In December 2006, staff recommended that the Committee consider at least 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?

Staff has continued to provide the Committee with updated information related to each of these factors annually (see Appendix C-5 through C-9 in staff's December 3, 2010 Briefing document).

Staff recommends the following allocation for FY 2010-11:

- **Maintain existing state funding levels for three programs: Special Education Programs for Children with Disabilities; Small Attendance Center Aid; and Comprehensive Health Education.** This recommendation is consistent with the request.
- **Add \$150,000 for the Expelled and At-risk Student Services (EARSS) Grant Program.** This is essentially a recommendation to approve the Department's request; staff simply recommends adding a rounded dollar amount. The Department received 50 grant applications for a total of \$10 million last year. Following a review and scoring of these applications, the Department awarded grants to 19 applicants. The Department indicates that given sufficient funding, it would have awarded another \$2 million in grants to other applicants. The General Assembly could choose to allocate the entire \$920,774 to this program, making funds available to assist additional districts in implementing effective tools and practices. However, in light of the public school finance reductions proposed by the Governor, staff believes that it is reasonable to allocate funds to offset district expenditures in other categorical programs.
- **Allocate the remaining required increase among English language proficiency, transportation, career and technical education, and programs for gifted and talented children based on the relative gaps between the sum of state and federal funding, and actual district expenditures.** [For a table detailing the calculation of these gaps, please see Appendix C-9 of staff's December 3, 2009 budget briefing for the Department of Education, which is currently accessible through: www.state.co.us/gov_dir/leg_dir/jbc/edubrf.pdf.]

Staff's recommendation differs from the request for three reasons. First, staff's recommendation is based on the actual change in CPI (-0.6 percent) while the Department's request was based on a projected rate of -0.4 percent. Second, for purposes of calculating the gap in funding for transportation, staff uses both revenues and expenditures for FY 2007-08, rather than using revenues for FY 2007-08 and expenditures for FY 2006-07. While staff understands that districts are reimbursed based on prior year expenditures, staff feels it's more appropriate to consistently use FY 2007-08 expenditures for all programs when comparing the size of the funding gap. Third, staff did not reduce the allocation for transportation by the amount allocated to the EARSS grant program. Instead, staff reduces allocations to all four programs proportionately. Although fuel costs have decreased in recent years, districts are still covering more than three-quarters of transportation costs (\$156.4 million of the \$201.7 million in total transportation expenditures in FY 2007-08).

On the next page, staff has provided a table summarizing the allocation recommended by staff, the allocation requested by the Department, as well as two other options for discussion purposes.

Required Increase in <i>State</i> Funding for Categorical Programs for FY 2010-11									
Long Bill Line Item	FY 09-10 Approp.	Examples of Options for Allocating Required Increase							
		A: Staff Recomm.	%	B: Dept. Request	%	C	%	D	%
Special education programs for children with disabilities	\$127,362,125	\$0	0.0%	\$0	0.0%	\$840,758	0.7%	\$511,580	0.4%
English language proficiency programs	12,121,200	275,153	2.4%	346,855	2.9%	80,016	0.7%	48,688	0.4%
Public school transportation	49,209,638	332,183	0.7%	224,990	0.5%	0	0.0%	197,662	0.4%
Career and technical education	23,189,191	106,933	0.5%	134,802	0.6%	0	0.0%	93,145	0.4%
Special education programs for gifted and talented children	9,003,120	56,505	0.6%	71,268	0.8%	0	0.0%	36,163	0.4%
Expelled and at-risk student services grant program	7,343,560	150,000	2.0%	142,859	1.9%	0	0.0%	29,497	0.4%
Small attendance center aid	959,379	0	0.0%	0	0.0%	0	0.0%	3,854	0.4%
Comprehensive health education	1,005,396	0	0.0%	0	0.0%	0	0.0%	4,038	0.4%
Totals (may not sum due to rounding)	230,193,609	920,774	0.4%	920,774	0.4%	920,774	0.4%	920,774	0.4%

Description of Potential Allocation Options:

- A: Staff recommendation (described on page 48)
- B: Department's request, prorated to reflect actual inflation rate of -0.6% rather than -0.4% for purposes of comparison.
- C: Provide a 0.7 percent increase for services for children with disabilities and English language proficiency programs.
- D: Provide the same percent for all programs.

REQUESTS FOR INFORMATION

Staff recommends continuing the following request for information, as amended:

- 3 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S.** [please note that this line item should be renamed "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, ~~Colorado Vocational Act distributions~~ 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 ~~2008-09~~ 2009-10 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 ~~2007-08~~ 2008-09 and actual district expenditures for each program IN FISCAL YEAR 2008-09. The information for special education ~~services~~ 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 ~~2007-08~~ 2008-09 and actual district expenditures IN FISCAL YEAR 2008-09.

This is a request for information that allows staff to inform the Committee concerning the "adequacy" of existing funding for each program.

(2) ASSISTANCE TO PUBLIC SCHOOLS
(C) Grant Programs, Distributions, and Other Assistance

(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. Specifically, the act requires the following moneys to be credited to the Public School Capital Construction Assistance (PSCCA) Fund beginning in FY 2008-09:

- 35 percent of the gross amount of income received during the fiscal year from income, mineral royalties, and interest derived from state public school lands (or more if required to make lease payments under the terms of lease-purchase agreements);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements;
- all local matching moneys; and
- lottery proceeds that would otherwise be transferred to the General Fund.

These state revenues, along with local matching funds, are to be used to finance projects directly and to make lease payments on certificates of participation (COPs) used to finance construction projects.

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, recently 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.

Following the first round of grant applications, in March 2009 the State Board of Education approved the following 11 capital improvement projects under the BEST program:

- Alamosa: two new elementary schools to replace three elementary schools;
- Logan - Buffalo: junior/senior high school renovation/addition;
- Costilla - Centennial: a new pr-K-12 school;
- El Paso - Edison: a new elementary school;
- Prowers - Holly: partial roof replacement;
- Saguache - Mountain Valley: roofing and repair under designed structure;
- Pueblo City: final phase to district-wide fire and security;
- Alamosa - Sangre De Cristo: a new pre-K-12 school;
- Rio Grande - Sargent: a new junior/senior high school and elementary school renovation;
- Routt - South Routt: district-wide HVAC replacement with renewable technology; and
- Morgan - Weldon Valley: core area remodel, physical education and athletic facilities upgrade.

These projects are estimated to cost \$98.5 million at completion, requiring a total of \$76.5 million in state financial assistance and \$22.0 million in local matching funds [see Appendix C]. Three of the approved projects (Alamosa, Sangre de Cristo, and Sargent) were initially anticipated to be financed primarily through COPs. In August, the State Treasurer announced that these projects will instead be financed using the Qualified School Construction Bond program (QSCB), a new financing structure that allows public entities to borrow at zero percent interest to finance K-12 capital construction. The federal government pays the interest on the projects, lowering the costs of these projects by approximately \$45 million when compared to traditional tax-exempt financing.

For FY 2009-10, the State Board approved BEST cash grants totaling \$14.9 million for 43 projects; these grants will be matched with \$18.7 million in local funds. The State Board also approved BEST lease-purchase funding for 12 projects. These projects are estimated to cost \$169.4 million at completion, requiring \$112.5 million in state financial assistance and \$56.9 million in local matching funds [see Appendix D]. It is anticipated that these lease-purchase projects will be financed using a combination of QSCBs and interest-bearing COPs.

Division of Public School Capital Construction Assistance. This line item supports the PSCCA Board and the Division of PSCCA. The Department requests \$912,271 cash funds from the PSCCA Fund and 9.0 FTE for FY 2010-11. **Staff recommends approving the request for continuation funding to support 9.0 FTE.** These staff are necessary to ensure that state financial assistance is provided for public schools in an equitable, efficient, and effective manner. Staff's recommendation is pending the legal services rate for FY 2010-11. The following table details the calculations underlying staff's recommendation.

Summary of Recommendation: Division of Public School Capital Construction Assistance					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Personal services portion of FY 09-10 appropriation	\$800,411	\$0	\$800,411	\$0	9.0
Restore base personal services reduction related to furloughs	11,607	0	11,607	0	0.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0%)	0	0	0	0	0.0
Reduction in employer's PERA contribution (2.5%)	<u>(9,431)</u>	<u>0</u>	<u>(9,431)</u>	<u>0</u>	<u>0.0</u>
Subtotal: Personal Services	802,587	0	802,587	0	9.0
Operating expenses, capital outlay, and travel portion of FY 09-10 appropriation	60,763	0	60,763	0	
Elimination of one-time funding provided for FY 2009-10	<u>(16,220)</u>	<u>0</u>	<u>(16,220)</u>	<u>0</u>	
Subtotal: Operating and Travel Expenses	44,543	0	44,543	0	
Board expenses portion of FY 09-10 appropriation	15,000	0	15,000	0	
Portion of FY 09-10 appropriation for the purchase of legal services related to Division and Board administrative duties* (450 hours of service)	33,921	0	33,921	0	
Increase based on FY 2010-11 legal services hourly rate	<u>0</u>	<u>0</u>	<u>Pending</u>	<u>0</u>	
Subtotal: Legal Expenses (sufficient to purchase 450 hours of legal services)	Pending	0	Pending	0	
Recommended FY 10-11 Appropriation	Pending	0	Pending	0	9.0

* Please note that the Department and the Treasurer's Office also purchase legal services as part of the transaction costs incurred in connection with the provision of financial assistance under the BEST Program. These legal services are paid with moneys that are continuously appropriated from the PSCCA Fund to the PSCCA Board for such purpose.

Staff's recommendation is \$16,220 lower than the Department request as staff has eliminated one-time funding provided for capital outlay in FY 2009-10. **Staff recommends appropriating an amount that is sufficient to purchase 450 hours of legal services in FY 2010-11. Staff will set the appropriation for this line item once the legal services rate for FY 2010-11 is established.**

Public School Capital Construction Assistance Board - Lease Payments. This line item provides spending authority to make lease 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 2010-11, under the terms of all outstanding lease-purchase agreements entered into by the State Treasurer as instructed by the PSCCA Board, is limited to \$60.0 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., \$30 million for FY 2010-11). 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.

The Department's budget request includes \$20,000,000 for this line item for FY 2010-11. **Staff recommends approving the request for \$20,000,000 from the PSCCA Fund for the purpose of making lease payments for FY 2010-11.** Payments associated with the three projects approved in March 2009 will begin in March 2010, and the State Treasurer's Office anticipates completing financing arrangements for the 12 projects approved through the second round of BEST applications soon. The Department indicates that the requested \$20 million appropriation will be sufficient to cover lease payments for all 15 projects in FY 2010-11.

Financial Assistance Priority Assessment. This line item provided 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. **The Department's budget request includes continuation funding of \$7,850,000 for this line item for FY 2010-11.** More recent information provided by the Department indicates that it will only require \$396,000 in FY 2010-11 to make the final vendor payments related to the assessment. **Staff thus recommends appropriating \$396,000 cash funds for this line item for FY 2010-11.**

Full-day Kindergarten Facility Capital Construction Fund. House Bill 08-1388 included provisions creating a grant program to assist school districts with the facilities costs associated with expanding full-day kindergarten programs. This program was established in conjunction with additional state funding for the operational costs of such programs. Due to the revenue shortfall, the initial appropriation for this program was frozen by the Governor, and no moneys were distributed or awarded. **The Department does not request, nor does staff recommend, any funding for this program for FY 2010-11.**

STATE AID FOR Charter School Capital Construction FACILITIES.

Background Information. 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.

The following table provides a history of funding for charter school capital construction funding, along with the current law requirement for FY 2010-11.

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
2008-09 b/	5,135,000	107.47
2009-10	5,000,000	97.64
2010-11 (estimate)	5,000,000	91.05

a/ This figure represents the amount that most eligible schools receive; eligible school *operating in a district facility* receive one-half this amount per student.

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

Consistent with current law, staff recommends appropriating \$5,000,000 cash funds from the State Education Fund in the FY 2010-11 Long Bill. Based on self-reported enrollment projections for FY 2010-11, Department staff estimate that this appropriation would provide about \$91 per FTE (with charter schools in district facilities receiving about \$45 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.

Finally, **staff recommends naming this line item "State Aid for Charter School Facilities" to better reflect the nature of the assistance provided.**

State Charter School Institute Capital Construction Assistance. When the State Charter School Institute (SCSI) was established, the Department was authorized to retain up to 2.0 percent of SCSI charter schools' per pupil funding to cover the Department's administrative costs associated with the SCSI. Senate Bill 09-89 reduced the amount the Department may withhold to 1.0 percent. This act created the Institute Charter School Capital Construction Assistance Fund, which consists of 1.0 percent of the per pupil funding for Institute charter schools that is withheld by the SCSI. Moneys in the Fund are subject to annual appropriation to the SCSI for the direct and indirect costs associated with awarding grants and interest-free loans to assist Institute charter schools in meeting capital construction needs, including obtaining financial assistance through the BEST program or repaying bonds issued by the Colorado Educational and Cultural Facilities Authority for construction.

The Department's request includes \$365,226 cash funds for FY 2010-11, the same amount that was appropriated through S.B. 09-89. The SCSI does not plan to award any grants or loans in the current fiscal year, so the moneys credited to the Fund in FY 2009-10 (an estimated \$437,725, including interest earnings) will be available in FY 2010-11 along with revenues credited to the Fund in FY 2010-11. The Department estimates that based on a projected funded pupil count of 6,181.5 and the existing school finance formula, the SCSI's total program funding will be \$43,691,099 for FY 2010-11. Thus, **staff recommends appropriating a total of \$875,636 cash funds for this line item**, including \$437,725 from fund balance plus an estimated \$436,911 ($\$43,691,099 \times 1.0$ percent).

(VI) 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 programs¹². In 2008, the General Assembly modified the method of funding facility schools and certain state programs. Beginning July 1, 2008, H.B. 08-1204 and H.B. 08-1388:

- Removed pupils educated by facility schools from districts' pupil enrollment counts for purposes of funding¹³.
- Required 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.

¹² 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.

¹³ 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.

- Allowed 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 allowed facility schools to bill for an additional one-third of per pupil revenue to support Summer school programs.

House Bill 08-1204 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

This line item supports the Facility Schools Unit and Board. House Bill 08-1204 appropriated \$523,568 cash funds from the State Education Fund and 3.0 FTE to the Department for FY 2008-09, including \$250,000 in one-time funding for the development of a student records system.

House Bill 08-1388 established a new mechanism for the Department to distribute funding to approved facility schools. This act also included a provision that allows the Department, beginning in FY 2009-10, to withhold 2.0 percent of the amount payable to each approved facility school to offset the costs incurred by the Facility Schools Unit (established by H.B. 08-1204).

Department Request. The Department requests \$258,109 reappropriated funds transferred from the Facility School Funding line item and 3.0 FTE for this line item for FY 2010-11. **Staff recommends approving the request.** The following table details the calculations underlying staff's recommendation.

Summary of Recommendation: Facility Schools Unit and Facility Schools Board					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Personal services portion of FY 09-10 appropriation	\$184,499	\$0	\$0	\$184,499	3.0
Restore base personal services reduction related to furloughs	4,054	0	0	4,054	0.0
Salary survey awarded in FY 09-10	0	0	0	0	0.0
80% of Performance-based pay awarded in FY 09-10	0	0	0	0	0.0
Base reduction (0.0%)	0	0	0	0	0.0

Summary of Recommendation: Facility Schools Unit and Facility Schools Board					
Description	Total Funds	General Fund	Cash Funds	Reapp. Funds	FTE
Reduction in employer's PERA contribution (2.5%)	(3,294)	0	0	(3,294)	0.0
Subtotal: Personal Services	185,259	0	0	185,259	3.0
Operating and travel expenses, board expenses, and student records system portion of FY 09-10 appropriation	72,850	0	0	72,850	
Recommended FY 10-11 Appropriation	258,109	0	0	258,109	3.0

This amount is within the 2.0 percent cap on this unit's expenditures (\$17,900,000 x .02 = \$358,000).

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.

The Department's request includes \$20,817,769 for this line item for FY 2010-11, which is the same appropriation that was included in the FY 2009-10 Long Bill. Senate Bill 10-65, the supplemental bill for the Department of Education, included a reduction in this line item based on more recent data concerning facility school student attendance and state average per pupil revenues. Similarly, staff's recommendation for FY 2010-11 is based on more recent data.

There are currently 51 facility schools and three 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, these programs will receive up to \$9,681.58 per child per year for FY 2010-11 (or \$41.20 per student per school day). The Mental Health Institutes and 45 facility schools provide year-round education programs; the Colorado School for the Deaf and the Blind and the remaining six 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 2010-11, and the portions that will be transferred to other state agencies.

Facility School Funding: FY 2010-11	
Description	Updated Estimates
Projected Average Facility Schools FTE (same as FY 2009-10)	1,820.5
Multiplied by: State Average Per Pupil Revenues for FY 2010-11 X 1.33	<u>\$9,681.58</u>
Total Estimated Facility School Payments	\$17,625,316
<u>Estimated portion of above amount transferred to state agencies:</u>	
<i>Department of Education:</i> Colorado School for the Deaf and the Blind	1,362,690
<i>Department of Human Services (DHS):</i> Mental Health Institutes (Pueblo only)	104,277
Mountain Star (at Ft. Logan)	<u>110,334</u>
Total - DHS, Mental Health Institutes	214,611

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 \$17,900,000 for FY 2010-11. 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. Please note that consistent with Section 22-54-129, C.R.S., staff is using the state average per pupil revenue amount for FY 2010-11 based on the 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:

- **\$1,362,690 to the Colorado School for the Deaf and the Blind, School Operations**
- **\$214,611 to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes**

Please note that the above estimate for the Mental Health Institutes assumes that the Mountain Star facility school at Ft. Logan will remain open in FY 2010-11. **If the Committee makes funding decisions that would result in the Mountain Star facility closing in FY 2010-11, staff requests permission to adjust the appropriation for this line item and the corresponding transfer of reappropriated funds to the Department of Human Services accordingly.**

Hold-harmless Facility School Funding. House Bill 08-1388, as part of the modifications described in the narrative for the above line item, provided one year of hold harmless funding for districts impacted by the new funding mechanism (districts will no longer be able to retain a portion of per pupil funding associated with students attending facility schools). Thus, the Department has not requested funding for this purpose for FY 2010-11.

Facility Summer School Grant Program. This program was repealed through H.B. 08-1388.

Other Balancing Options

The following table lists statutory changes the General Assembly could consider to reduce state expenditures in FY 2010-11 and future fiscal years. These options would not be sufficient to achieve the level of savings that may potentially be necessary (they sum to \$145 million, and up to \$509 million in savings may be necessary). However, these options could be considered in addition to potential statutory changes to the cost-of-living, size, or at-risk factors within the school finance formula. These options are presented without staff recommendation, and numbering does not indicate priority.

Options with <i>Expenditure</i> Impacts	GF	CF	RF	FF	Total	FTE
1 School Finance - Eliminate or Reduce Authorization to Receive Funding for Prior Year Enrollment Pursuant to Section 22-54-103 (7) (e), C.R.S., school districts are allowed to average up to five years of student enrollment for purposes of funding. This provision is intended to cushion the impact of enrollment declines on district funding. Legislative Council staff estimate that in FY 2010-11, \$18.6 million in state funding will be required as a result of this provision (accounting for 2,890 of the funded pupil count). The General Assembly could consider reducing the number of years of student enrollment that may be used for purposes of funding, and/or limiting this option to the smallest districts or those that experience the most significant decline. In FY 2000-01, districts were authorized to average up to four years of enrollment for purposes of funding (H.B. 08-1388 added a fifth year). Legislative Council staff estimate that \$5.3 million of the above amount relates to the addition of the fifth year option (accounting for 832 of the funded pupil count).	(18,600,000)				(\$18,600,000)	0.0
2 School Finance - Eliminate or Reduce Minimum Per Pupil Funding Pursuant to Section 22-54-104 (3.5) (d), C.R.S., a district's per pupil funding must equal at least 95 percent of the "minimum per pupil funding base", which is defined as the statewide average per pupil funding, excluding funding for students participating in multi-district on-line programs or the ASCENT Program. Thus, this provision essentially sets a floor for district per pupil funding after all the factors are applied. Legislative Council staff estimate that \$14.0 million state funds will be required for 14 districts as a result of this provision in FY 2010-11. The General Assembly could make statutory changes to reduce or eliminate the "floor" for per pupil funding. In FY 2000-01, minimum per pupil funding was \$4,824, which represented 93.35 percent of the statewide average per pupil funding amount.	(14,000,000)				(14,000,000)	0.0

Options with Expenditure Impacts	GF	CF	RF	FF	Total	FTE
<p>3</p> <p>School Finance - Eliminate or Reduce Hold Harmless Full-day Kindergarten Funding</p> <p>Pursuant to Section 22-54-130, C.R.S., those districts that had previously elected to use Colorado Preschool Program funding to provide full-day kindergarten receive "hold harmless" funding (these districts receive 0.58 FTE funding for all kindergarten students, plus an additional amount of per pupil funding (0.42 FTE) based on the number of kindergarten students previously served through CPP). The Department has provided data indicating that this line item will require \$7.8 million in FY 2010-11. This provision was originally authorized in 2008. The General Assembly could make statutory changes to reduce or eliminate this hold harmless funding. In the narrative associated with this line item, staff has described an option which would reduce funding for this purpose by \$6,635,501.</p>	(7,756,818)				(7,756,818)	0.0
<p>4</p> <p>School Finance - Eliminate or Reduce Funding for "5th Year" Programs, Including ASCENT Program and Pre-existing Programs</p> <p>Pursuant to H.B. 09-1319, school districts and the State Charter School Institute may receive funding for students who have completed 12th grade but have not yet completed local graduation requirements as they are concurrently enrolled in college courses (called "fifth year" students). House Bill 09-1319 allows districts to continue receiving per pupil funding, through FY 2011-12, for students who are enrolled in postsecondary courses pursuant to programs previously authorized. The Department does not have data to determine how much districts are receiving for these students. House Bill 09-1319 also created a new program through which districts receive a flat amount per student, which is slightly lower than districts' per pupil funding amounts. Six districts have reported that they anticipate 277 students to participate in this new "ASCENT Program" in FY 2010-11. The General Assembly could make statutory changes to reduce or eliminate funding for fifth year students. The minimum savings above are calculated based solely on 277 ASCENT participants at \$6,668/student.</p>	At least (\$1,847,036)				At least (\$1,847,036)	0.0
<p>5</p> <p>School Finance - Eliminate or Reduce 0.8 FTE Funding for Full-day Kindergarten Programs</p> <p>Pursuant to Section 22-54-103 (15), C.R.S., school districts and the State Charter School Institute now receive additional funding to provide full-day kindergarten programs. This funding was first authorized in FY 2008-09. Department staff estimate that \$34.6 million state funds will be required to provide 0.58 FTE, rather than 0.50 FTE, for each kindergarten pupil in FY 2010-11. [Current law does not specify the factor for FY 2010-11; staff assumes that it will remain at 0.58 FTE.] The General Assembly could make a statutory change to reduce or eliminate full-day kindergarten funding.</p>	(34,600,000)				(34,600,000)	0.0
<p>6</p> <p>School Finance - Eliminate or Reduce Funding for Colorado Preschool Program</p> <p>Pursuant to Sections 22-28-104 and 22-54-103 (9.5), C.R.S., school districts and the State Charter School Institute may receive one-half of per pupil funding to provide preschool programs for at-risk children through the Colorado Preschool Program (CPP). The number of half-day slots that may be funded is specified by law. Department staff estimate that \$67.6 million will be required to fund half-day preschool for 20,160 at-risk children in FY 2010-11. Since 2000, the number of CPP slots has increased by 11,110 (from 9,050 to 20,160, an increase of 122.8 percent).</p>	(67,600,000)				(67,600,000)	0.0

Options with <i>Expenditure</i> Impacts	GF	CF	RF	FF	Total	FTE
<p>7</p> <p>School Finance - Make Part-time and Full-time Per Pupil Funding Consistent with Statutorily Required Hours of Instruction</p> <p>Section 22-32-109 (1) (n), C.R.S., establishes a minimum number of hours of planned teacher-pupil instruction and teacher-pupil contact that must be scheduled each school year; these hours may be reduced by a certain number of hours for parent-teacher conferences, staff in-service programs, and certain necessary school closures. Current State Board rules, however, provide per pupil funding to districts based on a lower number of hours of instruction.¹⁴ The hourly thresholds that are used for funding as a percent of the statutory requirements range from 17.0 percent to 82.8 percent. The State Board has also discussed the issue of whether passing periods in high school should be counted as instruction time, and recently authorized such a practice. The General Assembly could make a statutory change to require that State Board rules concerning per pupil funding be based on the statutorily required number of hours of instruction, thereby requiring districts to provide the statutorily required number of hours of instruction in order to maintain current funding levels. Savings would occur unless those districts that are not currently providing the statutorily required minimum hours of instruction adjust their schedules accordingly. The General Assembly may want to consider delaying the implementation of this change to allow districts time to plan and adjust operations.</p>						
<p>7</p> <p>State Aid for Charter School Facilities</p> <p>Section 22-54-124 (3) (a) (III) (A), C.R.S., requires the General Assembly to appropriate \$5.0 million from the State Education Fund annually for state assistance for charter school facilities. The General Assembly could make a statutory change to reduce or eliminate this requirement. Please note that this appropriation is actually lower than it was when the program was established (\$6,471,052 was appropriated for FY 2001-02). As the appropriation is static, and charter school enrollment continues to grow, the amount of funding available per student continues to decline. In addition, please note that many charter schools rely on this funding to make lease or debt payments.</p>		5,000,000			5,000,000	0.0

¹⁴ The number of hours of instruction per statute, and the number of hours required for per pupil funding (PPF) compare as follows: Full-day Kindergarten (870 hours required; 0.5 PPF provided for at least 180 hours and 1.0 PPF provided for at least 720 hours); Grades 1-5 (968 hours required; 0.5 PPF provided for at least 180 hours and 1.0 PPF provided for at least 720 hours); and Grades 6 - 12 (1,056 hours required; 0.5 PPF provided for at least 180 hours and 1.0 PPF provided for at least 720 hours).

Hold Harmless Full-day Kindergarten (K) Funding: Estimate for FY 2010-11 and Alternative Funding Methodology						
		A	B	C	D	E
County	District	Hold Harmless K Pupil Count (FTE)	Hold Harmless Funding Under Current Law/1	0.08 FTE Supplemental K Funding (FTE Supported)	C - A	Alternative Hold Harmless Funding/2
ADAMS	MAPLETON	15.0	\$93,942	39.4	24.4	\$0
ADAMS	ADAMS 12 FIVE STAR	30.0	178,297	252.4	222.4	0
ADAMS	COMMERCE CITY	55.5	361,489	49.6	(5.9)	45,748
ADAMS	BRIGHTON	30.0	176,426	114.2	84.2	0
ADAMS	WESTMINSTER	18.0	114,360	74.4	56.4	0
ALAMOSA	ALAMOSA	17.5	103,723	12.0	(5.5)	38,808
ARAPAHOE	ENGLEWOOD	30.0	186,907	18.7	(11.3)	83,812
ARAPAHOE	SHERIDAN	50.0	357,824	9.4	(40.6)	345,897
ARCHULETA	ARCHULETA	7.5	46,208	7.4	(0.1)	733
BACA	CAMPO	0.5	6,205	0.3	(0.2)	2,955
BOULDER	ST VRAIN	7.5	45,008	181.3	173.8	0
BOULDER	BOULDER	39.0	235,058	163.5	124.5	0
CHAFFEE	BUENA VISTA	7.5	47,140	4.5	(3.0)	22,448
CHAFFEE	SALIDA	9.0	54,340	6.3	(2.7)	19,407
CHEYENNE	KIT CARSON	2.0	22,592	0.6	(1.4)	18,826
CLEAR CREEK	CLEAR CREEK	5.0	32,028	6.3	1.3	0
CONEJOS	NORTH CONEJOS	9.0	55,557	6.1	(2.9)	21,312
CONEJOS	SOUTH CONEJOS	5.0	41,570	1.6	(3.4)	33,652
DELTA	DELTA	15.0	87,333	30.3	15.3	0
DENVER	DENVER	247.0	1,602,549	562.9	315.9	0
EL PASO	HARRISON	67.5	421,707	87.8	20.3	0
EL PASO	WIDEFIELD	2.5	14,506	49.1	46.6	0
EL PASO	COLORADO SPRINGS	90.5	542,284	205.6	115.1	0
EL PASO	HANOVER	5.5	47,919	1.5	(4.0)	41,488
EL PASO	EDISON	2.5	19,817	0.6	(1.9)	17,929
FREMONT	CANON CITY	15.0	87,036	20.5	5.5	0
FREMONT	FLORENCE	8.0	46,963	9.4	1.4	0
GARFIELD	ROARING FORK	5.0	31,722	38.4	33.4	0
GUNNISON	GUNNISON	10.0	60,852	12.1	2.1	0
JEFFERSON	JEFFERSON	52.5	313,225	485.8	433.3	0
KIOWA	PLAINVIEW	1.0	11,722	0.4	(0.6)	8,373
KIT CARSON	ARRIBA-FLAGLER	2.5	25,745	1.0	(1.5)	18,389
KIT CARSON	BETHUNE	1.5	16,485	0.7	(0.8)	10,467

Hold Harmless Full-day Kindergarten (K) Funding: Estimate for FY 2010-11 and Alternative Funding Methodology						
		A	B	C	D	E
County	District	Hold Harmless K Pupil Count (FTE)	Hold Harmless Funding Under Current Law/1	0.08 FTE Supplemental K Funding (FTE Supported)	C - A	Alternative Hold Harmless Funding/2
KIT CARSON	BURLINGTON	7.5	46,093	4.4	(3.1)	22,681
LAKE	LAKE	15.0	98,473	7.9	(7.1)	55,489
LA PLATA	DURANGO	7.5	45,036	26.1	18.6	0
LAS ANIMAS	TRINIDAD	7.5	46,311	9.2	1.7	0
LAS ANIMAS	AGUILAR	1.5	16,633	0.7	(0.8)	10,561
LOGAN	FRENCHMAN	2.0	19,745	0.8	(1.2)	14,104
MESA	MESA VALLEY	63.0	365,550	138.4	75.4	0
MOFFAT	MOFFAT	7.5	43,518	16.9	9.4	0
MONTROSE	MONTROSE	7.5	45,404	37.5	30.0	0
MONTROSE	WEST END	2.0	17,376	1.1	(0.9)	9,308
MORGAN	FT. MORGAN	7.5	46,793	19.7	12.2	0
OTERO	ROCKY FORD	13.0	85,996	5.7	(7.3)	57,488
PARK	PLATTE CANYON	5.0	31,746	7.2	2.2	0
PHILLIPS	HOLYOKE	7.5	48,189	3.9	(3.6)	27,536
PROWERS	GRANADA	4.0	35,392	1.2	(2.8)	29,493
PROWERS	LAMAR	7.5	45,861	12.0	4.5	0
PUEBLO	PUEBLO CITY	82.5	493,890	109.9	27.4	0
RIO GRANDE	MONTE VISTA	15.0	93,404	7.7	(7.3)	54,115
ROUTT	HAYDEN	5.0	37,721	2.6	(2.4)	21,555
ROUTT	SOUTH ROUTT	3.5	26,839	3.3	(0.2)	1,826
SAGUACHE	CENTER	7.5	51,884	4.5	(3.0)	24,707
SUMMIT	SUMMIT	5.0	31,819	20.7	15.7	0
WASHINGTON	WOODLIN	2.5	29,058	0.6	(1.9)	26,291
WELD	KEENESBURG	15.0	89,824	12.4	(2.6)	18,535
WELD	GREELEY	45.0	269,399	128.7	83.7	0
WELD	FT. LUPTON	9.0	56,543	16.4	7.4	0
YUMA	YUMA 1	7.5	49,787	5.3	(2.2)	17,386
Total		1,227.0	7,756,818	3,058.9	(132.2)	1,121,317

1/ Funding is calculated as follows: A x 0.42 x district's per pupil funding

2/ Calculated as follows: If D < 0, D x district's per pupil funding

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
1	Adams 50	Adams County School District	Hidden Lake High School Online Services	\$180,000	\$0	\$180,000	
1	Alamosa	Eligible Facility of San Luis Valley Youth Center	Youth Track Inc. Intensive Intervention Program	46,140	0	46,140	
1	Alamosa 22	Sangre de Cristo School District	CASASTART	108,826	0	108,826	
1	BOCES	South Central BOCES	SC BOCES High School Proficiency Program	266,944	0	266,944	
1	Boulder 2	Charter Boulder Preparatory High School	Student Retention Program	77,900	0	77,900	
1	Boulder 2	Boulder Valley School District	Boulder Attendance Advocates	199,983	0	199,983	
1	Delta	Alternative School-Surface Creek Vision Home and Community Program	LAUNCH Program	75,000	0	75,000	
1	Denver 1	Charter-Denver Justice High School	Denver Justice High School	198,155	0	198,155	
1	Denver 1	Eligible Facility	Family Crisis Center School	200,000	0	200,000	
1	Douglas 1	Douglas County School District	DCSD Bilateral Expulsion/Truancy Project	285,210	0	285,210	
1	El Paso 11	Eligible Facility for Children, Inc.	Griffith Centers Expelled and At-Risk Student Services	199,380	0	199,380	
1	El Paso 8	Fountain-Fort Carson School District	Second Chance	99,397	0	99,397	

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
1	Fremont 1	Canon City Schools	Choice Points Service Learning Academy (Expansion Program)	26,000	0	26,000	
1	La Plata 11	Ignacio School District	Center for Alternative Teaching and Success (CATS)	30,200	0	30,200	
1	Lake 1	Lake County School District	Extended Learning	58,800	0	58,800	
1	Mesa 51	Mesa County School District	Prevention Services	142,177	0	142,177	
1	Montezuma 1	Charter-Southwest Open School	Increasing Opportunities for Individual Success (IOFIS)	103,000	0	103,000	
1	Park 2	Park County School District	Extended Studies Program Alternative School	108,000	0	108,000	
1	Weld 8	Weld School District Re-8	Fort Lupton Expulsion Reduction (FLEXR)	60,300	0	60,300	
2	Adams 1	Mapleton Public Schools	NETS (Network for Expelled and Truant Students)	49,119	16,581	65,700	yes
2	Alamosa 11	Alamosa RE 11J	From Restoration to Graduation	55,000	0	55,000	
2	Arapahoe 28J	Aurora Public Schools	Early Intervention Program	276,010	0	276,010	yes
2	Arapahoe 5	Cherry Creek School District	Points of Intervention	160,122	0	160,122	yes

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
2	Boulder 1	St. Vrain Valley School District	Community/Transition Advocate Program	278,130	28,840	306,970	yes
2	Boulder 2	Justice High School Charter	Justice High School	182,200	0	182,200	yes
2	Centennial BOCES	Centennial BOCES	Expulsion and Truancy Reduction Initiatives	138,014	8,986	147,000	
2	Denver	Private Denver Area Youth Services Bryant Street Academy	Bryant Street Academy	71,746	1,144	72,890	
2	El Paso	Colorado School for the Deaf and Blind	PEAK OJT	63,476	16,524	80,000	
2	Jefferson County	Jeffco Schools	Jeffco Secondary EARSS Program	166,426	6,574	173,000	
2	Las Animas 1	Trinidad School District	Project Respect	96,521	63,243	159,764	
2	Logan 1	RE-1 Valley School District	Valley Secondary Intervention Program	96,088	2,912	99,000	
2	Montrose 1	Montrose County School District RE-1J	Expulsion Intervention Prevention Program	40,913	179,087	220,000	
2	Phillips 1	Holyoke Alternative School	Holyoke Alternative School	93,349	0	93,349	
2	Pueblo 60	Youth and Family Academy Charter	Projecto Esperanza (Project Hope)	79,853	797	80,650	
2	Summit 1	Summit School District	Expelled and At Risk Student Services	22,425	17,897	40,322	
3	Arapahoe 6	Littleton School District	Truancy Reduction Initiative	168,846	76,188	245,034	yes

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
3	Bent 1	Las Animas School District	P.R.I.D.E.	119,885	0	119,885	
3	Conejos 10	South Conejos School District	CASASTART	78,625	11,375	90,000	
3	Costilla 1	Centennial School District	Centennial CASASTART/ISS	74,829	13,859	88,688	
3	Delta 50J	Delta School District	Delta Opportunity School (DOS)	89,250	0	89,250	
3	Denver	Denver Private School	Escuela Tlatelolco Private School	155,003	0	155,003	
3	Denver 1	Denver Public Schools	Restorative Justice and Disciplinary Reform Program	423,345	22,824	446,169	yes
3	Denver 1	Denver Charter School	Academy of Urban Learning Charter (AUL)	300,000	0	300,000	
3	El Paso	Pikes Peak BOCES	New Directions Program for Expelled and At-Risk Students	97,522	1,300	98,822	
3	El Paso 11	Colorado Springs School District	TABS-Tiered Academic and Behavior Supports	233,701	763	234,464	
3	El Paso 2	Harrison School District	Opportunity Program	61,023	3,485	64,508	
3	El Paso 20	Academy School District	Caring About At-Risk and Expelled Students CAARES	432,860	0	432,860	

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
3	El Paso 49	Falcon School District	Falcon D49 Success Program: A District-wide Initiative to Eliminate Barriers to Success for Expelled and At-Risk Students	104,249	6,001	110,250	
3	El Paso 60	Miami-Yoder School District	Miami-Yoder School District Expulsion Prevention Program	38,168	0	38,168	
3	Huerfano RE-1	Huerfano School District	Huerfano County Opportunity and Enrichment School	71,584	0	71,584	
3	Larimer R-1	Poudre School District	Positive Behavior Support, Collaborative Expulsion Services	20,630	2,245	22,875	
3	Larimer R2-J	Thompson School District	Thompson Positive Behavior Support	44,877	6,561	51,438	
3	Rio Blanco 1	Meeker School District	At-Risk Student Services	0	28,997	28,997	
3	Rio Grande C-7	Del Norte School District	Expelled and At-Risk Student Services	32,306	0	32,306	
3	Teller RE-1	Cripple Creek-Victor School District	EARSS Truancy Reduction and Education Strategies (EARSS TRES)	53,250	0	53,250	
3	Teller Re-2	Woodland Park School District	WPHS Compass Project-Guiding Students Toward Success	100,913	0	100,913	
3	Washington 3	Otis School District	Otis Expelled and At Risk Support Program	13,500	0	13,500	

List of Expelled and At-risk Student Services Grant Awards: FY 2009-10

Year of Grant Award (up to 4 years)	County & Number	District/School/ BOCES Name	Program Name	2009-10 Award	Unobligated from previous year	Total Grant Funds Available in 2009-10	Reducing Truancy Cases Requiring Court Involvement
3	Weld 4	Windsor School District	HABIC/CICO	<u>2,850</u>	<u>0</u>	<u>2,850</u>	
				\$7,052,020	\$516,183	\$7,568,203	



FY2008-09 PRIORITIZED LIST OF BEST PROJECTS SUBMITTED BY THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD TO THE STATE BOARD FOR APPROVAL

Page # in Summary Book of All Applications	PROJECT DATA			REQUEST			RECOMMENDATIONS					Notes	
	County	District	Project	Total Project Cost	Current Request	Current District Contribution	Recommended BEST CASH GRANT FY08-09	Recommended BEST COP GRANT FY08-09	Grant Amount Recommended from the BEST Assistance Fund	Matching Amount Recommended	Total Project Cost	Deadline for Matching Funds	Notes
69	ALAMOSA	ALAMOSA RE-11J	2 New Elementary Schools to Replace 3 Elementary Schools	\$ 37,985,624.00	\$ 27,501,591.78	\$ 10,484,032.22	-	YES	\$ 27,501,591.78	\$ 10,484,032.22	\$ 37,985,624.00	3/1/2009	The district passed a bond effort in 2008 for matching funds and matching funds are in place.
80	ALAMOSA	SANGRE DE CRISTO RE-22J	New PK-12 School	\$ 22,575,000.00	\$ 18,398,625.00	\$ 4,176,375.00	-	YES	\$ 18,398,625.00	\$ 4,176,375.00	\$ 22,575,000.00	3/1/2009	The district maximized their legal bonded debt in 2008 for matching funds and matching funds are in place.
89	COSTILLA	CENTENNIAL R-1	New PK-12 School (Supplemental Grant)	\$ 6,166,320.00	\$ 6,166,320.00	\$ -	YES	-	\$ 6,166,320.00	\$ -	\$ 6,166,320.00	3/1/2009	The district maximized their legal bonded debt in 2007 when a \$7 million bond effort succeeded for matching funds to the original grant.
93	EL PASO	EDISON 54 JT	New ES Supplemental	\$ 210,267.00	\$ 189,240.30	\$ 21,026.70	YES	-	\$ 189,240.30	\$ 21,026.70	\$ 210,267.00	3/1/2009	The district is providing the matching funds from Capital Reserve Fund and has the matching funds in place.
120	LOGAN	BUFFALO RE-4	Junior/Senior High Renovation/Addition - Supplemental Project	\$ 4,286,904.00	\$ 3,922,517.16	\$ 364,386.84	YES	-	\$ 3,922,517.16	\$ 364,386.84	\$ 4,286,904.00	4/1/2009	Match is partially provided by capital reserve funds and a DOLA grant which may or may not be approved in March 2009.
130	MORGAN	WELDON VALLEY RE-20(J)	Core Area Remodel, P.E. and Athletic Facilities Upgrade - Supplemental Project	\$ 2,441,379.00	\$ 1,406,234.30	\$ 1,035,144.70	YES	-	\$ 1,406,234.30	\$ 1,035,144.70	\$ 2,441,379.00	3/1/2009	The district has the matching funds in place.
138	PROWERS	HOLLY RE-3	Partial Roof Replacement (Supplemental)	\$ 41,238.00	\$ 41,238.00	\$ -	YES	-	\$ 28,866.60	\$ 12,371.40	\$ 41,238.00	7/1/2009	Match waiver was not approved. Recommend district provide matching funds. The match will be budgeted into the FY2009-10 budget and will be available on 07-01-09
140	PUEBLO	PUEBLO CITY 60	Supplemental Final Phase to Districtwide Fire and Security	\$ 1,761,214.00	\$ 1,497,031.90	\$ 264,182.10	YES	-	\$ 1,497,031.90	\$ 264,182.10	\$ 1,761,214.00	3/1/2009	The district has the matching funds in place.
142	RIO GRANDE	SARGENT RE-33J	New Jr/Sr HS and ES Renovation	\$ 21,775,764.00	\$ 16,751,939.05	\$ 5,023,824.95	-	YES	\$ 16,751,939.05	\$ 5,023,824.95	\$ 21,775,764.00	3/1/2009	The district maximized their legal bonded debt in 2008 for matching funds and matching funds are in place.
150	ROUTT	SOUTH ROUTT RE 3	Supplemental to Districtwide HVAC Replacement with Renewable Technology	\$ 1,124,300.00	\$ 562,150.00	\$ 562,150.00	YES	-	\$ 562,150.00	\$ 562,150.00	\$ 1,124,300.00	3/1/2009	The district has the matching funds in place.
153	SAGUACHE	MOUNTAIN VALLEY RE 1	Roofing and Repair Under Designed Structure (Supplemental)	\$ 172,200.00	\$ 106,764.00	\$ 65,436.00	YES	-	\$ 106,764.00	\$ 65,436.00	\$ 172,200.00	3/1/2009	The district is providing the matching funds from Capital Reserve Fund and has the matching funds in place.
				\$ 98,540,210.00	\$ 76,543,651.49	\$ 21,996,558.51			\$ 76,531,280.09	\$ 22,008,929.91	\$ 98,540,210.00		

BEST FY09-10 Projects Awarded by The State Board from the BEST Assistance Fund

Project Rank	County	District	Project	REQUEST			RECOMMENDATION APPROVALS			Notes
				Total Project Cost	Current Request	Current District Contribution	Recommended BEST CASH GRANT FY09-10	Recommended BEST Lease-Purchase GRANT FY09-10	Project Amounts Recommended for Funding from the BEST GRANTS FUND FY09-10	
1.50	ADAMS	MAPLETON 1	ES Roof Replacement	\$ 542,233.00	\$ 319,917.47	\$ 222,315.53	Yes	-	\$ 319,917.47	
1.50	ADAMS	MAPLETON 1	ES/MS Roof & RTU Replacement	\$ 435,133.00	\$ 256,728.47	\$ 178,404.53	Yes	-	\$ 256,728.47	
1.50	ADAMS	STRASBURG 31J	HS Roof Replacement	\$ 73,480.00	\$ 55,110.00	\$ 18,370.00	Yes	-	\$ 55,110.00	
1.60	ADAMS	STRASBURG 31J	Fire Code Upgrades	\$ 140,949.00	\$ 105,711.75	\$ 35,237.25	Yes	-	\$ 105,711.75	
1.50	ADAMS	WESTMINSTER 50	HS Roof Replacement	\$ 1,665,777.00	\$ 1,265,990.52	\$ 399,786.48	Yes	-	\$ 1,265,990.52	
1.50	ADAMS	WESTMINSTER 50	ES Roof Replacement	\$ 489,951.00	\$ 372,362.76	\$ 117,588.24	Yes	-	\$ 372,362.76	
1.90	ARAPAHOE	DEER TRAIL 26J	Pool Building Renovation	\$ 412,500.00	\$ 247,500.00	\$ 165,000.00	Yes	-	\$ 247,500.00	
1.20	BACA	CAMPO RE-6	Reconstruction of Locker Room/Concession Facility & Kitchen Addition	\$ 1,765,575.00	\$ 1,253,558.25	\$ 512,016.75	Yes	-	\$ 1,253,558.25	
1.30	BENT	LAS ANIMAS RE-1	VoTech IAQ Improvement	\$ 304,920.00	\$ 234,788.40	\$ 70,131.60	Yes	-	\$ 234,788.40	
1.6	BENT	LAS ANIMAS RE-1	HS Fire Alarm Replacement	\$ 114,882.00	\$ 88,459.14	\$ 26,422.86	Yes	-	\$ 88,459.14	
1.50	BENT	LAS ANIMAS RE-1	MS & VoAg Roof Replacement	\$ 504,900.00	\$ 388,773.00	\$ 116,127.00	Yes	-	\$ 388,773.00	
1.90	BENT	MCCLAVE RE-2	Renovate Existing Shop Into a Preschool	\$ 335,500.00	\$ 211,365.00	\$ 124,135.00	Yes	-	\$ 211,365.00	
1.9	BOCES	Pikes Peak BOCES	K-12 School ADA, Safety, & Security Upgrades	\$ 413,030.00	\$ 404,769.40	\$ 8,260.60	Yes	-	\$ 404,769.40	
1.9	CONEJOS	SOUTH CONEJOS RE-10	Jr/Sr HS & ES ADA Restrooms and Door Replacements	\$ 232,447.60	\$ 226,525.64	\$ 5,921.96	Yes	-	\$ 226,525.64	
1.30	EL PASO	CALHAN RJ-1	PK-12 IAQ Improvements/Boiler Replacements	\$ 3,238,246.00	\$ 1,748,652.84	\$ 1,489,593.16	Yes	-	\$ 1,748,652.84	
1.50	EL PASO	CHEYENNE MOUNTAIN CHARTER ACADEMY	K-4 Roof Replacement	\$ 198,869.00	\$ 149,156.75	\$ 49,712.25	Yes	-	\$ 149,156.75	
1.60	EL PASO	COLORADO SPRINGS 11	Fire Alarm Upgrades	\$ 482,006.00	\$ 269,923.36	\$ 212,082.64	Yes	-	\$ 269,923.36	
1.00	EL PASO	EDISON 54 JT	New ES Supplemental Request	\$ 78,737.00	\$ 78,737.00	\$ -	Yes	-	\$ 78,737.00	
1.90	EL PASO	EDISON 54 JT	Jr/Sr HS Ext Conc Stair Replacement, Modular FA, ACM Abatement, Roof Repair	\$ 146,340.00	\$ 131,706.00	\$ 14,634.00	Yes	-	\$ 131,706.00	
1.66	EL PASO	ELLCOTT 22	HS Roof & Fire Alarm Replacement/ HS, ES & MS Security Cameras	\$ 1,704,635.00	\$ 1,517,125.15	\$ 187,509.85	Yes	-	\$ 1,517,125.15	
1.30	EL PASO	HARRISON 2	Replace (2) ES Boilers	\$ 226,787.00	\$ 181,429.60	\$ 45,357.40	Yes	-	\$ 181,429.60	
1.60	EL PASO	HARRISON 2	Replace MS Fire Alarm	\$ 168,748.00	\$ 134,998.40	\$ 33,749.60	Yes	-	\$ 134,998.40	
1.30	EL PASO	JAMES IRWIN CHARTER MIDDLE SCHOOL	MS RTU Replacements	\$ 428,903.00	\$ 321,677.25	\$ 107,225.75	Yes	-	\$ 321,677.25	
1.30	EL PASO	LEWIS-PALMER 38	ES Boiler Replacement	\$ 89,186.00	\$ 39,241.84	\$ 49,944.16	Yes	-	\$ 39,241.84	
1.20	EL PASO	THE CLASSICAL ACADEMY CHARTER	New School	\$ 12,924,161.00	\$ 1,292,416.10	\$ 11,631,744.90	Yes	-	\$ 1,292,416.10	
1.40	ELBERT	BIG SANDY 100J	PK-12 Roof, Plumbing, & HVAC Repairs	\$ 16,841.00	\$ 8,420.50	\$ 8,420.50	Yes	-	\$ 8,420.50	
1.50	ELBERT	ELBERT 200	Phase I Roof Replacement	\$ 19,380.90	\$ 17,442.81	\$ 1,938.09	Yes	-	\$ 17,442.81	
1.5	ELBERT	ELIZABETH C-1	MS Roof Replacement	\$ 649,000.00	\$ 285,560.00	\$ 363,440.00	Yes	-	\$ 285,560.00	
1.90	ELBERT	KIOWA C-2	Replace Districtwide Phone System	\$ 44,534.00	\$ 16,922.92	\$ 27,611.08	Yes	-	\$ 16,922.92	

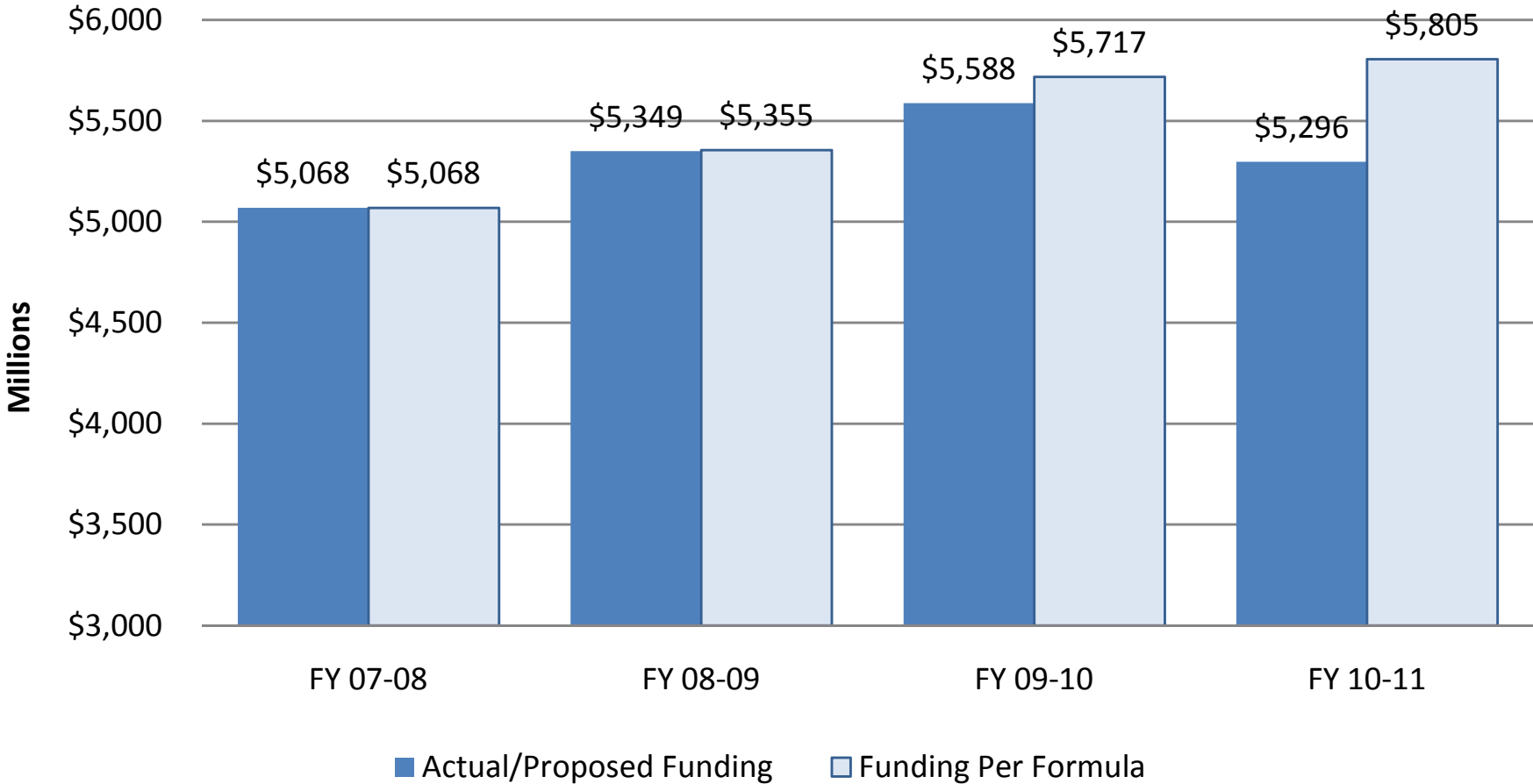
BEST FY09-10 Projects Awarded by The State Board from the BEST Assistance Fund

Project Rank	County	District	Project	REQUEST			RECOMMENDATION APPROVALS			Notes
				Total Project Cost	Current Request	Current District Contribution	Recommended BEST CASH GRANT FY09-10	Recommended BEST Lease-Purchase GRANT FY09-10	Project Amounts Recommended for Funding from the BEST GRANTS FUND FY09-10	
1.50	GARFIELD	GARFIELD 16	HS Roof Replacement	\$ 340,630.00	\$ 136,252.00	\$ 204,378.00	Yes	-	\$ 136,252.00	
1.90	GARFIELD	GARFIELD 16	ES Traffic/Pedestrian, Fire Alarm, Flatwork Repair Project	\$ 683,987.40	\$ 273,594.96	\$ 410,392.44	Yes	-	\$ 273,594.96	
1.50	KIOWA	PLAINVIEW RE-2	Roof Repair/Replacement, Boiler Repairs, Shop Windows/OH door	\$ 944,650.00	\$ 708,487.50	\$ 236,162.50	Yes	-	\$ 708,487.50	
1.50	LAKE	LAKE R-1	HS Roof Repairs/Replacements	\$ 646,184.00	\$ 348,939.36	\$ 297,244.64	Yes	-	\$ 348,939.36	
1.90	LAS ANIMAS	TRINIDAD 1	HS Exterior Door Hardware Replacement	\$ 53,269.00	\$ 31,961.40	\$ 21,307.60	Yes	-	\$ 31,961.40	
2.90	LINCOLN	LIMON	Fire Alarm Upgrades	\$ 131,446.70	\$ 80,182.49	\$ 51,264.21	Yes	-	\$ 80,182.49	
1.30	MONTEZUMA	MANCOS RE-6	MS IAQ & HVAC Upgrade	\$ 456,022.00	\$ 205,209.90	\$ 250,812.10	Yes	-	\$ 205,209.90	
1.50	MONTROSE	MONTROSE RE-1J	ES Roof Replacement	\$ 192,500.00	\$ 107,800.00	\$ 84,700.00	Yes	-	\$ 107,800.00	
1.50	MONTROSE	MONTROSE RE-1J	MS Roof Replacement	\$ 192,500.00	\$ 107,800.00	\$ 84,700.00	Yes	-	\$ 107,800.00	
1.90	MONTROSE	MONTROSE RE-1J	Districtside Security Cameras	\$ 100,023.00	\$ 56,012.88	\$ 44,010.12	Yes	-	\$ 56,012.88	
1.50	MORGAN	WIGGINS RE-50(J)	Partial ES Roof Replacement	\$ 154,419.00	\$ 108,093.30	\$ 46,325.70	Yes	-	\$ 108,093.30	
1.30	SEDGWICK	JULESBURG RE-1	HS HVAC Repairs and Renovations	\$ 1,534,500.00	\$ 874,665.00	\$ 659,835.00	Yes	-	\$ 874,665.00	
1.90	WASHINGTON	WOODLIN R-104	Relocate (2) 8,000 Gal Propane Tanks Away From Playground	\$ 126,562.00	\$ 88,593.40	\$ 37,968.60	Yes	-	\$ 88,593.40	
1.50	YUMA	YUMA 1	Partial MS & VoAg Roof Replacements	\$ 306,438.00	\$ 183,862.80	\$ 122,575.20	Yes	-	\$ 183,862.80	
***For all BEST Lease-Purchase grants any expenses incurred before the closing of the financing may not be reimbursable and they need to have the full match amount offered in the application and approved by the State Board available at the time of closing. If they do work, and use their matching funds to pay for the work before the financing is finalized, the work in place will not count as their match. Any work that occurs could put their project at risk of not being financed. Additionally, the State Board approval doesn't guarantee these projects will ever be financed.										
3.05	ADAMS	MAPLETON 1	Skyview Campus Improvements/Add'n and Renovation	\$ 51,320,816.40	\$ 30,279,281.68	\$ 21,041,534.72	-	Yes	\$ 30,279,281.68	Recommended DB \$1,717,057.00
3.04	DELTA	DELTA 50(J)	Major ES Renovation	\$ 11,387,070.00	\$ 8,768,043.90	\$ 2,619,026.10	-	Yes	\$ 8,768,043.90	Recommended DB \$277,849.23
1.75	DOUGLAS	DOUGLAS RE 1	HS Safety/Security Upgrades	\$ 4,488,750.00	\$ 1,795,500.00	\$ 2,693,250.00	-	Yes	\$ 1,795,500.00	Recommended DB \$106,492.00
1.90	EL PASO	Colorado School for the Deaf and the Blind	Historical Building Renovation	\$ 10,601,140.00	\$ 10,601,140.00	\$ -	-	Yes	\$ 10,601,140.00	Recommended DB \$1,114,365.00
2.2	EL PASO	FOUNTAIN 8	New ES	\$ 13,588,978.20	\$ 3,261,354.77	\$ 10,327,623.43	-	Yes	\$ 3,261,354.77	Recommended DB \$1,154,769.00
1.00	EL PASO	MIAMI-YODER 60 JT	Phase II of New PK-12 School	\$ 17,590,273.05	\$ 17,590,273.05	\$ -	-	Yes	\$ 17,590,273.05	Recommended DB \$558,299.00
2.20	OTERO	SWINK 33	ES Classroom Addition	\$ 1,503,791.00	\$ 1,353,411.90	\$ 150,379.10	-	Yes	\$ 1,353,411.90	Recommended DB \$243,082.00
2.44	PARK	PARK RE-2	New PK-12 Campus	\$ 30,120,764.00	\$ 15,060,382.00	\$ 15,060,382.00	-	Yes	\$ 15,060,382.00	Recommended DB \$1,300,000.00
2.05	PROWERS	ALTA VISTA CHARTER SCHOOL	Addition to K-8 School	\$ 6,169,766.00	\$ 5,922,975.36	\$ 246,790.64	-	Yes	\$ 5,922,975.36	Recommended DB \$125,741.00
2.94	ROUTT	NORTH ROUTT CHARTER SCHOOL	New PK-8 Charter School	\$ 4,780,512.00	\$ 3,107,332.80	\$ 1,673,179.20	-	Yes	\$ 3,107,332.80	Recommended DB \$60,947.00
1.50	SAGUACHE	CRESTONE CHARTER SCHOOL	New K-12 School	\$ 6,054,325.00	\$ 5,327,806.00	\$ 726,519.00	-	Yes	\$ 5,327,806.00	Recommended DB \$624,300.00
1.30	SAN JUAN	SILVERTON 1	Renovate Historical K-12 School	\$ 11,848,655.50	\$ 9,478,924.40	\$ 2,369,731.10	-	Yes	\$ 9,478,924.40	Recommended DB \$367,000.00

Totals: \$ 203,165,623.75 \$ 127,482,851.17 \$ 75,682,772.58

\$ 127,482,851.17 * Total with Davis Bacon is \$135,132,752.40

Total Program Funding



Average Per Pupil Funding

