

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2021-22

DEPARTMENT OF EDUCATION (School Finance and Federal COVID-19 Funds Only)

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

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2019 and 2020 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report:

<https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2020-21>

The online version of the briefing document, which includes the Numbers Pages, may be found by searching the budget documents on the General Assembly's website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

DEPARTMENT OF EDUCATION

DEPARTMENT OVERVIEW

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

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

The Department also includes three “type 1”¹ agencies:

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

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

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

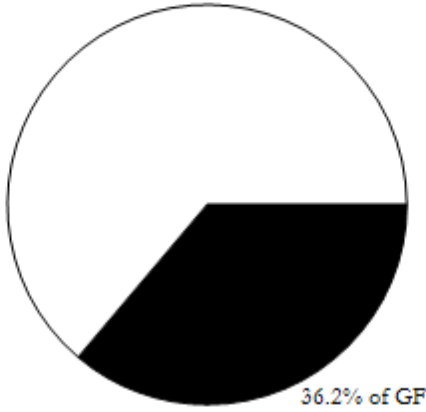
FUNDING SOURCE	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 ¹
General Fund ²	\$4,116,143,086	\$4,413,841,994	\$3,929,010,921	\$4,508,598,767
Cash Funds	1,146,052,221	1,111,463,635	1,047,522,606	1,280,880,644
Reappropriated Funds	39,385,509	42,577,029	39,999,728	40,487,447
Federal Funds	617,194,961	1,128,920,698	777,581,096	740,962,635
TOTAL FUNDS	\$5,918,775,777	\$6,696,803,356	\$5,794,114,351	\$6,570,929,493
Full Time Equiv. Staff	602.5	616.4	609.0	599.0

¹Requested appropriation.

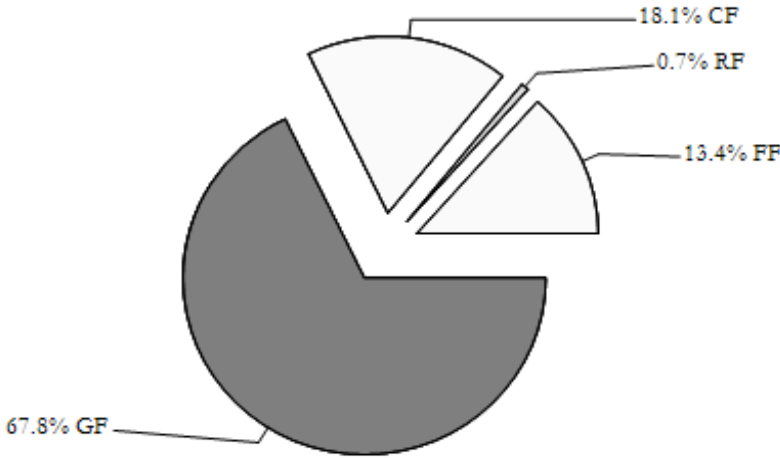
²Includes General Fund Exempt.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

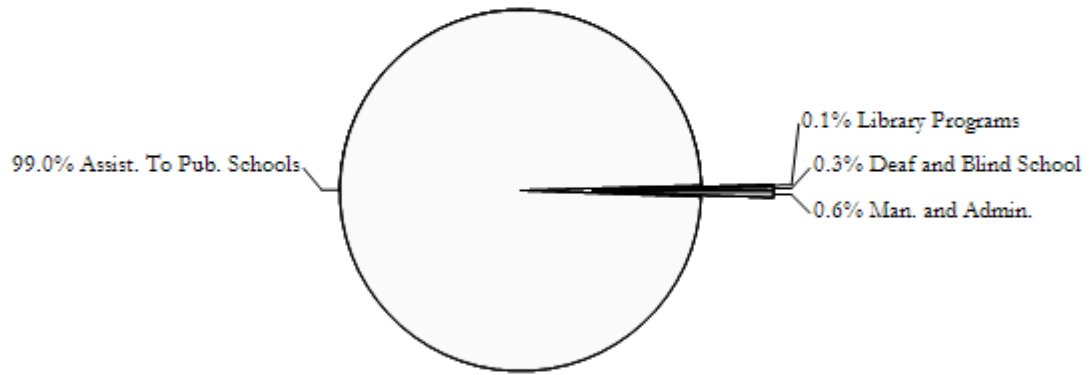


Department Funding Sources

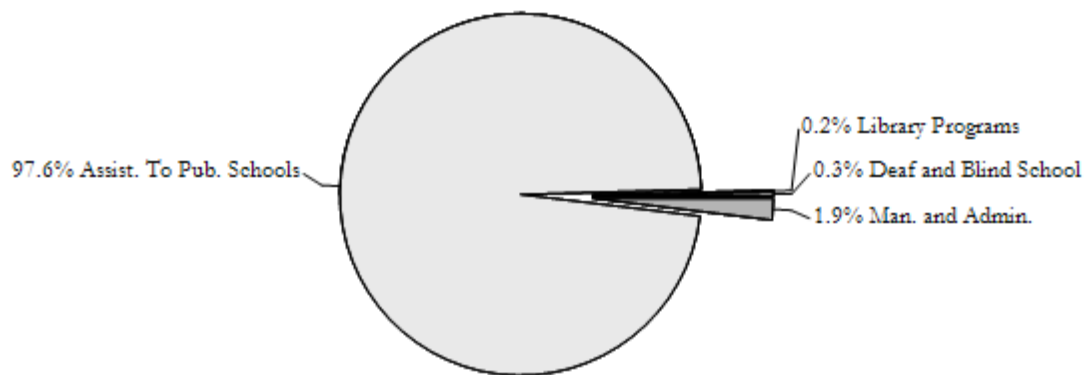


All charts are based on the FY 2020-21 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2020-21 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The Governor's FY 2021-22 request for the Department of Education consists of 69.6 percent General Fund, 19.5 percent cash funds, 11.3 percent federal funds, and 0.6 percent reappropriated funds. For school finance (total program funding) specifically, the Governor's FY 2021-22 request consists of 85.9 percent General Fund and 14.1 percent cash funds. Although local government revenues provide a significant source of funding for K-12 education in Colorado (including an estimated \$3.1 billion anticipated for total program alone in FY 2020-21), local funds are not reflected in the State's annual appropriations to the Department of Education.

The following section reviews the role of school finance in driving the Department's annual budget.

PUBLIC SCHOOL FINANCE

School finance is the primary driver of the Department's budget. With \$4.2 billion total funds and \$3.7 billion General Fund, the state share of districts' total program funding represents 72.2 percent of the Department's total budget and 94.6 percent of its General Fund appropriations in FY 2020-21. A pair of constitutional requirements serve as key drivers of increases in school finance funding. Since the implementation of the budget stabilization factor in FY 2010-11, changes in that factor (including the desire to decrease the size of the factor when revenues allow and the need to increase the size of the factor when revenues decline) have also been major drivers.

THOROUGH AND UNIFORM REQUIREMENT

Section 2 of Article IX of the Colorado Constitution requires the General Assembly to provide for the "establishment and maintenance of a thorough and uniform system of free public schools throughout the state". To meet this requirement, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities.

- The formula starts with a uniform statewide base per-pupil funding amount for every school district (\$7,084 per pupil for FY 2020-21) and then adds to that base amount based on *factors* that affect districts' costs of providing educational services.
- Recognizing differences in costs per pupil, the factors generate a different per pupil funding allocation for each school district. For example, the original FY 2020-21 appropriation assumes that per-pupil funding allocations will range from \$7,654 to \$19,071, with a statewide average of \$8,078 per pupil.
- Each district's total program funding is the product of multiplying its per pupil funding amount by its funded pupil count. For FY 2020-21, the formula is allocating a total of \$7.2 billion in state and local funds among Colorado's 178 school districts and the State Charter School Institute.

CONSTITUTIONAL INFLATIONARY REQUIREMENT (AMENDMENT 23)

Section 17 of Article IX of the Colorado Constitution (passed by the voters in 2000 as Amendment 23) requires the General Assembly to provide annual inflationary increases in the statewide base per-pupil funding amount, which provides the foundation of the statutory school finance formula. For FY 2001-02 through FY 2010-11, this provision required base per pupil funding to increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the statewide base must increase annually by at least the rate of inflation. For example, for FY 2020-21, the General Assembly was required to increase the statewide base per-pupil funding amount by at

least \$132 (from \$6,952 to \$7,084, or 1.9 percent), based on the actual 1.9 percent increase in the Denver-Aurora-Lakewood consumer price index in calendar year 2019. With an estimated funded pupil count of approximately 896,000, this base per pupil funding accounts for \$6.3 billion in state and local funds in FY 2020-21, equal to 87.7 percent of the \$7.2 billion in total program funding for this year.

FACTORS CONSIDERED IN PUBLIC SCHOOL FINANCE FORMULA

After accounting for the 87.7 percent of total program funding dedicated to the statewide base in FY 2020-21, the *factors* in the school finance formula that account for individual district characteristics drive the remaining 12.3 percent of total program.² The formula includes three primary factors:

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

In addition, the school finance formula requires a minimum level of per-pupil funding (\$7,665 per pupil for FY 2020-21), regardless of the impact of the above factors. Based on current estimates for FY 2020-21, 14 districts are receiving funding based on this minimum level of per-pupil funding.

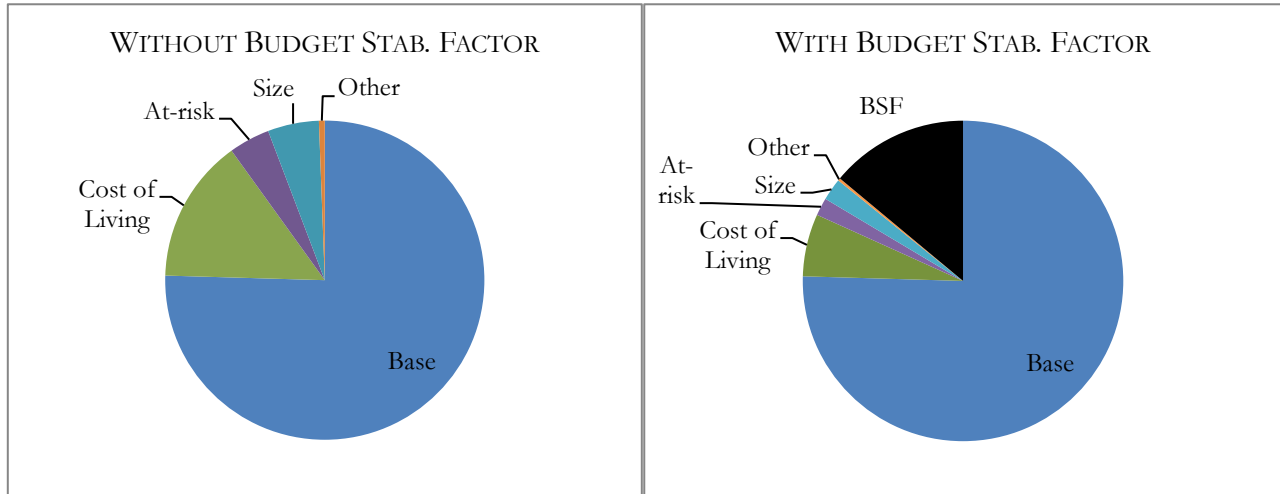
Finally, the School Finance Act provides a fixed amount of funding per pupil (established at \$7,341 for FY 2020-21) for two types of students:

- Students receiving full-time, on-line instruction through a *multi-district* program. (The formula funds students in *single-district* on-line programs at the same level as the district's "brick and mortar" students.)
- Students in their fifth year of high school who are participating in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program.

BUDGET STABILIZATION FACTOR

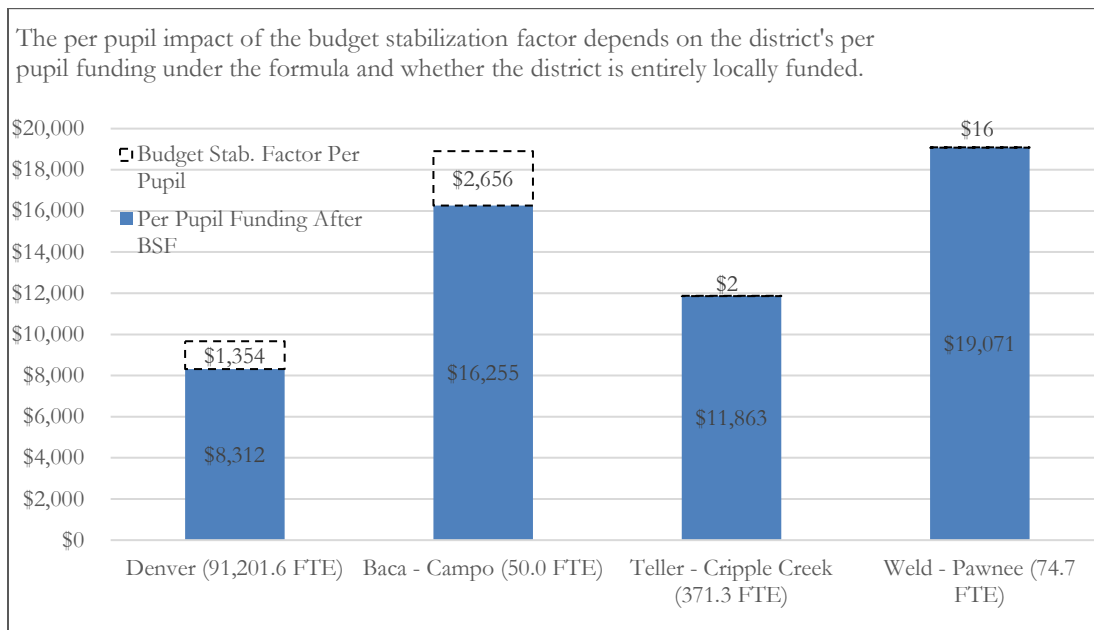
Finally, since FY 2010-11 the formula has included a budget stabilization factor (previously known as the negative factor) designed to reduce districts' total program funding to a specified total amount based on available state revenues. For FY 2020-21, this factor is estimated to be -14.0 percent, requiring a \$1.2 billion reduction in total program funding. Thus, the Department is calculating total program funding for each district based on the formula described above and then reducing each district's total program funding by 14.0 percent. Because the General Assembly cannot decrease base per-pupil funding, the budget stabilization factor has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.

² For reference, the increase in the budget stabilization factor in FY 2020-21 reduced the percentage of funding available for the formula factors from 18.0 percent of total program funding in FY 2019-20 to 12.3 percent in FY 2020-21.



While the budget stabilization factor is applied as a flat percentage reduction (14.0 percent in FY 2020-21), it is important to note that the impact does vary depending on the school district in question (see chart below).

- First, while the percentage reduction is constant, the *dollar value* of the reduction (on a per pupil basis and in total) varies by district. As shown in the chart below, with a per pupil allocation of \$9,666 *before* the application of the budget stabilization factor, Denver’s reduction equates to \$1,354 per pupil (but \$123.8 million in total based on Denver’s large pupil count). In contrast, Campo’s per pupil allocation before the application of the BSF is \$18,910. Based on the higher per pupil amount (driven by the size factor), Campo is absorbing a reduction of \$2,656 per pupil (\$132,796 in total).
- Second, the budget stabilization factor only applies to *state* funds. Therefore, districts with sufficient property tax bases do not experience the full reduction (see Cripple Creek and Weld – Pawnee below).



The magnitude of the BSF has fluctuated significantly with economic conditions. During the previous economic downturn, it peaked at more than \$1.0 billion (representing 16.03 percent of formula-based total program funding) in FY 2012-13. As the economy and state revenues recovered in subsequent years, the General Assembly “bought down” the value of the BSF to a low point of \$572.4 million (representing 7.0 percent of total program funding) in FY 2019-20. However, the current economic and revenue challenges forced an increase for FY 2020-21, with the BSF rising to \$1.2 billion and 14.0 percent of total program funding.

Looking toward the FY 2021-22 budget process, current law, as enacted in H.B. 20-1418 (School Finance) would not allow the BSF to grow as a dollar amount in FY 2021-22. Thus, barring further action by the General Assembly during the 2021 Session, that requirement will provide the “floor” for school finance appropriations for FY 2021-22. As discussed in subsequent sections of this document, the Governor’s FY 2021-22 budget request proposes an increase of \$810.9 million in state funds to reduce the dollar value of the budget stabilization factor by \$601.1 million and return the factor to \$572.4 million (equal to FY 2019-20 levels).

DETERMINING THE STATE AND LOCAL SHARES OF FUNDING

It is important to note that the formula’s calculations of each district’s per pupil allocation do not account for revenue sources (state vs. local). Therefore, after determining each district’s allocation, Legislative Council Staff and the Department determine the state and local shares for each district based on the local revenues available to support total program.

Local property and specific ownership taxes provide the first source of revenue for each district's total program funding. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when registering a motor vehicle. These local tax revenues are collected and expended by each school district, and thus are not reflected in the state budget. The FY 2020-21 appropriation anticipates a total of \$3.1 billion in local tax revenues will be available to support public schools pursuant to the statutory school finance formula (this amount does not include any mill levy override funds, as those amounts are outside of the school finance formula). State appropriations then fill the gap between local tax revenues and total program funding for each district. Thus, the General Assembly appropriated \$4.2 billion in state funding for FY 2020-21 to provide a total of \$7.2 billion for school district operations.

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

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

As a result of the Gallagher amendment, the residential assessment rate declined from 30.00 percent to 7.15 percent. Most recently, S.B. 19-255 (Gallagher Amendment Residential Assessment Rate) reduced the residential assessment rate from 7.20 percent to 7.15 percent beginning in FY 2019-20 to keep the residential share of property tax revenues at about 45.7 percent. However, with the approval of Amendment B during the 2020 election, the voters repealed the Gallagher amendment. As result, the residential assessment rate will remain at 7.15 percent going forward (barring subsequent change to statute).

TABOR has also reduced local revenues as a share of total program funding by reducing school district mill levies from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to increase. Specifically, from CY 1988 to FY 2006-07, the state share of funding rose from 43.4 percent to 63.9 percent, while the local share fell from 56.6 percent to 36.1 percent.

Senate Bill 07-199 (School Finance) changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding. Due to the passage of S.B. 07-199 and increases in assessed valuation, the state share of funding (as a percentage of the total program) decreased in FY 2007-08 to 62.2 percent. Subsequently, due to declines in assessed valuation, the state share increased to 66.6 percent of total program funding in FY 2014-15. For FY 2019-20, the state share provided 60.9 percent of total program funding. With an increase in the budget stabilization factor and the associated reduction in the state share, the state share is projected to provide 57.8 percent of total program funding in FY 2020-21 after the application of the budget stabilization factor.

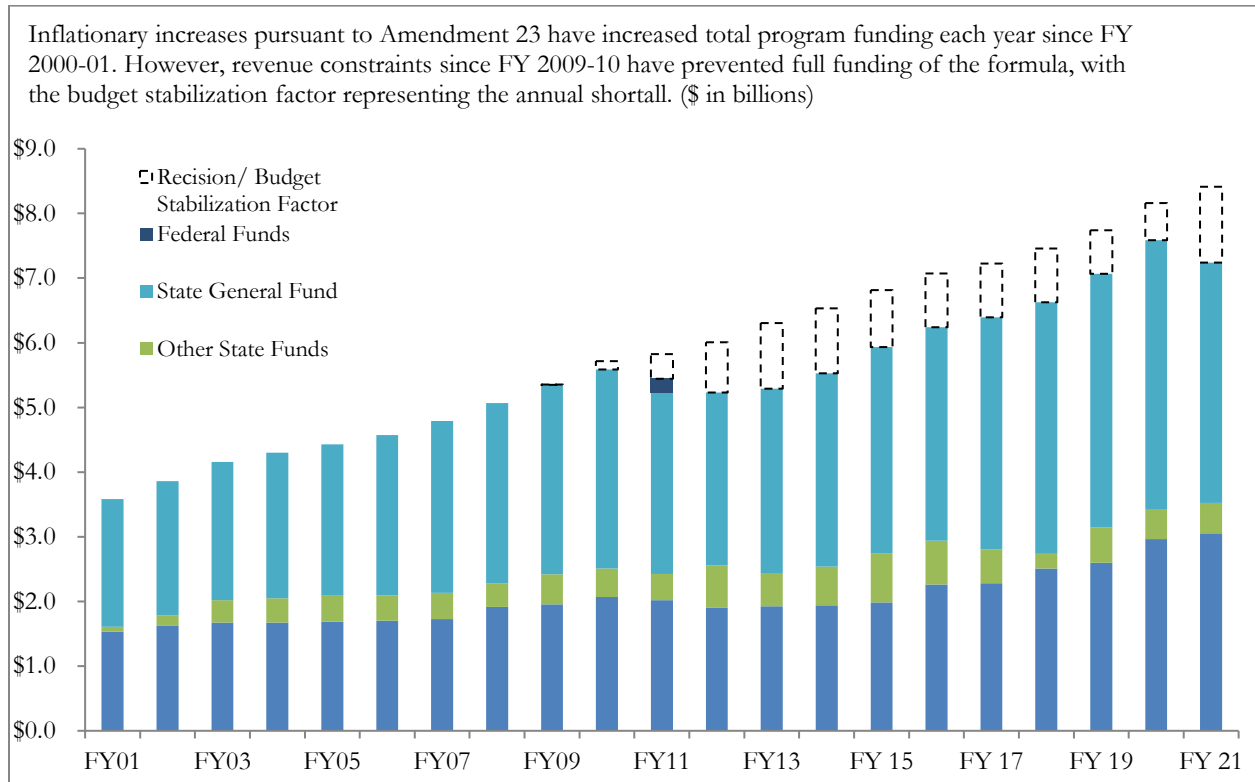
In summary, several factors affect the amount of state funding appropriated for public school finance, including:

- Pupil counts, including children attending state-supported preschool programs; students enrolled in full-time multi-district on-line programs; and students participating in the ASCENT program.
- The rate of inflation.
- Changes in the relative cost-of-living in various regions of the state.
- The number of at-risk students enrolled in public schools.
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues.
- Changes in statutory definitions, procedures, or mathematical factors that affect the calculation of per-pupil funding or state aid for each district.

The following graphic illustrates school districts' total program funding, by fund source, from FY 2000-01 through FY 2020-21. The stacked bar segments outlined with a dotted line illustrate the mid-year rescissions required in FY 2008-09 and FY 2009-10 due to insufficient state appropriations, as well as the impact of the budget stabilization factor in subsequent fiscal years. Appropriations for FY 2019-20 and FY 2020-21 include the following major changes:

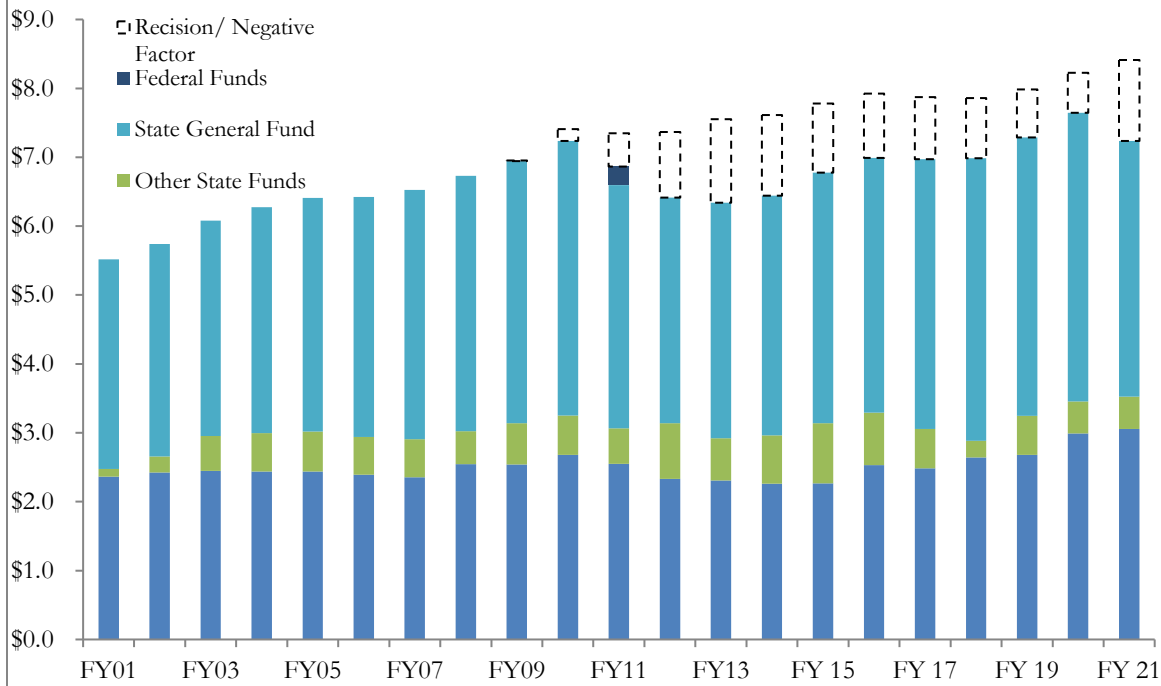
- Total program funding for FY 2019-20 included an increase of \$190.2 million (including \$182.9 million in state funding and \$7.3 million in local funding) associated with the transition to funding full-day kindergarten students as 1.0 student FTE as required by H.B. 19-1262 (State Funding for Full-day Kindergarten).

- Under current law, total program funding for FY 2020-21 is \$367.6 million below the FY 2019-20 level. The current appropriation assumes that local revenues will increase by \$77.4 million above the prior year. However, total state funding is \$445.0 million below FY 2019-20 levels. Combined with inflationary pressure on total program before the application of the budget stabilization factor, the appropriation increases the budget stabilization factor by \$601.1 million, from \$572.4 million in FY 2019-20 to \$1.17 billion in FY 2020-21.



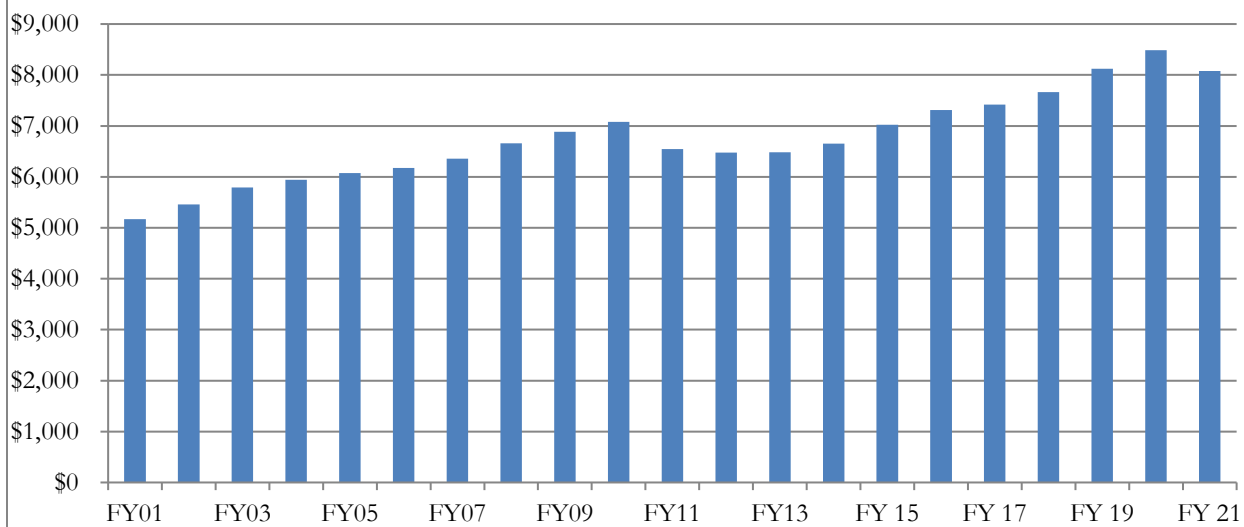
As an alternative view, the following graphic shows the same chart adjusted for inflation (shown in 2020 dollars as adjusted by the Denver-Aurora-Lakewood consumer price index). As shown in the chart, inflation-adjusted total program funding (after the application of the budget stabilization factor) increased steadily from FY 2000-01 through FY 2009-10 while Amendment 23 required the statewide base to increase by inflation plus 1.0 percent and revenues allowed for the increases. However, this metric has fluctuated since that time as revenue constraints have not allowed appropriations to keep pace with inflation.

Inflation-adjusted total program funding (shown with 2020 \$ in billions) also increased steadily through FY 2009-10 but has fluctuated since then based revenue constraints.

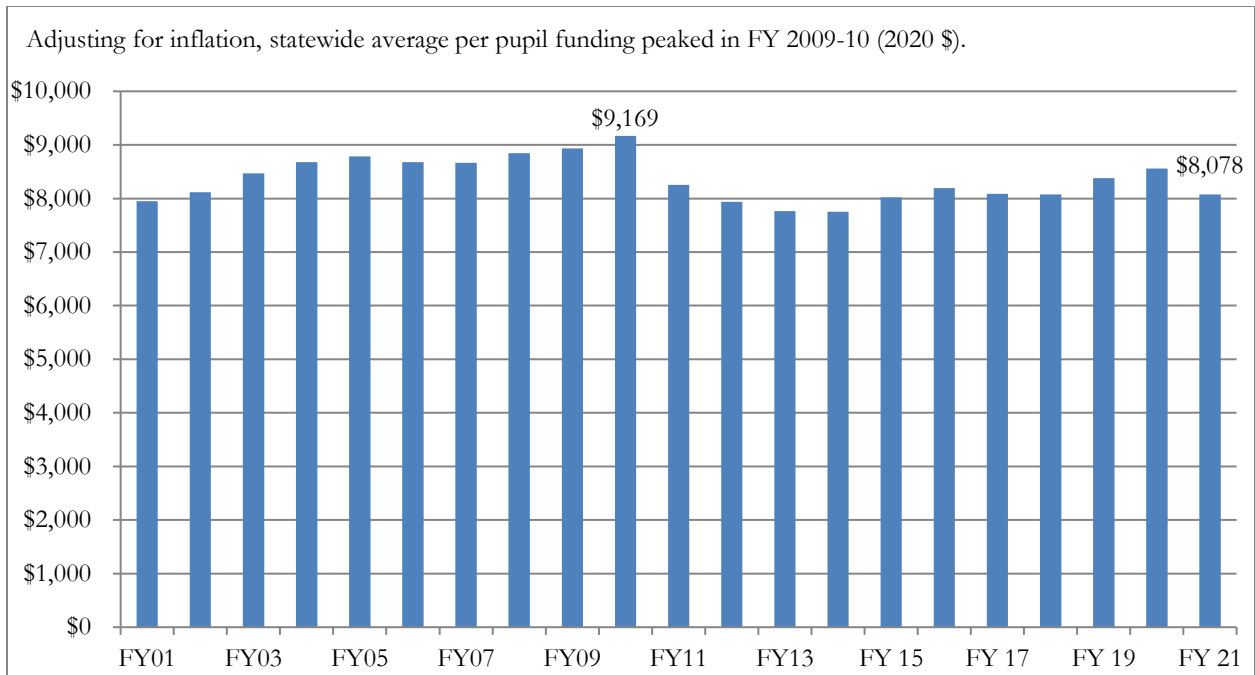


The previous charts look at total program funding statewide. However, total funding ignores the impact of changes in student count. Because Colorado’s school finance formula operates on a per pupil basis (as discussed above), it is also informative to look at trends in funding on that basis. While per pupil funding varies widely between districts based on the factors outlined in previous sections, statewide average per pupil funding can provide a useful metric. The following chart shows statewide average per pupil funding (*not* adjusted for inflation) for FY 2000-01 through FY 2020-21.

Statewide average per pupil funding (after the application of the budget stabilization factor) has also increased since FY 2000-01 but has fluctuated with economic changes.



Once again, adjusting for inflation changes the picture. As shown in the following chart using 2020 dollars, if one adjusts for inflation then statewide average per pupil funding peaked in FY 2009-10 and has fluctuated below that level since then.



The table on the following page shows key data related to school finance funding for the last five fiscal years, as well as the current (2020 Session) appropriations for FY 2020-21.

SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING: KEY DATA							
DESCRIPTION	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 APPROP. ¹
Funded Pupil Count	844,546	853,251	858,872	865,017	870,078	896,001	896,094
<i>Annual Percent Change</i>	1.7%	1.0%	0.7%	0.7%	0.6%	3.0%	0.0%
<i>Change in Denver-Boulder Consumer Price Index for Previous Calendar Year</i>	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%
Statewide <u>Base</u> Per Pupil Funding	\$6,121	\$6,292	\$6,368	\$6,546	\$6,769	\$6,952	\$7,084
<i>Annual Percent Change</i>	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%
Statewide <u>Average</u> Per Pupil Funding	\$7,026	\$7,313	\$7,420	\$7,662	\$8,123	\$8,489	\$8,078
<i>Annual Percent Change</i>	5.6%	4.1%	1.5%	3.3%	6.0%	4.5%	(4.8%)
Total Program Funding²	\$5,933,444,389	\$6,239,564,775	\$6,372,827,460	\$6,627,917,199	\$7,067,290,190	\$7,605,978,828	\$7,238,343,519
<i>Annual Percent Change</i>	7.4%	5.2%	2.1%	4.0%	6.6%	7.6%	(4.8%)
<u>Local Share</u> of Total Program Funding	\$1,982,831,906	\$2,259,785,802	\$2,257,704,955	\$2,506,844,504	\$2,598,750,917	\$2,977,176,606	\$3,054,550,789
<i>Annual Percent Change</i>	2.3%	14.0%	-0.1%	11.0%	3.7%	14.6%	2.6%
<u>State Share</u> of Total Program Funding	\$3,950,612,483	\$3,979,778,973	\$4,115,122,505	\$4,121,072,695	\$4,468,539,273	\$4,628,802,222	\$4,183,792,730
<i>Annual Percent Change</i>	10.1%	0.7%	3.4%	0.1%	8.4%	3.6%	(9.6%)
<i>State Share as Percent of Districts' Total Program Funding</i>	66.6%	63.8%	64.6%	62.2%	63.2%	60.9%	57.8%

¹ The FY 2019-20 appropriation includes an increase of 22,367.1 funded pupils and \$185.4 million state funds (in addition to \$7.3 million in local funds) associated with the implementation of full-day kindergarten under H.B. 19-1262.

² These figures reflect total program funding after application of the budget stabilization factor.

SUMMARY: FY 2020-21 APPROPRIATION & FY 2021-22 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	\$6,328,385,349	\$4,652,659,058	\$1,015,987,081	\$40,151,896	\$619,587,314	612.0
HB 20-1418 (School Finance)	(532,382,433)	(722,777,639)	32,401,424	0	157,993,782	(3.0)
Other legislation	(1,888,565)	(870,498)	(865,899)	(152,168)	0	0.0
TOTAL	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
R1 Total program increase	810,909,134	578,471,080	232,438,054	0	0	0.0
R2 Categorical programs increase	8,611,834	0	8,611,834	0	0	0.0
R3 State match for Colorado imagination library	410,221	0	410,221	0	0	0.0
R4 Repurpose early intervention funding	0	0	0	0	0	0.0
R5 Maintain FY 2020-21 reductions	(925,255)	(925,255)	0	0	0	(0.4)
R6 Outdated appropriations and additional program suspensions	(1,276,222)	(212,222)	(1,064,000)	0	0	(0.2)
R7 Reduce capital construction assistance	(4,591,038)	0	(4,591,038)	0	0	0.0
R8 Personal services and operating reductions	(1,716,123)	(617,981)	(797,894)	(300,248)	0	(9.8)
R9 Return unused fund balances	(250,000)	0	(250,000)	0	0	0.0
Annualize prior year budget actions	913,216	913,216	0	0	0	0.0
Centrally appropriated items	658,659	(157,225)	(9,652)	686,575	138,961	0.0
Indirect cost assessment	267,274	0	32,502	0	234,772	0.0
Annualize prior year legislation	(36,052,592)	2,183,569	(1,398,705)	154,738	(36,992,194)	0.4
Non-prioritized items	(143,966)	(67,336)	(23,284)	(53,346)	0	0.0
TOTAL	\$6,570,929,493	\$4,508,598,767	\$1,280,880,644	\$40,487,447	\$740,962,635	599.0
INCREASE/(DECREASE)	\$776,815,142	\$579,587,846	\$233,358,038	\$487,719	(\$36,618,461)	(10.0)
Percentage Change	13.4%	14.8%	22.3%	1.2%	(4.7%)	(1.6%)

R1 TOTAL PROGRAM INCREASE: The request includes a net increase of \$810.9 million total funds (including \$578.5 million General Fund and \$232.4 million cash funds) for the state share of districts' total program funding. Based on the Office of State Planning and Budgeting (OSPB) September 2020 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by \$902 (11.2 percent); and (2) decrease the dollar value of the budget stabilization factor by \$601.1 million (from \$1.17 billion in FY 2020-21 to \$572.4 million in FY 2021-22), returning the dollar value of the budget stabilization factor to the same level as in FY 2019-20. The request does not specify a budget stabilization factor for FY 2022-23 or subsequent years. The Committee should note that this request requires separate legislation. Staff intends to return to the Committee with a more detailed discussion of request R1 and projections of school finance funding during the FY 2020-21 supplemental process (incorporating data from the December 2020 revenue forecasts).

Please note that all of the remaining items are outside of school finance. Joint Budget Committee Staff addressed these items during a separate briefing on November 20, 2020.³

R2 CATEGORICAL PROGRAMS INCREASE: Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2020-21. The request, based on the OSPB-projected inflation rate for CY 2020 (2.5 percent), seeks an increase of \$8.6 million cash funds from the State Education Fund to support the required increase. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. See Appendix C for a discussion of the Department’s response to a request for information associated with categorical funding.

R2 Requested Increases in <i>State</i> Funding for Categorical Programs				
Long Bill Line Item	FY 2020-21 Appropriation	FY 2020-21 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$206,223,158	\$211,086,792	\$4,863,634	2.4%
English Language Proficiency Program	24,105,549	25,569,664	1,464,115	6.1%
Public School Transportation	61,582,729	63,093,912	1,511,183	2.5%
Career and Technical Education Programs	27,778,242	28,370,549	592,307	2.1%
Special Education - Gifted and Talented Children	12,844,494	13,021,531	177,037	1.4%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,314,250	1,317,226	2,976	0.2%
Comprehensive Health Education	1,131,396	1,131,978	582	0.1%
Total	\$344,473,378	\$353,085,212	\$8,611,834	2.5%

R3 STATE MATCH FOR COLORADO IMAGINATION LIBRARY PROGRAM: The request includes an increase of \$410,221 cash funds from the Marijuana Tax Cash Fund for FY 2021-22 (increasing to \$907,140 in FY 2022-23) to provide a state match for the Colorado Imagination Library Program created in S.B. 20-185 (the Colorado Imagination Library Program). Subject to available appropriations, S.B. 20-185 requires the State Librarian to contract with a Colorado non-profit organization and operation of the Colorado Imagination Library Program, which would mail one book per month to participating children statewide from birth to age five. However, the bill did not provide any appropriation to support the program in FY 2020-21. Rather, the bill authorized the Department to seek and accept gifts, grants, and donations to support the program. According to the Department, no external funding has materialized. The request is seeking \$410,221 as a state match to stand up the program in FY 2021-22, with increasing costs in subsequent years as more local affiliates (and children) participate. The Governor’s Office estimates that the request would enable 32,305 additional children to participate in FY 2021-22 (above the approximately 11,500 that are currently participating through local affiliates), with increasing numbers in subsequent years. Please note that JBC Staff questions whether this program qualifies as an authorized use of the Marijuana Tax Cash fund under current law and suggests that the request may require separate legislation.

R4 REPURPOSE EARLY INTERVENTION FUNDING: The request proposes a “technical legislative change” to correspond with a request to transfer authority for special education early intervention evaluations from the Department of Education to the Department of Human Services. As framed, the request would: (1) transfer early intervention evaluation authority to the Department of Human Services; and (2) make \$2.7 million currently dedicated to such evaluations within the Special Education Programs for Children with Disabilities line item available for services provided to students

³ The FY 2021-22 briefing document for programs outside of school finance is available at: https://leg.colorado.gov/sites/default/files/fy2021-22_edubrfl_0.pdf

from age 3 to 21 (rather than supporting the evaluations for children between birth and age 2). Staff is aware of concerns among school districts and special education directors about this request. Please note that this request is contingent upon the approval of a corresponding request in the Department of Human Services (R6 – Early Intervention Program Changes). The Committee is scheduled to hear the Department of Human Services request in a briefing by Tom Dermody on December 4, 2020.

R5 MAINTAIN FY 2020-21 REDUCTIONS: Request R5 proposes to continue FY 2020-21 budget balancing actions totaling \$925,255 General Fund and 0.4 FTE. The 2020 School Finance Bill (H.B. 20-1418) suspends both of these programs *for FY 2020-21 only*. As a result, both components of R5 would require statutory change. The proposed General Fund reductions include:

- \$675,255 and 0.4 FTE to further delay implementation of the Local School Food Purchasing Program created in H.B. 19-1132 (School Incentives to Use Colorado Food and Producers). House Bill 19-1132 created two grant programs to promote the use of Colorado food products in school meal programs. As a budget balancing action for FY 2020-21, H.B. 20-1418 delays implementation of the program for one year (until FY 2021-22). Request R5 proposes to extend the suspension of the program.
- \$250,000 for Computer Science Education Grants originally required by H.B. 19-1277 (Computer Science Grant Program). As created in H.B. 19-1277, the program would provide grants to public schools to increase participation of traditionally underrepresented students in computer science education. The bill requires an annual appropriation of \$250,000 General Fund to support the program. House Bill 20-1418 eliminates the requirement to appropriate those funds in FY 2020-21 but would require the appropriation again in FY 2021-22. Again, the request would extend the suspension of the program.

R6 OUTDATED APPROPRIATIONS AND ADDITIONAL PROGRAM SUSPENSIONS: Request R6 includes reductions totaling \$1.3 million total funds (including \$212,222 General Fund and \$1.1 million cash funds) and 0.2 FTE associated with three line items. The Committee should note that all three reductions require statutory change. The proposed reductions include:

- \$212,222 General Fund and 0.2 FTE to eliminate the FY 2021-22 appropriation for the *Workforce Diploma Pilot Program* created in H.B. 19-1236 (Workforce Diploma Pilot Program). The program makes performance payments to qualified providers of dropout recovery services for eligible adult students (residents of Colorado that are at least 21 years old and do not have a high school diploma) who achieve specific education milestones. As discussed in the first issue brief in this document, the General Assembly's FY 2020-21 balancing actions reduced the appropriation for this program by \$800,000 General Fund (from \$1.0 million in FY 2019-20 to \$212,222 in FY 2020-21). Request R6 would eliminate funding for the program in FY 2021-22 and includes a statutory change to suspend the program for one year.
- \$1,014,000 cash funds from the State Education Fund associated with a proposal to suspend the administration of fourth- and seventh grade *social studies assessments* for FY 2020-21. Under current statute, the Department administers social studies assessments on a sampling basis (one third of fourth- and seventh-grade students take the assessments in a given year). Given current circumstances (budgetary challenges as well as the pandemic), the Department is proposing to suspend administration for one year, which requires statutory change.
- \$50,000 cash funds from the State Education Fund to eliminate funding for the *Basic Skills Placement or Assessment Tests* line item originally authorized in H.B. 12-1345 (School Finance). This line item reimburses schools for the administration of basic skills placement or assessment tests to high school students. However, since the creation of the line item in 2012, the Department has

provided a total of \$13,000 in reimbursements (with no payments in most years). The request includes a statutory change to eliminate the requirement that the Department provide reimbursements for the assessments.

R7 REDUCE CAPITAL CONSTRUCTION ASSISTANCE: Request R7 includes reductions to two capital construction-related programs totaling \$4.6 million cash funds from the Public School Capital Construction Assistance Fund (PSCCAF). The Committee should note that the request requires statutory change. The proposed reductions include:

- \$3.0 million from *cash grants under the Building Excellent Schools Today (B.E.S.T.) program* (from \$60.0 million appropriated in FY 2020-21 to \$57.0 million in FY 2021-22, a 5.0 percent reduction). As discussed in the first issue brief in this document, the General Assembly’s FY 2020-21 appropriation reduced B.E.S.T. cash grants by \$100.0 million in FY 2020-21 (from \$160.0 million required under previous law to \$60.0 million in H.B. 20-1418) and transferred \$100.0 million from the PSCCAF to the State Public School Fund to support school finance. The request would further reduce cash grants in FY 2021-22. The reduction does not require statutory change. However, the transfer to the State Public School Fund would require legislation.
- \$1,591,038 from the State Aid to Charter School Facilities line item (also a 5.0 percent reduction below the FY 2020-21 appropriation). This line item provides distributions to charter schools on a formula (per pupil) basis. The reduction in appropriations and the transfer to the State Public School Fund would both require statutory change.

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS: Request R8 includes reductions to 22 line items totaling \$1.7 million total funds (\$617,981 General Fund, \$797,894 cash funds, and \$300,248 reappropriated funds) and 9.8 FTE. In contrast to the other decision items proposing balancing adjustments (R4, R5, R6, R7, and R9), the reductions in request R8 focus on the Department’s internal/administrative funding and FTE rather than distributions outside of the Department. The following table summarizes the proposed reductions by line item. This reduction is discussed in greater depth in the second issue brief in this document.

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Financial transparency system maintenance ^a	(\$387,000)	\$0	(\$387,000)	\$0	0.0
Special education programs for gifted and talented	(226,000)	0	(226,000)	0	(1.0)
School finance administration	(224,905)	0	0	(224,905)	(2.5)
General department and program administration	(176,193)	(100,850)	0	(75,343)	(2.0)
Educator effectiveness unit admin	(130,500)	(118,000)	(12,500)	0	(1.0)
Library programs administration	(100,000)	(100,000)	0	0	(1.0)
Health, life, and dental	(78,847)	(78,847)	0	0	0.0
Accountability and improvement planning	(64,568)	(64,568)	0	0	(1.0)
Statewide assessment program	(50,000)	0	(50,000)	0	(1.0)
Leased space	(37,000)	0	(37,000)	0	0.0
Reprinting and distributing laws concerning education ^a	(35,480)	0	(35,480)	0	0.0
State Board of Education	(35,417)	(35,417)	0	0	0.0
Amortization equalization disbursement (AED)	(33,076)	(33,076)	0	0	0.0
Supplemental amortization equalization disbursement (SAED)	(33,076)	(33,076)	0	0	0.0

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Breakfast after the bell	(24,897)	(24,897)	0	0	(0.3)
B.E.S.T. financial assistance priority assessment	(15,000)	0	(15,000)	0	0.0
Content specialists	(15,000)	0	(15,000)	0	0.0
ELL technical assistance	(15,000)	(15,000)	0	0	0.0
Information technology services	(10,000)	(10,000)	0	0	0.0
Reimbursement for juveniles held in jail	(10,000)	0	(10,000)	0	0.0
Preschool to postsecondary education alignment	(9,914)	0	(9,914)	0	0.0
Longitudinal analyses of student assessment results	(4,250)	(4,250)	0	0	0.0
TOTAL	(\$1,716,123)	(\$617,981)	(\$797,894)	(\$300,248)	(9.8)

^a These requests may require separate legislation and statutory change.

R9 RETURN UNUSED FUND BALANCES: Request R9 includes three components to assist with budget balancing in FY 2021-22:

- A reduction of \$250,000 cash funds from the State Education Fund to better align the appropriation for At-risk Supplemental Aid with anticipated expenditures in FY 2021-22. This program provides supplemental assistance to charter schools serving increased numbers of at-risk students, and the Department reports that reversions have averaged \$547,410 per year for the past three years. The request would reduce the appropriation by \$250,000 to make those funds available for other uses (such as school finance) in FY 2021-22. This component of the request does not require statutory change and could be accomplished through the Long Bill.
- A statutory transfer of \$2.0 million from the Early Literacy Fund ELF to the State Education Fund to make those funds available for other uses (such as school finance in FY 2021-22). As discussed in the first issue brief in this document, the FY 2020-21 balancing actions included a transfer of \$3.5 million in excess fund balance from the ELF to the State Education Fund. According to the Department, the ongoing pandemic has limited the Department's use of additional funds for in-person activities such as training and the Department anticipates an available balance of at least \$2.0 million at the end of FY 2020-21, making those funds available for transfer to the State Education Fund. This transfer would require separate legislation.
- A proposal to revert \$750,000 in undistributed funds associated with the Comprehensive Quality Physical Education Instruction Pilot Program created in S.B. 19-246 (School Finance) to the Marijuana Tax Cash Fund (MTCF). Senate Bill 19-246 appropriated \$1.1 million from the MTCF to support the program in FY 2019-20 and made those funds available to the Department through FY 2023-24.⁴ According to the Department, \$750,000 of that original amount remains undistributed at this time. Based in part on concerns about the Department's ability to ensure fidelity of implementation of the program given the pandemic⁵, the request proposes to return the unspent funds to the MTCF. Given that S.B. 19-246 makes the funds available through FY 2023-24, reverting the funds to the MTCF would require statutory change.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$913,216 General Fund to restore the FY 2020-21 Health, Life, and Dental reduction taken in lieu of a 5.0 percent personal services base reduction.

⁴ See section 22-99-105, C.R.S.

⁵ According to the Department, of the three recipient schools, one is operating in-person, one is full-time remote, and one is operating under a hybrid model.

CENTRALLY APPROPRIATED ITEMS: The request includes a net increase of \$658,659 total funds related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental	\$487,499	\$113,649	\$59,265	\$181,449	\$133,136	0.0
Payment to risk management / property funds	295,955	295,955	0	0	0	0.0
Capitol Complex leased space	163,283	48,985	19,562	31,758	62,978	0.0
PERA direct distribution	37,405	(467,715)	(2,622)	507,742	0	0.0
Vehicle lease payments	10,844	10,844	0	0	0	0.0
Administrative law judges	8,445	0	6,987	1,458	0	0.0
Legal services	2,667	1,542	1,057	68	0	0.0
Leased space	0	0	0	0	0	0.0
AED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
SAED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
Payments to OIT	(64,566)	(27,802)	(9,614)	(27,150)	0	0.0
Workers' compensation	(58,845)	(26,284)	(7,679)	(3,977)	(20,905)	0.0
CORE operations	(55,030)	(21,314)	(21,318)	(12,398)	0	0.0
Shift differential	(30,214)	(30,214)	0	0	0	0.0
Short-term disability	(6,756)	(2,301)	(1,620)	(457)	(2,378)	0.0
TOTAL	\$658,659	(\$157,225)	(\$9,652)	\$686,575	\$138,961	0.0

INDIRECT COST ASSESSMENT: The request includes an increase in the Department's indirect cost assessments.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$36.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, as summarized in the following table. The reduction is largely driven by the elimination of \$37.0 million in one-time federal funding associated with COVID-19 and reflected in H.B. 20-1418 (School Finance).

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 (Suspend PERA DD)	\$1,220,885	\$870,498	\$198,219	\$152,168	\$0	0.0
HB 20-1032 (Timing K12 Education Standards Review)	131,515	131,515	0	0	0	0.0
SB 18-200 PERA unfunded liability	19,753	6,301	3,076	2,570	7,806	0.0
HB 20-1418 (School Finance)	(37,424,745)	1,175,255	(1,600,000)	0	(37,000,000)	0.4
TOTAL	(\$36,052,592)	\$2,183,569	(\$1,398,705)	\$154,738	(\$36,992,194)	0.4

NON-PRIORITIZED ITEMS: The request includes decreases totaling \$143,966 total funds (including \$67,336 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2021-22.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DPA Center for Organizational Effectiveness	\$12,410	\$0	\$0	\$12,410	\$0	0.0
OIT Budget request package	(156,376)	(67,336)	(23,284)	(65,756)	0	0.0
TOTAL	(\$143,966)	(\$67,336)	(\$23,284)	(\$53,346)	\$0	0.0

INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS

In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced appropriations to the Department of Education by \$8.9 million total funds (\$0.9 million General Fund and \$8.0 million cash funds) in FY 2019-20. Fiscal year 2020-21 appropriations to the Department were further reduced by \$568.4 million total funds (\$463.5 million General Fund). The balancing actions in FY 2020-21 included \$112.5 million in reductions to cash funds appropriations to a variety of programs in order to make those revenues available for school finance (and offset a portion of the reduction in General Fund appropriations).

SUMMARY

FY 2019-20 Budget

- During the 2020 Session, the General Assembly reduced FY 2019-20 appropriations to the Department of Education for a variety of programs by \$8.9 million total funds, including \$0.9 million General Fund and \$8.0 million cash funds. The cash funds reductions made those funds available to offset additional General Fund reductions in FY 2020-21.

FY 2020-21 Budget

- For FY 2020-21, the General Assembly reduced appropriations for the state share of districts' total program funding by \$445.8 million total funds below FY 2019-20 levels, increasing the dollar value of the budget stabilization factor by \$601.1 million (from \$572.4 million in FY 2019-20 to \$1.2 billion in FY 2020-21). Because previous statute prohibited an increase in the budget stabilization factor, the Long Bill included an increase of \$155.3 million total funds for school finance. The School Finance bill then reduced the FY 2020-21 appropriation for school finance by \$601.1 million total funds below the Long Bill appropriation, including a reduction of \$721.6 million General Fund that was partially offset by an increase in cash funds made available through reductions to other programs.
- To maximize the funds available for school finance, the FY 2020-21 balancing actions included a number of reductions to other programs, totaling \$7.5 million General Fund and \$112.5 million cash funds (including a reduction of \$100.0 million to cash grants provided through the Building Excellent Schools Today (BEST) program). Because some of those cash funds were not readily available for school finance, the School Finance Bill transferred a total of \$105.0 million to the State Public School Fund and \$6.4 million to the State Education Fund in FY 2020-21.
- The School Finance Bill also included statutory changes to divert additional FY 2020-21 revenues (originating as marijuana excise taxes and State Land Board collections from School Trust lands) to make those resources available for school finance.
- These balancing actions include significant amounts of one-time actions, including all of the cash fund transfers to the State Public School Fund and the State Education Fund. In addition, a variety of the statutory changes, including some program delays and the diversions of FY 2020-21 revenues to the State Public School Fund, were specific to FY 2020-21 only. Those changes would require additional legislation to continue in FY 2021-22.

DISCUSSION

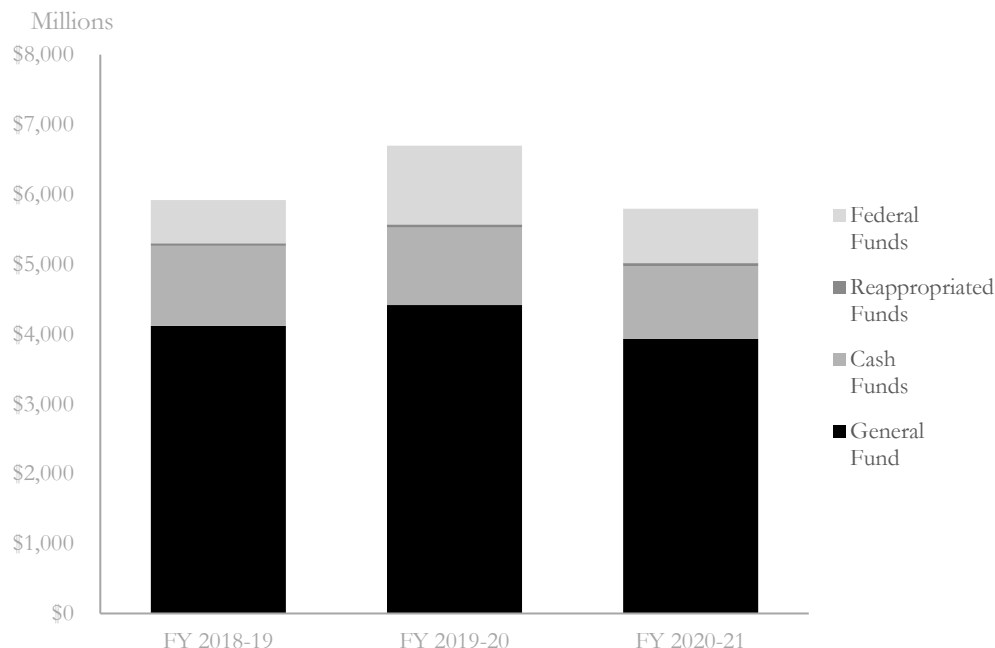
Confronting the budget challenges of the 2020 legislative session, the Committee and the General Assembly took a variety of budget balancing actions in the Department of Education for both FY 2019-20 and FY 2020-21 both to balance the General Fund and to reprioritize funding within the Department's budget.

FY 2018-19 to FY 2019-20: Appropriations to the Department increased by \$778.0 million total funds from FY 2018-19 to FY 2019-20, including an increase of \$297.7 million General Fund. Much of the remaining increase in total funds was due to the allocation of \$510.0 million in federal CARES Act funds to offset school districts' costs associated with the pandemic. In terms of balancing actions, the General Assembly reduced FY 2019-20 appropriations by \$8.9 million total funds in FY 2019-20, including \$900,000 General Fund and \$8.0 million cash funds from a variety of programs. The cash funds reductions made those resources available for FY 2020-21.

FY 2019-20 to FY 2020-21: Facing revenue challenges for FY 2020-21, the General Assembly took a variety of actions to both reduce the Department's General Fund appropriations and to make other revenues available for balancing purposes. The Department's total budget decreased by \$902.7 million below the FY 2019-20 appropriation, driven by decreases of \$484.8 million General Fund and \$351.3 million federal funds. The General Assembly's budget balancing actions accounted for reductions of \$568.4 million total funds, including \$463.5 million General Fund.

The following graph shows the Department's annual appropriations for FY 2018-19 through FY 2020-21. A table with appropriations detail by major fund source follows the graph. Please note that the FY 2019-20 appropriations include the adjustments and reductions made during the 2020 Session.

Recent Department of Education Appropriations



DEPARTMENT OF EDUCATION APPROPRIATIONS FY 2019-20 THROUGH FY 2020-21

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Final	\$5,918,775,777	\$4,116,143,086	\$1,146,052,221	\$39,385,509	\$617,194,961	602.5
FY 2019-20 Adjusted	6,696,803,356	4,413,841,994	1,111,463,635	42,577,029	1,128,920,698	616.4
FY 2020-21	5,794,114,351	3,929,010,921	1,047,522,606	39,999,728	777,581,096	609.0
Change from FY 2019-20 to FY 2020-21	(\$902,689,005)	(\$484,831,073)	(\$63,941,029)	(\$2,577,301)	(\$351,339,602)	(7.4)
Percent change FY 2019-20 to FY 2020-21	-13.5%	-11.0%	-5.8%	-6.1%	-31.1%	(1.2%)

SUMMARY OF 2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES

The following table summarizes the budget balancing actions that impacted appropriations to the Department of Education for both FY 2019-20 and FY 2020-21, including actions taken through the Long Bill and other legislation. Please note:

- Unless otherwise indicated, JBC Staff assumes that the FY 2020-21 adjustments are ongoing for FY 2021-22. Staff has noted where the Committee (or the General Assembly) specifically designated actions as one-time in nature. Staff has also noted whether the Department’s budget request proposes to continue the reduction in FY 2021-22 or restore the funding.
- The table only reflects balancing actions that specifically changed appropriations. The cash fund reductions in the table below made funds available to offset potential General Fund reductions in school finance either through the Long Bill or through the School Finance Bill.
- Staff has not included actions to increase available revenues (in this Department that includes transfers from a variety of cash funds to either the State Public School Fund or the State Education Fund) in this table. A subsequent section of the issue brief summarizes those actions.

2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES - DEPARTMENT OF EDUCATION

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION BALANCING ITEMS:						
Capture anticipated reversions (Long Bill Supplemental)	(\$7,860,000)	(\$900,000)	(\$6,960,000)	\$0	\$0	0.0
Quality Teacher Recruitment (School Finance Bill)	(1,000,000)	0	(1,000,000)	0	0	0.0
TOTAL	(\$8,860,000)	(\$900,000)	(\$7,960,000)	\$0	\$0	0.0
FY 2020-21 APPROPRIATION BALANCING ITEMS:						
Total Program Adjustments						
Long Bill adjustment (H.B. 20-1360)	\$155,311,038	\$266,392,235	(\$111,081,197)	\$0	\$0	0.0
School Finance Bill (H.B. 20-1418)	(601,115,264)	(721,579,451)	120,464,187	0	0	0.0
Subtotal - Total Program Adjustments	(\$445,804,226)	(\$455,187,216)	\$9,382,990	\$0	\$0	0.0
FY 2020-21 Long Bill (H.B. 20-1360)						
Behavioral health care professionals grants decrease	(\$3,000,000)	\$0	(\$3,000,000)	\$0	\$0	0.0
CSI mill levy equalization decrease	(2,800,000)	(1,400,000)	0	(1,400,000)	0	0.0
Eliminate National Board stipends	(2,103,256)	0	(2,103,256)	0	0	0.0
Bullying prevention reduction	(1,000,000)	0	(1,000,000)	0	0	0.0
Health, life, dental General Fund base reduction	(863,216)	(863,216)	0	0	0	0.0
Delay ninth grade success program	(800,000)	(800,000)	0	0	0	(0.6)

2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES - DEPARTMENT OF EDUCATION

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Workforce diploma pilot decrease	(800,000)	(800,000)	0	0	0	0.0
Eliminate ELL excellence awards	(500,000)	0	(500,000)	0	0	0.0
Reduce computer science education grants	(500,000)	0	(500,000)	0	0	0.0
Reduce career development success program	(500,000)	(500,000)	0	0	0	0.0
Reduce state grants to libraries program	(500,000)	(500,000)	0	0	0	0.0
Delay local accountability system grants	(494,267)	(494,267)	0	0	0	(0.5)
Reduce school leadership pilot	(375,807)	(375,807)	0	0	0	0.0
Reduce AP exam fee grants	(280,730)	(280,730)	0	0	0	0.0
Delay automatic enrollment in advanced courses grants	(250,000)	(250,000)	0	0	0	(0.3)
Reduce financial transparency system maintenance	(138,000)	0	(138,000)	0	0	0.0
Eliminate quality teacher recruitment program	(40,000)	0	(40,000)	0	0	0.0
Subtotal - Long Bill Reductions	(\$14,945,276)	(\$6,264,020)	(\$7,281,256)	(\$1,400,000)	\$0	(1.4)
FY 2020-21 School Finance Bill (H.B. 20-1418)						
BEST cash grants	(100,000,000)	0	(100,000,000)	0	0	0.0
K-5 social and emotional health program	(2,500,000)	0	(2,500,000)	0	0	(1.0)
Retaining teachers grant program	(2,500,000)	0	(2,500,000)	0	0	(1.0)
Local school food purchasing programs ^a	(675,255)	(675,255)	0	0	0	(0.4)
Advanced placement incentives pilot	(262,763)	0	(262,763)	0	0	(0.3)
Counselor corps grant program ^a	(250,000)	(250,000)	0	0	0	0.0
Computer science education grants ^a	(250,000)	(250,000)	0	0	0	0.0
Grow your own educator program	(22,933)	(22,933)	0	0	0	(0.3)
Subtotal - School Finance Bill Reductions	(\$106,460,951)	(\$1,198,188)	(\$105,262,763)	\$0	\$0	(3.0)
Appropriation Reductions in Other Legislation						
PERA direct distribution (HB 20-1379) ^b	(\$1,220,885)	(\$870,498)	(\$198,219)	(\$152,168)	\$0	0.0
TOTAL FY 2020-21 Appropriation Adjustments	(\$568,431,338)	(\$463,519,922)	(\$103,359,248)	(\$1,552,168)	\$0	(4.4)
BALANCING ITEMS AS PERCENTAGE OF TOTAL APPROPRIATION:						
FY 2019-20 Appropriation	\$6,696,803,356	\$4,413,841,994	\$1,111,463,635	\$42,577,029	\$1,128,920,698	616.4
FY 2020-21 Appropriation	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
FY 2020-21 Actions as Percentage of FY 2019-20 Appropriation	(8.5%)	(10.5%)	(9.3%)	(3.6%)	0.0%	(0.7%)

^a These actions required statutory change and were specifically one-time in nature (for FY 2020-21 only).

^b House Bill 20-1379 eliminated PERA Direct Distribution appropriations for all departments on a one-time basis for FY 2020-21.

FY 2019-20 APPROPRIATION – MID-YEAR ADJUSTMENTS

CAPTURE ANTICIPATED REVERSIONS (LONG BILL SUPPLEMENTAL): The FY 2020-21 Long Bill included reductions to FY 2019-20 appropriations totaling \$7.9 million total funds (\$0.9 million General Fund and \$7.0 million cash funds) based on anticipated reversions from a variety of programs as reflected in the following table.

FY 2019-20 BALANCING ACTIONS - LONG BILL SUPPLEMENTAL			
PROGRAM/LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS
Statewide assessment program	(\$5,000,000)	\$0	(\$5,000,000)
Quality teacher recruitment program	(1,960,000)	0	(1,960,000)
Career counseling professional development	(500,000)	(500,000)	0
Automatic enrollment in advanced courses grants	(200,000)	(200,000)	0

FY 2019-20 BALANCING ACTIONS - LONG BILL SUPPLEMENTAL			
PROGRAM/LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS
School leadership pilot program	(200,000)	(200,000)	0
TOTAL	(\$7,860,000)	(\$900,000)	(\$6,960,000)

QUALITY TEACHER RECRUITMENT (SCHOOL FINANCE BILL): The School Finance Bill (H.B. 20-1418) reduced the FY 2019-20 appropriation for the Quality Teacher Recruitment Program by an additional \$1.0 million cash funds from the State Education Fund (beyond the reduction included in the Long Bill supplemental).

FY 2020-21 TOTAL PROGRAM ADJUSTMENTS

LONG BILL (HB 20-1360): The Long Bill appropriation includes an increase of \$155.3 million total funds for the state share of districts' total program funding, including an increase of \$303.4 million General Fund that is partially offset by a decrease in cash funds. Pursuant to statute (prior to the enactment of the FY 2020-21 School Finance Bill), the Long Bill appropriation was sufficient to maintain the budget stabilization factor at \$572.4 million in FY 2020-21, equal to the level from FY 2019-20.

SCHOOL FINANCE BILL (H.B. 20-1418): As a balancing action, the School Finance Bill reduced appropriations for the state share of districts' total program funding by \$601.1 million total funds below the Long Bill appropriation, including a decrease of \$721.6 million General Fund that was partially offset by an increase in cash funds appropriations. The appropriation adjustment increased the budget stabilization factor by \$601.1 million, from \$572.4 million under the Long Bill to \$1.2 billion.

- The Governor's FY 2021-22 budget request proposes to reverse this reduction and return the value of the budget stabilization factor to \$572.4 million (equal to FY 2019-20 levels). Based on the Governor's Office's assumptions, the request includes an increase of \$810.9 million total funds, including \$578.5 million General Fund and \$232.4 million cash funds, to achieve the targeted level of the budget stabilization factor.

FY 2020-21 LONG BILL (H.B. 20-1360)

BEHAVIORAL HEALTH CARE PROFESSIONALS GRANTS DECREASE: The appropriation includes a reduction of \$3.0 million cash funds from the Marijuana Tax Cash Fund below the FY 2019-20 appropriation for the Behavioral Health Care Professionals Matching Grant Program. The decrease represents a reduction of 20.0 percent below the FY 2019-20 appropriation.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

CSI MILL LEVY EQUALIZATION DECREASE: The appropriation includes a decrease of \$2.8 million total funds, including \$1.4 million General Fund and \$1.4 million reappropriated funds, for State Charter School Institute (CSI) mill levy equalization payments. The decrease represents a reduction of 20.0 percent below the FY 2019-20 appropriation.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

ELIMINATE NATIONAL BOARD STIPENDS: The appropriation includes a decrease of \$2.1 million cash funds from the State Education Fund to eliminate the Stipends for National Board Certified Educators line item for FY 2020-21.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

BULLYING PREVENTION REDUCTION: The appropriation includes a decrease of \$1.0 million cash funds from the Marijuana Tax Cash Fund for the School Bullying Prevention Fund line item, a 50.0 percent reduction below the FY 2019-20 appropriation.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

DELAY NINTH GRADE SUCCESS PROGRAM: The appropriation includes a decrease of \$800,000 General Fund and 0.6 FTE to delay the implementation of the Ninth Grade Success Program created in S.B. 19-246 (School Finance).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

WORKFORCE DIPLOMA PILOT DECREASE: The appropriation includes a decrease of \$800,000 General Fund (79.0 percent) for the Workforce Diploma Pilot Program created in H.B. 19-1236 (Workforce Diploma Pilot Program).

- With request R6 (Eliminate Outdated Appropriations and Program Suspensions), the Governor's request proposes to eliminate funding for this program entirely in FY 2021-22, a reduction of \$212,222 General Fund and 0.2 FTE below the FY 2020-21 appropriation.

ELIMINATE ELL EXCELLENCE AWARDS: The appropriation eliminates funding for the English Language Learners Excellence Awards Program for FY 2021-22, a decrease of \$500,000 cash funds from the State Education Fund.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE COMPUTER SCIENCE EDUCATION GRANTS: The appropriation includes a reduction of \$500,000 cash funds from the State Education Fund for Computer Science Education Grants (a reduction of 47.7 percent below the FY 2019-20 appropriation).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE CAREER DEVELOPMENT SUCCESS PROGRAM: The appropriation includes a reduction of \$500,000 General Fund for the Career Development Success Program (a reduction of 10.0 percent below the FY 2019-20 appropriation).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE STATE GRANTS TO LIBRARIES PROGRAM: The appropriation includes a reduction of \$500,000 General Fund for the State Grants to Publicly-Supported Libraries Program (a reduction of 16.7 percent below the FY 2019-20 appropriation).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

DELAY LOCAL ACCOUNTABILITY SYSTEM GRANTS: The appropriation eliminates funding for the Local Accountability Systems Grants Program (a reduction of \$494,267 General Fund and 0.5 FTE) to delay implementation of the program.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE SCHOOL LEADERSHIP PILOT: The appropriation includes a reduction of \$375,807 General Fund for the School Leadership Pilot Program (a reduction of 50.0 percent below the anticipated appropriation for FY 2020-21).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE AP EXAM FEE GRANTS: The appropriation includes a reduction of \$280,730 General Fund for the Accelerated College Opportunity Exam Fee Grant Program (formerly known as the Advanced Placement Exam Fee Program), a reduction of 50.0 percent below the anticipated appropriation for FY 2020-21.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

DELAY AUTOMATIC ENROLLMENT IN ADVANCED COURSES GRANTS: The appropriation eliminates funding for the John W. Buckner Automatic Enrollment in Advanced Courses Grant Program (a reduction of \$250,000 General Fund and 0.3 FTE below the anticipated appropriation for FY 2020-21) to delay implementation of the program.

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

REDUCE FINANCIAL TRANSPARENCY SYSTEM MAINTENANCE: The appropriation includes a reduction of \$138,000 cash funds from the State Education Fund for financial transparency system maintenance (a reduction of 23.0 percent below the FY 2019-20 appropriation) based on anticipated contract costs for FY 2020-21.

- With request R8, the Governor's FY 2021-22 budget request proposes to further reduce this appropriation in FY 2021-22, a reduction of \$387,000 cash funds below the FY 2020-21 appropriation.

ELIMINATE QUALITY TEACHER RECRUITMENT PROGRAM: The appropriation eliminates funding for the Quality Teacher Recruitment Program for FY 2020-21 (a reduction of \$40,000 cash funds from the State Education Fund below the adjusted FY 2019-20 appropriation).

- The Governor's FY 2021-22 budget request proposes to continue this reduction in FY 2021-22.

FY 2020-21 SCHOOL FINANCE BILL (H.B. 20-1418)

BEST CASH GRANTS: The School Finance Bill decreased appropriations for cash grants under the Building Excellent Schools Today (BEST) program by \$100.0 million cash funds from the Public School Capital Construction Assistance Fund below the Long Bill appropriation (from \$160.0 million in the Long Bill to a final appropriation of \$60.0 million). As discussed below, the bill also transfers \$100.0 million from the Public School Capital Construction Assistance Fund to the State Public School Fund in FY 2020-21 and then appropriates those funds to support school finance.

- The Governor's FY 2021-22 budget request continues this reduction and proposes an additional reduction of \$3.0 million (from \$60.0 million in FY 2020-21 to \$57.0 million in FY 2021-22).

K-5 SOCIAL AND EMOTIONAL HEALTH PROGRAM: The School Finance Bill delays implementation of the K-5 Social and Emotional Health Program, eliminating an appropriation of \$2.5 million cash funds from the Marijuana Tax Cash Fund and 1.0 FTE that was included in the Long Bill. As discussed below, the bill also transfers the \$2.5 million made available from the Marijuana Tax Cash Fund to the State Public School Fund in FY 2020-21 and then appropriates those funds to support school finance.

- The Governor’s FY 2021-22 budget request proposes to continue this reduction in FY 2021-22. No further statutory change is necessary to do so.

RETAINING TEACHERS GRANT PROGRAM: The School Finance Bill eliminates the appropriation for the Retaining Teachers Grant Program (a reduction of \$2.5 million cash funds from the Retaining Teachers Fund and 1.0 FTE below the Long Bill appropriation). In addition, the bill repeals the Retaining Teachers Fund, transfers the fund balance (estimated at \$2.5 million) to the State Education Fund in FY 2020-21, and then appropriates those funds to support school finance.

- The Governor’s FY 2021-22 budget request continues this reduction and does not propose any funding for this program. No further statutory change is necessary.

LOCAL SCHOOL FOOD PURCHASING PROGRAMS: The School Finance Bill delays implementation of the Local School Food Purchasing Programs created in H.B. 19-1132 (School Incentives to Use Colorado Food and Producers), and eliminates the Long Bill appropriation of \$675,255 General Fund and 0.4 FTE.

- With request R5 (Maintain FY 2020-21 Reductions), the Governor’s FY 2021-22 budget request would continue this reduction for FY 2021-22. Maintaining that reduction would require additional statutory change.

ADVANCED PLACEMENT INCENTIVES PILOT: The School Finance Bill repeals the Advanced Placement Incentives Pilot Program at the end of FY 2019-20 (rather than at the end of FY 2020-21 as under previous statute) and eliminates the Long Bill appropriation of \$272,763 cash funds from the State Education Fund and 0.3 FTE.

- The Governor’s FY 2021-22 budget request continues this reduction. As the program is now repealed, no further statutory change is necessary.

COUNSELOR CORPS: The School Finance Bill eliminates a statutory requirement to appropriate \$250,000 General Fund to the Counselor Corps Grant Program line item in FY 2020-21 to assist students and families with completing state and federal financial aid applications and reduces the Long Bill appropriation by \$250,000 General Fund. House Bill 19-1187 (Increase Student Aid Application Completion) requires annual appropriations of that amount for FY 2019-20 through FY 2021-22. Because the School Finance Bill only struck the requirement for FY 2020-21, current law would require the General Assembly to restore the appropriation in FY 2021-22.

- The Governor’s FY 2021-22 budget request restores this funding, consistent with current statute (an increase of \$250,000 General Fund above the FY 2020-21 appropriation).

COMPUTER SCIENCE EDUCATION GRANTS: The School Finance Bill eliminates a statutory requirement to appropriate \$250,000 General Fund for the Computer Science Education Grant Program in FY 2020-21 and reduces the Long Bill appropriation by that amount. However, the bill does not adjust requirements for FY 2021-22 or FY 2022-23 and current law would thus require an appropriation of \$250,000 General Fund in FY 2021-22.

- With request R5 (Maintain FY 2020-21 Reductions), the Governor’s FY 2021-22 budget request would continue this reduction for FY 2021-22. Similar to the Local School Food Purchasing Programs discussed above, maintaining that reduction would require additional statutory change.

GROW YOUR OWN EDUCATOR PROGRAM: The School Finance Bill repeals the Grow Your Own Educator Program, which was originally created in H.B. 18-1309 (Programs Addressing Educator Shortages) and eliminates a Long Bill appropriation of \$22,933 General Fund and 0.3 FTE.

- The Governor’s FY 2021-22 budget request continues this reduction. As the program is now repealed, no further statutory change is necessary.

ACTIONS TO INCREASE AVAILABLE REVENUES

In addition to the appropriation adjustments discussed above, the School Finance Bill includes a number of transfers (totaling \$111.4 million) from several Department of Education cash funds to either the State Education Fund or the State Public School Fund in order to make additional revenues available to support school finance. In some cases, most notably the \$100.0 million transfer from the Public School Capital Construction Assistance Fund to the State Public School Fund, the transfers were enabled by the appropriation reductions discussed above. Please note that all of these items are assumed to be one-time.

SCHOOL FINANCE BILL - STATUTORY TRANSFERS OF CASH FUNDS	
SOURCE FUND	TRANSFER AMOUNT
Transfers to the State Public School Fund	
Public School Capital Construction Assistance Fund	\$100,000,000
Marijuana Tax Cash Fund	2,500,000
High Cost Special Education Trust Fund	2,500,000
Subtotal - Transfers to the State Public School Fund	\$105,000,000
Estimated Transfers to the State Education Fund	
Early Literacy Fund	\$3,500,000
Retaining Teachers Fund	2,500,000
Full-day Kindergarten Capital Construction Fund	185,085
School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund	98,165
Closing the Achievement Gap Fund	59,205
Great Teachers and Leaders Fund	22,581
Nonpublic School Fingerprint Fund	15,546
Teacher of the Year Fund	11,831
Student Re-engagement Grant Program Fund	9,011
Subtotal - Transfers to the State Education Fund	\$6,401,424
TOTAL	\$111,401,424

In addition to the cash fund transfers, the School Finance Bill also included two diversions of “new” FY 2020-21 revenues to assist with budget balancing in FY 2020-21 and FY 2021-22. Please note that both provisions are for FY 2020-21 revenues only.

- First, the bill diverts State Land Board revenues that would otherwise have been credited to the Public School (Permanent) Fund in FY 2020-21 to the State Public School Fund to support school finance. Based on information available at the time, the bill assumed that this provision would make an additional \$10.0 million available in FY 2020-21 and appropriated that amount for the state share of districts’ total program funding. However, the Department of Natural Resources now estimates that this provision will credit \$37.7 million to the State Public School Fund in FY 2020-21. Barring midyear adjustments to appropriations, the additional 27.7 million in revenues will be available in the State Public School Fund to assist with budget balancing for FY 2021-22.

- Second, the bill credits a portion of FY 2020-21 marijuana excise tax revenues (any collections above the first \$40.0 million) to the State Public School Fund to be available for budget balancing in FY 2021-22. Based on the September 2020 Office of State Planning and Budgeting Revenue Forecast, this provision will credit an estimated \$44.1 million to the State Public School Fund in FY 2020-21 (or \$71.5 million under the September 2020 Legislative Council Staff Revenue Forecast). Again, those revenues will be available to assist with budget balancing for FY 2021-22.

Finally, while they were not officially budget balancing actions from the Committee, two other bills from the 2020 Session will make additional revenues available for education.

- House Bill 20-1420 (Adjust Tax Expenditures for State Education Fund) transfers \$113.0 million from the General Fund to the State Education Fund in FY 2020-21 and \$23.0 million in FY 2021-22. Barring midyear changes to appropriations for FY 2020-21, those funds will be available for appropriation in FY 2021-22 or subsequent years.
- Following the voters' approval of Proposition EE in the November 2020 election, H.B. 20-1427 (Cigarette Tobacco and Nicotine Products Tax) will provide additional revenues for rural schools for FY 2020-21 through FY 2022-23, credit additional revenues to the State Education Fund for those years, and provide additional funding for preschool services in FY 2023-24 and beyond. Staff will account for the additional State Education Fund revenues during figure setting for FY 2021-22.

POINTS TO CONSIDER

Looking toward the FY 2021-22 budget, staff offers the following points to consider regarding the Department of Education.

- As the Committee discussed during the FY 2020-21 balancing process, school finance (specifically the state share of districts' total program funding) represents the vast majority (94.5 percent in FY 2020-21) of the Department's General Fund appropriations and will inherently play a role in budget balancing. While other actions in this department can certainly help, major reductions in General Fund will inherently involve school finance.
- The Governor's request for FY 2021-22 continues nearly all of the balancing action reductions approved for FY 2020-21 (except, of course, for the increase in the budget stabilization factor). Outside of school finance and the statewide reductions to both health, life, and dental insurance and PERA direct distribution, the balancing actions that are specific to this department include more than \$120 million (total funds) in appropriation reductions in FY 2020-21. The Governor's request only proposes to restore \$250,000 of that amount and proposes to continue (and in some cases increase) all of the other reductions in FY 2021-22.
- Several of the most significant balancing actions (including the \$100.0 million transfer from the Public School Capital Construction Assistance Fund and the statutory diversions of State Land Board and marijuana excise tax revenues) were one-time in nature. While an additional transfer from the Public School Capital Construction Assistance Fund may be feasible for FY 2021-22 based on a large remaining balance, ongoing transfers would not be sustainable without further reductions in grant funding. At a minimum, continuing transfers and/or revenue diversions would require statutory change.
- Finally, should additional balancing options be necessary for FY 2021-22 or subsequent years, staff would recommend that the Committee consider extending the diversion of available marijuana excise tax revenues (above the first \$40.0 million) to the State Public School Fund.

Doing so in FY 2021-22 would make those revenues (an estimated \$50.4 million based on the September 2020 OSPB revenue forecast) available to assist with school finance in FY 2022-23.

ISSUE 2: 2021 SESSION MILL LEVY LEGISLATION

For the past four years (starting with the FY 2017-18 budget process), the Committee has discussed taxpayer inequity in the local share of school finance and the resulting impacts on the state share of total program funding, the distribution of state funds for school finance, and the overall state budget. With the enactment of H.B. 20-1418 (School Finance) during the 2020 Session, the General Assembly determined that the Department of Education had erred in reducing many school districts' mill levies after the districts were no longer subject to the TABOR revenue limits. The bill began to address the issue by correcting those mill levies and instituting a system of property tax credits to avoid any immediate change in the amounts actually paid by taxpayers. Staff recommends that the General Assembly enact legislation during the 2021 Session to begin phasing out the property tax credits created in H.B. 20-1418 to correct the error. Doing so will improve the equity of the system and generate additional local revenues. Staff further recommends that the bill move early in the Session to allow for the submission of an interrogatory to the Supreme Court to determine the constitutionality of the mill levy corrections.

SUMMARY

- As the Committee has discussed for the past four years, disparate local tax *rates* (mill levies) undermine taxpayer equity in Colorado's school finance system, reduce revenues available for school finance, and increase pressure on the state budget as the state is forced to backfill shortfalls in local revenues driven by differences in tax rates.
- During the 2020 Session, the General Assembly took the first step toward addressing these problems with the enactment of H.B. 20-1418. The bill determined that the Department of Education should not have continued to decrease total program mill levies based on the revenue caps in the Taxpayer Bill of Rights (TABOR caps) in school districts after voters had waived the TABOR caps. The bill corrects that error by restoring most school districts' mill levies to the lesser of either the level when they waived the TABOR cap or 27.0 mills, with exceptions for districts that could have fully funded locally at a lower level. In order to prevent any immediate change in the amount of tax payments, the bill creates a system of property tax credits to prevent changes in the amount of property tax actually paid by taxpayers. Beginning to phase out those credits and actually improve both the equity of the system and the generation of local revenues will require additional legislative change.
- Staff recommends that the General Assembly move forward with legislation to begin to phase out the property tax credits in the 2021 Session. Based on potential legal exposure for school districts if the mill levy correction and credit system were determined to be unconstitutional, staff further recommends moving the bill quickly to allow for the submission of an interrogatory to the Colorado Supreme Court to determine the constitutional viability of the mill levy correction.

RECOMMENDATION

Staff recommends that the General Assembly move forward with legislation in the 2021 Session to begin to phase out the property tax credits created in H.B. 20-1418. Based on potential exposure for school districts if the mill levy correction (via legislation) were found to be unconstitutional, staff

recommends moving forward early in the Session to allow time to submit an interrogatory to the Supreme Court to verify the constitutionality of the mill levy correction and the proposal to phase out the tax credits.

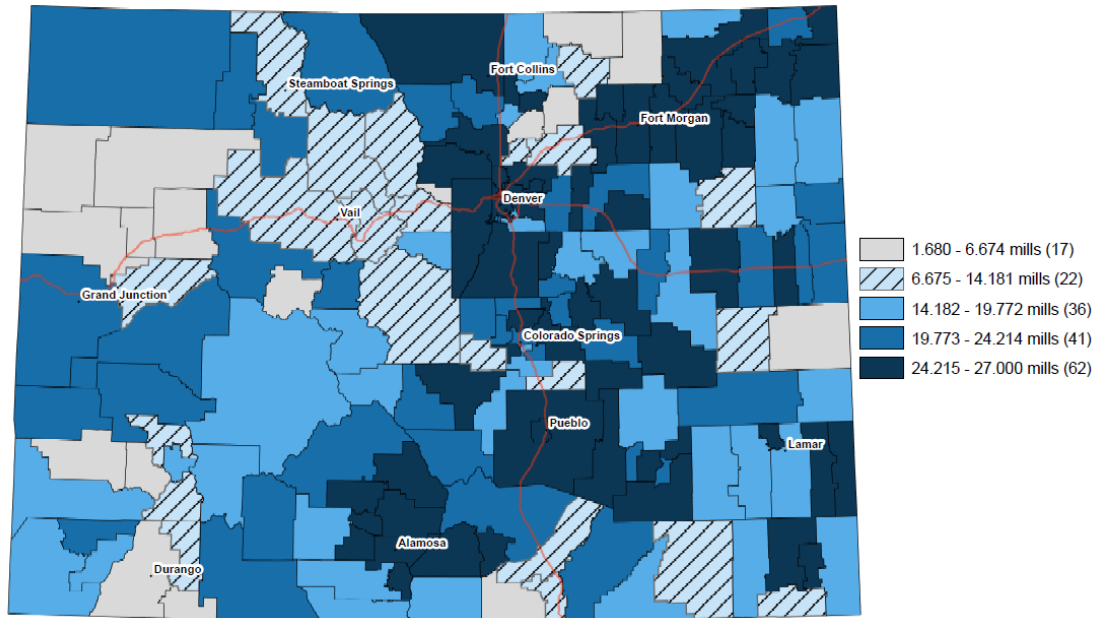
- Staff recommends that the credits begin to phase out in the 2021 property tax year (to be collected in FY 2021-22). Previous discussions had assumed a longer waiting period because those proposals required a local vote to approve the mill levy change. As the premise of H.B. 20-1418 is that mill levy reductions were made in error and so no additional local vote is required to phase out the tax credits, staff recommends moving ahead quickly.
- Consistent with staff recommendations in prior years, staff recommends that the legislation assume credits phase out at the rate of 1.0 mill per year. Staff notes, however, that under this model the General Assembly may wish to move faster to improve the equity of the system and provide additional revenues for school finance.
- As in the previous discussions, staff recommends that the legislation *allow* (but not require) school districts to repurpose existing override mill levies (where possible according to the original overrides) to mitigate the potential tax change. Staff recommends leaving that decision to local control.
- Also consistent with previous discussions, the General Assembly may wish to incentivize school districts to phase out credits at a faster pace by allowing districts to retain any additional revenues (above the required rate) as temporary mill levy overrides. Thus, the state share would only assume and account for an increase of 1.0 mill per year (or another rate set in the legislation).

DISCUSSION

BACKGROUND – TOTAL PROGRAM MILL LEVY DISCUSSIONS

For the past four years, the Committee has discussed the role of the local share in school finance in Colorado. Those discussions have focused on the impacts of Colorado’s “patchwork” of local school finance property tax rates (total program mill levies). The map on the following page shows the local mill levies for FY 2019-20; a brief discussion of the impacts on taxpayer equity, the adequacy and equity of school finance funding, and the overall state budget follows the map.

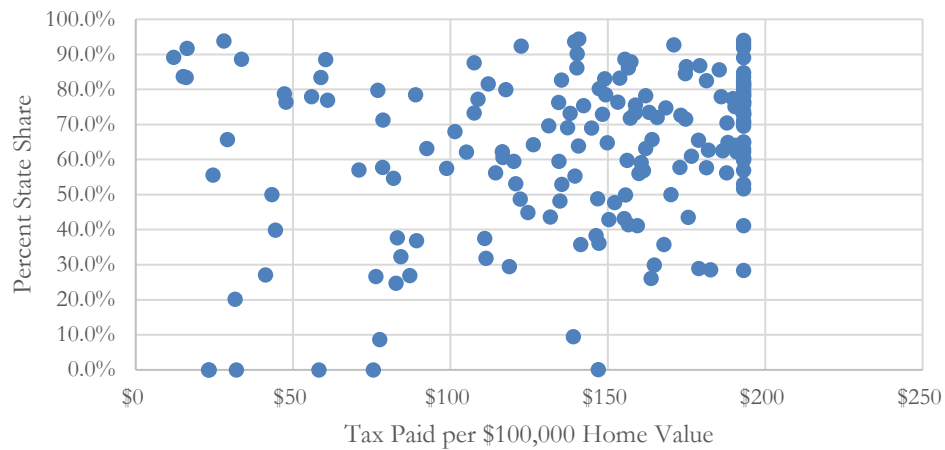
FY 2019-20 TOTAL PROGRAM MILL LEVIES



Map prepared by Legislative Council Staff
December 1, 2020

- Taxpayer Equity:* Local mill levies for total program (the mill levies specific to the statewide school finance system) range from 1.68 mills to a statutory ceiling of 27.0 mills (in 39 districts). That means that identical taxpayers (in terms of property value) in 39 districts are paying more than 16 times the property tax for school finance than they would be paying in a different district. In FY 2019-20, residential taxes per \$100,000 of value ranged from \$12.01 to \$193.05 (for the *same property value*) while non-residential payments ranged from \$48.72 to \$783.00 per \$100,000 of value. Because the State is required to backfill any shortfall in revenues caused by the reduced mill levies, the State is effectively required to use its limited resources to subsidize inequitable taxation within the statewide system. While more consistent mill levies would target state funds to districts with lower property wealth, the existing system has generated a random relationship between tax rates and payments and the state share of funding (see chart below). As shown in the chart, some of the school districts with the lowest tax rates (driven by the dynamics discussed in a subsequent section of this issue brief) are receiving among the highest amounts of state share as a percentage of their total program funding.

The system that drove the calculation of mill levies has created a random distribution of state investment (percent state share) relative to the school finance tax rate.



- *School Finance Funding:* In a context of limited state funding, especially where the State is unable to fully fund its portion of school finance (requiring the budget stabilization factor), any decrease in local revenues effectively contributes to the budget stabilization factor. Based on previous estimates related to the “uniform” mill levy proposal, the State spent more than \$450 million to offset the impact of reduced mill levies in FY 2019-20. While the data for FY 2020-21 is in flux based on the finalization of assessed values, the annual cost of subsidizing the reduced tax rates is ongoing and is reducing the total amount available for school finance. (Please note that estimates of the potential local revenue changes with the elimination of the tax credits in H.B. 20-1418 are not yet available. Those estimates will require final mill levies and assessed value estimates.)
- *Overall State Budget:* Given the prominence of school finance in the overall state budget and the scale of money involved, subsidizing the reduced mill levies inherently reduces revenues that would otherwise be available for other priorities.

The Committee’s discussions in previous years have focused on JBC Staff recommendations to address these challenges with the creation of a “uniform” mill levy for any district receiving a state share of total program (districts that fully funded locally at a lower level would have remained at the mill levy necessary to fully fund). Those recommendations included either constitutional changes (with a statewide vote) or statutory changes.

During the 2020 Session the General Assembly took the first step to correct the error and address much of the inequity in the current system with the enactment of H.B. 20-1418 (School Finance), discussed below.

H.B. 20-1418 (SCHOOL FINANCE)

House Bill 20-1418 resets the total program mill levies for many of Colorado’s school districts. With the bill, the General Assembly concluded that the Department of Education had made an error in continuing to reduce mill levies to avoid collecting TABOR surplus in school districts where voters had waived the TABOR revenue cap. The General Assembly determined that resetting the mill levies

would not require a public vote (because the mill levies in question never should have been reduced in the first place). The bill also created property tax credits (to be managed by the local school districts) that offset the mill levy corrections required by the bill. As a result, barring further legislative action (as recommended in this issue brief), while the districts' official mill levies will be corrected the rates actually paid by taxpayers and the revenues actually collected will be unchanged.

The Committee and the General Assembly should note that implementing H.B. 20-1418 has presented some data and analysis challenges because of the age of the data in question. The following discussion is based on a *preliminary* analysis by legislative staff in collaboration with the Department. However, the final mill levy certifications under H.B. 20-1418 will require an iterative process between the Department and the affected school districts. Staff is not attempting to present estimated mill levies for every school district based on this preliminary information – the actual certified mill levies will be available later in December 2020.

BACKGROUND - SCHOOL FINANCE ACT OF 1988 AND THE ROLE OF TABOR

Understanding the impact of H.B. 20-1418 requires a brief background on the two dynamics that drove mill levy reductions in the first place, both of which originate with the Taxpayer Bill of Rights (TABOR). When the voters approved TABOR in 1992, the State was implementing a uniform mill levy for total program. In response to a similar dynamic with disparate mill levies, the School Finance Act of 1988 established a statewide uniform mill levy of 40.08 mills unless a district could fully fund at a lower level (districts that were fully funded at a lower level could “float” mill levies to remain fully funded). The passage and implementation of TABOR upended the system in two important ways.

First, TABOR set a revenue cap that would not allow school district revenues to grow at a faster rate than inflation plus enrollment. That cap applied to both the district’s total program funding and to the local share. If local revenues were going to exceed that cap (driven primarily by increases in assessed value) then the district and the Department would reduce the mill levy to keep local revenues within that cap. Importantly, the Department of Education continued to reduce district’s total program mill levies based on the TABOR cap even after the district’s voters had waived the TABOR limits for the district. As a result, the district’s total program funding (including state and local funds) could increase at a faster rate but the Department continued to certify mill levy reductions based on the TABOR cap on local revenues *even for districts that had waived the cap* until the General Assembly effectively froze mill levies for these districts in 2007. Although 176 of Colorado’s 178 school districts have now waived the TABOR limit (including Colorado Springs District 11 and Cherry Creek in the 2020 election), the previous policy had already locked the patchwork of mill levies in place.

House Bill 20-1418 concludes that continuing to reduce these mill levies after voters had waived the cap was an error. The bill resets districts’ mill levies to correct that error. Specifically, the bill resets the mill levies of districts that have waived the TABOR caps to the *lesser of*:

- the level at which the district waived the TABOR cap;
- the lowest levy at which the district would have been capable of fully funding locally since FY 1993-94; or
- 27.0 mills (for districts that waived the caps at or above 27.0 mills and could not have fully funded at a lower level).

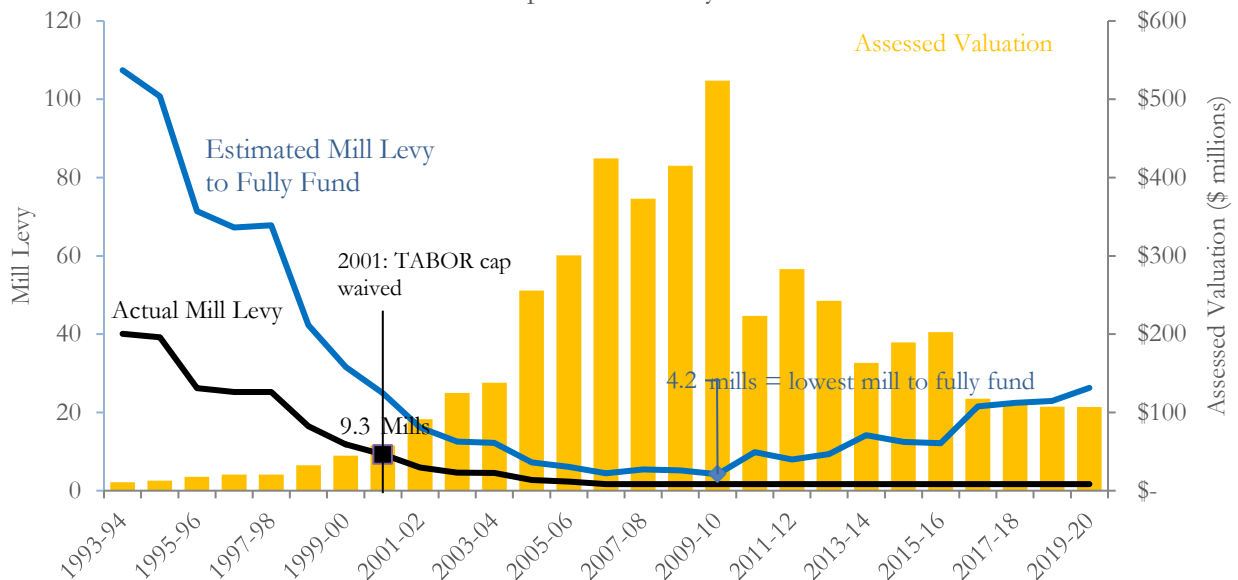
Second, districts that were fully funded locally were not allowed to collect more than their total program funding amount. If local revenues were going to exceed the total program amount then the

mill levy was reduced to stay under that limit. Prior to TABOR, those reductions could be temporary because districts could increase the mill levy if necessary based on either increasing total program costs or decreasing assessed values. Under TABOR, the mill levy reductions are permanent unless the voters approve an increase. In addition, state statute did not allow for districts to ask their voters to approve an increase. As a result, even if the increase in assessed value was temporary (such as a spike in oil and gas prices and/or production) the associated reduction in the mill levy was permanent. Under H.B. 20-1418, any district that has waived the revenue cap and that would have been capable of fully funding locally since FY 1993-94 would reset its mill levy at the lowest mill levy that would have fully funded the district over that period.

The Primero School District (in Las Animas County) provides an illustration of both dynamics at play in H.B. 20-1418. As shown in the following chart, rapid increases in the district's assessed value (driven by oil and gas production) drove the district's total program mill levy down from 40.08 mills in FY 1993-94 to the current level of 1.68 mills (the lowest total program mill levy in the State).

- The district's voters waived the TABOR revenue caps in 2001, when the total program mill levy stood at 9.3 mills. However, the district and the Department continued to reduce the mill levy based on the TABOR cap on local revenues – to the current 1.68 mills. For most districts in this situation (those that could not have fully funded locally at a lower level), H.B. 20-1418 would reset the mill levy at 9.3 mills.
- However, Primero's assessed valuation increased enough that legislative staff's *preliminary* estimates indicate that the district could have fully funded total program with local revenues at 4.2 mills in FY 2009-10. Based on that analysis (the final analysis will come from the Department), H.B. 20-1418 would actually reset Primero's mill levy to 4.2 mills for FY 2020-21 and beyond (with tax credits to offset that change unless the General Assembly takes further action).

Rapid increases in assessed valuation in Primero decreased mill levies to keep revenues within the district's TABOR cap. The mill levy fell to 1.68 mills.



FOUR CATEGORIES OF DISTRICTS

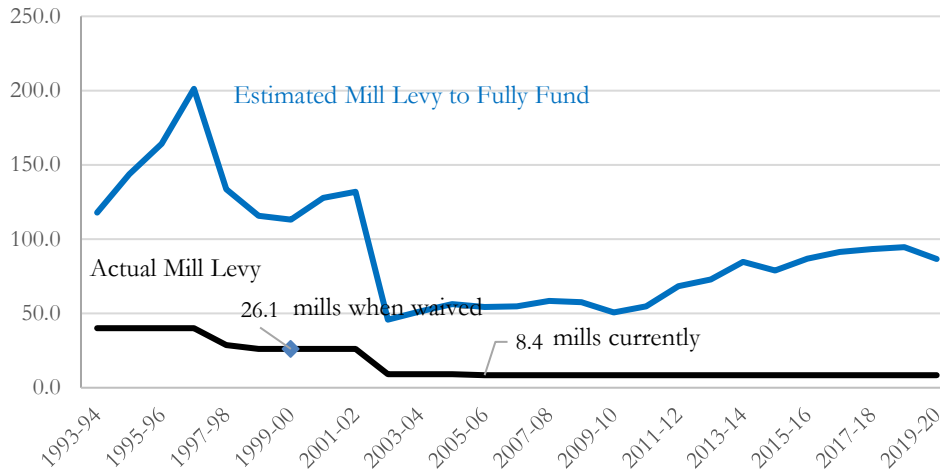
For the purposes of discussion, staff has divided Colorado's 178 school districts into four categories that determine the impact of the legislation on each district's mill levy.

- The first category consists of the two districts whose voters have not yet waived the TABOR caps (El Paso – Harrison and Steamboat Springs). House Bill 20-1418 has no effect on those two districts. Their mill levies will continue to ratchet downward and the State will continue to provide more funding to backfill these reductions under current law. The General Assembly may wish to consider language that would encourage or require those two districts to waive the caps as part of either the recommended bill or separate legislation.

Staff has identified three categories of districts whose voters have waived the TABOR caps: (1) districts that are at or will be reset to 27.0 mills; (2) districts that will reset to level at which their voters waived the TABOR caps; and (3) districts that could have fully funded at a lower level (lower than both 27.0 mills and the level at which their voters waived the cap) at some point since FY 1993-94.

- *Districts at or reset to 27.0 mills (preliminary estimate is 123 districts).* These districts: (1) were at or above 27.0 mills when their voters waived the TABOR caps and (2) would not have fully funded locally at less than 27.0 mills since FY 1993-94. As a result, H.B. 20-1418 has determined that their mill levies should never have decreased below the level at which their voters waived the cap and the bill would reset the levies to 27.0 mills as the current statutory ceiling. The category includes the 39 districts currently at 27.0 mills and (based on preliminary legislative staff estimates) an additional 84 districts that would be corrected to 27.0 mills based on the criteria in the bill. This category includes many of the urban districts (e.g., Denver, Aurora, and Jefferson County) would all correct to 27.0 mills) as well as many rural districts. Based on the preliminary staff analysis, the largest correction (and resulting credit) would be in Las Animas – Kim School District (a credit of 16.0 mills because that mill levy had declined to 10.979 mills).
- *Districts reset at the level at which they waived the TABOR caps (preliminary estimate is 13 districts).* These districts: (1) were below 27.0 mills when their voters waived the TABOR caps and (2) would not have fully funded at a lower level in the relevant period. As a result, the bill corrects their mill levies by resetting to the level at which the voters waived the caps. Based on staff's preliminary analysis, the magnitude of the correction (and resulting credits) in this group of districts ranges from no change (in Cherry Creek and Colorado Springs District 11 because they just waived the TABOR caps in the 2020 election and the reductions were taken prior to voters waiving the revenue caps) to a high of 17.7 mills in El Paso – Hanover. As shown in the following graph, Hanover's voters waived the TABOR caps when the district was at 26.1 mills but the district's mill levy continued to decline to its current level of 8.4 mills by 2006. Because the district would never have fully funded at less than 26.1 mills, staff expects H.B. 20-1418 to correct the mill levy to 26.1 mills (with a credit of 17.7 mills).

Hanover's voters waived the TABOR caps in 2000 at 26.1 mills but the levy continued to decline.



- *Districts that would have fully funded below 27.0 mills and below the level at which their voters waived the TABOR caps (preliminary estimate is 17 districts).* These districts could have been above or below 27.0 mills when their voters waived the TABOR caps but were capable of fully funding at a lower level (below 27.0 and below the level at which they waived the caps) at some point since FY 1993-94. As a result, H.B. 20-1418 resets the mill levy for each district to the *lowest level at which the district could have fully funded locally during that period.* As discussed above, the Primero School District is an illustrative example of this category (the voters waived the cap in 2001 at 9.3 mills but staff's preliminary analysis indicates that the district could have fully funded in FY 2009-10 at 4.2 mills). It is important to note that this category does not indicate any ability to fully fund at those levels currently (e.g., Primero would have required an estimated 26.3 mills in FY 2019-20). As a result, the districts in this category will retain reduced mill levies but may continue to receive an inequitably large state share.

STAFF RECOMMENDATION AND POINTS TO CONSIDER

By correcting historic errors in calculating total program mill levies, H.B. 20-1418 represents a step toward both improving the equity of Colorado's school finance system and making additional revenues available for the system. However, without additional legislative action to phase out the tax credits created in the bill, neither of those things will happen. While the Department and the school districts will correct the mill levies through the certification process for FY 2020-21, those mill levies will not generate additional revenue because the credits completely offset the mill levy corrections.

Thus, staff recommends that the General Assembly move forward with legislation to take the next step and begin to phase out the credits. Staff has largely based the recommendation (outlined above in the "Recommendation" section) on the Committee's previous discussions related to the "uniform mill levy" proposal.

- Based on those discussions, staff has recommended phasing out the credits at a rate of 1.0 mill per year. To put the 1.0 mill per year in perspective, that change would represent \$7.15 per \$100,000 of residential property value and \$29.00 per \$100,000 of non-residential property value.

Given the longstanding inequities in the current system, staff contends that those are relatively modest changes in the context of school finance property taxes.

- Because H.B. 20-1418 is correcting an error and does not require a public vote, staff contends that immediate action to phase in a correction is prudent.

Finally, staff recommends moving this bill quickly enough to allow for the submission of an interrogatory to the State Supreme Court.

- The school districts are the taxing entities in the case of school finance property taxes. If the system under H.B. 20-1418 (and/or the elimination of credits) were found to be unconstitutional then the school districts could face legal exposure for any revenues collected as a result of the change.
- To avoid that risk, staff recommends moving forward expeditiously to allow the General Assembly to submit an interrogatory and confirm the constitutionality of the legislation.

Staff contends that the recommended legislation would represent a very significant step forward to both improve equity of the State's property tax system supporting school finance and the sustainability of the school finance system as a whole. While the combination of a long time horizon (at a rate of 1.0 mill per year) and the limitations inherent in H.B. 20-1418 (tying funding to the level at which a district waived the TABOR cap or the lowest level at which a district could have fully funded since FY 1993-94) will retain some distortions in the system, staff recommends that the General Assembly proceed with the legislation in the 2021 Session.

ISSUE 3: SCHOOL FINANCE ADMINISTRATION

Since FY 2009-10, the General Assembly has appropriated funding for School Finance Administration by withholding total program funding that would otherwise be distributed to schools and school districts. The General Assembly originally approved the rescission mechanism as a budget balancing measure to reduce General Fund expenditures (General Fund supported the line item in FY 2008-09). However, in the context of the budget stabilization factor, this mechanism no longer serves that purpose. Based on concerns about the transparency of the rescission mechanism as well as concerns about the Department's use of the rescission funding, staff intends to recommend eliminating the rescission mechanism and again appropriating General Fund for this purpose during figure setting. The General Assembly may wish to consider legislation to eliminate the rescission mechanism and clarify the eligible uses of school finance administration funds.

RECOMMENDATION

Staff recommends discussing the Department's use of school finance administration funds at the Department's upcoming hearing. During figure setting, staff anticipates recommending eliminating the rescission mechanism and appropriating General Fund for this purpose.

DISCUSSION

BACKGROUND – SCHOOL FINANCE ADMINISTRATION RESCISSION

Prior to FY 2008-09, the General Assembly funded departmental staff supporting school finance and related programs with General Fund appropriations to the General Department and Program Administration line item within the Management and Administration Division. Beginning in FY 2008-09, the General Assembly separated out the staff related to school finance, the Colorado Preschool Program, and audit-related functions in a new Administration line item within Public School Finance. The FY 2008-09 Long Bill appropriated \$1.1 million General Fund and 13.0 FTE for the newly created line item. The 2008 school finance bill (H.B. 08-1388) added \$419,116 cash funds from the State Education Fund and 6.0 FTE largely related to the Colorado Preschool Program.

Facing budgetary challenges for FY 2009-10, the General Assembly changed the funding mechanism for School Finance Administration. Rather than appropriating General Fund, the General Assembly instead authorized the use of funds withheld from total program (reflected as reappropriated funds) to support the administration costs. The FY 2009-10 appropriation included a total of \$1.5 million reappropriated funds and 18.0 FTE for this purpose. The 2009 School Finance Bill (S.B. 09-215) bill included the following language (see Sec. 22-54-114 (2.3), C.R.S.) authorizing the use of the rescission, subject to appropriation by the General Assembly:

“(2.3) Notwithstanding any provision of this article to the contrary, of the total amount appropriated by the general assembly in the annual appropriation bill for each budget year to meet the state's share of the total program of all districts and the total funding for all institute charter schools, the department of education may transfer an amount specified by the general assembly in the annual general appropriation bill for that budget year to offset the direct and indirect administrative costs incurred by the department in implementing the provisions of this article. The total program of each district that receives state aid and the total funding for each institute charter school shall be reduced

by a percentage determined by dividing the amount of the transfer by the total program of all districts that receive state aid plus the total funding for all institute charter schools. The state aid of each district shall be reduced by the amount of the reduction in the district's total program or the amount of state aid, whichever is less. The department of education shall ensure that the reduction in state aid and institute charter school funding required by this subsection (2.3) is accomplished prior to the end of the budget year. The reductions described in this subsection (2.3) shall be in addition to any reduction that may be required pursuant to section 22-54-106 (4)(c).”

The rescission mechanism has remained in place since FY 2009-10, with funds taken “off-the-top” of total program each year. The FY 2020-21 appropriation includes \$1.8 million reappropriated funds and 17.0 FTE (and \$87,494 cash funds from the State Education Fund and 0.9 FTE), in addition to centrally appropriated amounts associated with the FTE. Including those centrally appropriated costs, the Department is assuming a total rescission of \$3.0 million in FY 2020-21.

POINTS TO CONSIDER AND STAFF RECOMMENDATION

Staff expects to recommend eliminating the rescission mechanism for FY 2021-22 and instead funding the administration costs with a direct General Fund appropriation. The staff recommendation is based on the following points.

- *No budget savings:* The rescission mechanism was created as a budget balancing measure to reduce General Fund appropriations. The mechanism worked to reduce General Fund appropriations when the State was able to fully fund total program because the administration costs were taken out of a fixed amount. However, that logic no longer holds with the budget stabilization factor in place. Staff would argue that in the current climate the rescission simply increases the budget stabilization factor actually experienced by the schools by approximately \$3.0 million rather than actually saving money.
- *Increased transparency:* Related to the first point, staff contends that it would be more transparent to simply fund the Department’s costs directly with General Fund (and increase the budget stabilization factor by that amount). It is staff’s understanding that the education stakeholders agree that eliminating the rescission would improve transparency and would support the change.
- *Concerns about staffing:* Staff also has concerns about the Department’s use of the rescission funds. First, some of the positions currently supported with these funds appear to have a tangential relationship (at most) to school finance and total program and staff does not believe that total program is a suitable fund source. In addition, some of the positions fit within the original (JBC Staff) descriptions of the line item but do not necessarily appear to fit within the statutory description in Sec. 22-54-114 (2.3), C.R.S. For example, the statute specifies that the funds are for the implementation of Article 54 of Title 22, while the Colorado Preschool Program is located in Article 28. As the preschool program is funded through total program, staff agrees that at least a portion of those staffing costs are appropriate for school finance administration – but they may fall outside of the statute.
- *Concerns about other uses of funds:* Finally, staff is concerned about some of the Departments other uses of the rescission funds. For example, in FY 2019-20, while school finance positions were vacant, the Department spent \$32,194 from the rescission to replace drinking fountains and a water line and \$9,553 to install a panic alarm system in the Department’s building at 201 East Colfax. Staff does not believe that the total program rescission was an appropriate fund source for those costs. Rather, staff contends that those items should have gone through the annual budget process (or at least been funded from a more suitable source within the Department’s budget).

INFORMATIONAL ISSUE 4: FEDERAL COVID-19 FUNDING

The Department has received a total of \$683.0 million in federal funds from the CARES Act related to the COVID-19 pandemic. That amount includes: (1) \$510.0 million from the federal Coronavirus Relief Fund that was distributed on a per pupil basis; (2) \$121.0 million from the Elementary and Secondary Education Emergency Relief Fund that was distributed based on the federal Title I allocation formula; (3) \$37.0 million from the Coronavirus Relief Fund that was distributed as part of FY 2020-21 total program funding to assist with increased costs for at-risk students; and (4) \$15.0 million from the Coronavirus Relief Fund that was originally allocated to the Department of Public Health and Environment but then reallocated to the Department of Education to support Safe Schools Reopening Grants.

DISCUSSION

The Department has received a total of \$683.0 million in federal funds from the CARES Act for coronavirus-related costs and activities. The majority of that funding (a total of \$562.0 million) is from the Coronavirus Relief Fund, while \$121.0 million is from the Elementary and Secondary Education Emergency Relief Fund. Based on information provided by the Department, the following table summarizes the amount of funding, the distribution mechanism, and the deadline to spend each allocation of funds. A brief discussion of each allocation follows the table.⁶

Federal COVID-19 Funds for Education		
Source Fund/Distribution Mechanism	Total Funds	Deadline to Spend
Coronavirus Relief Fund		
Per pupil distribution (reflected in FY 2019-20 in H.B. 20-1418)	\$510,000,000	12/30/2020
At-risk funding (Reflected for FY 2020-21 in H.B. 20-1418)	37,000,000	12/30/2020
Safe schools reopening grants (reallocated from CDPHE)	15,000,000	12/30/2020
Subtotal - Transfers to the State Public School Fund	\$562,000,000	
Elementary and Secondary Education Emergency Relief Fund		
Reimbursement primarily through the federal Title I allocation formula	\$120,993,782	9/30/2022
TOTAL	\$682,993,782	

CORONAVIRUS RELIEF FUND (MUST BE SPENT BY DECEMBER 30, 2020)

PER PUPIL DISTRIBUTION: With Executive Order 20-070, the Governor directed a transfer of \$510.0 million from the Coronavirus Relief Fund to the Department of Education for distribution to school districts, the State Charter School Institute, the Colorado School for the Deaf and the Blind, and facility schools on a per pupil basis. Each BOCES in the State also received \$25,000.⁷ The funds must facilitate compliance with COVID-19 related public health measures and mitigate the second-order effects of the virus. The Department reports that all of the funds have been distributed and expects all funds to be spent by the December 30 deadline. Finally, according to the Department, the Office

⁶ For additional detail on the Department's allocations of funds see: <http://cde.state.co.us/caresact>

⁷ The allocation detail for these funds is available at: <http://www.cde.state.co.us/cdefinance/coronavirusrelieffundallocations>

of the State Controller is responsible for monitoring the use of these funds, and KPMG has been contracted to assist with these efforts.

AT-RISK FUNDING: An additional \$37.0 million from the Coronavirus Relief Fund was allocated to support costs associated with an anticipated increase in the number of at-risk students in FY 2020-21. The Department distributed those funds within the state share of districts' total program funding allocations dedicated to at-risk students. According to the Department, the Office of the State Controller is responsible for monitoring the use of these funds, and KPMG has been contracted to assist with these efforts.

SAFE SCHOOLS REOPENING GRANTS: In November 2020, the Department announced that \$15.0 million from the Coronavirus Relief Fund would support a new Safe Schools Reopening Grants Program. The funds were originally allocated to the Department of Public Health and Environment but remained unspent and were then reallocated to the Department of Education. The program is intended to assist school districts and BOCES that are struggling to return to in-person instruction and need additional resources to safely reopen when that becomes possible. Applications for the program were due by November 30, 2020, and like all of the Coronavirus Relief Funds must be spent by December 30, 2020.

ELEMENTARY AND SECONDARY EMERGENCY RELIEF FUND (MUST BE SPENT BY SEPTEMBER 30, 2022)

REIMBURSEMENT THROUGH FEDERAL TITLE I ALLOCATION FORMULA: Finally, the Department received \$121.0 million from the Elementary and Secondary Emergency Relief Fund that is being distributed on a reimbursement basis through federal Title I formula to address the impact of COVID-19 on schools. The federal statute allows the Department to retain up to 10.0 percent of that amount (\$12.1 million) as a state set-aside for administrative costs. However, as of mid-November, the Department reported that it had already distributed \$4.6 million of the state administrative amount, including:

- \$2.0 million for districts, BOCES, and Tribes for broadband connectivity.
- \$1.5 million for districts that received little or no allocation from the 90.0 percent distribution.
- \$750,000 for BOCES operational support related to special education and support for schools.
- \$320,000 for 11 districts to support the educational needs of Native American students.
- \$70,000 to support the education needs of Colorado Tribes.

APPENDIX A
NUMBERS PAGES
(DIGITAL ONLY)

Appendix A details actual expenditures for the last two fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source. *Appendix A is only available in the online version of this document.*

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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DEPARTMENT OF EDUCATION

Dr. Katy Anthes, Commissioner

(1) MANAGEMENT AND ADMINISTRATION

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

(A) Administration and Centrally-Appropriated Line Items

State Board of Education	<u>361,910</u>	<u>294,522</u>	<u>354,167</u>	<u>318,820</u> *
FTE	1.8	2.0	2.0	2.0
General Fund	361,910	294,522	354,167	318,820
General Department and Program Administration	<u>4,088,033</u>	<u>4,181,081</u>	<u>4,662,006</u>	<u>4,487,596</u> *
FTE	34.0	36.3	34.6	32.6
General Fund	1,818,159	1,820,748	1,546,820	1,446,499
Cash Funds	107,105	77,449	186,144	186,177
Reappropriated Funds	2,162,769	2,282,884	2,929,042	2,854,920
Office of Professional Services	<u>2,003,479</u>	<u>2,443,199</u>	<u>2,813,601</u>	<u>2,814,218</u>
FTE	23.1	21.8	25.0	25.0
Cash Funds	2,003,479	2,443,199	2,813,601	2,814,218
Division of On-line Learning	<u>362,742</u>	<u>283,811</u>	<u>379,368</u>	<u>379,433</u>
FTE	1.6	2.0	3.3	3.3
Cash Funds	362,742	283,811	379,368	379,433

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Schools of Choice	<u>0</u>	<u>267,613</u>	<u>10,361,851</u>	<u>10,361,926</u>	
FTE	0.0	2.4	6.8	6.8	
General Fund	0	267,613	335,009	335,084	
Federal Funds	0	0	10,026,842	10,026,842	
Health, Life, and Dental	<u>3,065,997</u>	<u>5,213,689</u>	<u>5,845,927</u>	<u>7,117,795</u>	*
General Fund	2,044,487	1,984,124	1,682,930	2,580,948	
Cash Funds	569,373	583,786	1,028,944	1,088,209	
Reappropriated Funds	452,137	415,036	715,651	897,100	
Federal Funds	0	2,230,743	2,418,402	2,551,538	
Short-term Disability	<u>40,542</u>	<u>62,726</u>	<u>81,167</u>	<u>74,411</u>	
General Fund	24,700	22,885	26,038	23,737	
Cash Funds	8,125	7,757	13,206	11,586	
Reappropriated Funds	7,717	6,776	10,138	9,681	
Federal Funds	0	25,308	31,785	29,407	
S.B. 04-257 Amortization Equalization Disbursement	<u>1,262,134</u>	<u>1,969,087</u>	<u>2,400,236</u>	<u>2,301,146</u>	*
General Fund	770,715	681,647	773,531	714,170	
Cash Funds	252,297	229,150	389,672	362,837	
Reappropriated Funds	239,122	200,200	299,139	303,180	
Federal Funds	0	858,090	937,894	920,959	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,262,134</u>	<u>1,969,089</u>	<u>2,400,236</u>	<u>2,301,146</u>	*
General Fund	770,715	681,647	773,531	714,170	
Cash Funds	252,297	229,150	389,672	362,837	
Reappropriated Funds	239,122	200,202	299,139	303,180	
Federal Funds	0	858,090	937,894	920,959	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
PERA Direct Distribution	<u>0</u>	<u>1,288,681</u>	<u>0</u>	<u>1,258,290</u>	
General Fund	0	935,444	0	402,783	
Cash Funds	0	201,941	0	195,597	
Reappropriated Funds	0	151,296	0	659,910	
Federal Funds	0	0	0	0	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	0	0	0	0	
Workers' Compensation	<u>317,235</u>	<u>305,684</u>	<u>328,159</u>	<u>269,314</u>	
General Fund	231,999	133,826	146,579	120,295	
Cash Funds	65,719	0	42,823	35,144	
Reappropriated Funds	19,517	13,383	22,177	18,200	
Federal Funds	0	158,475	116,580	95,675	
Legal Services	<u>750,801</u>	<u>901,288</u>	<u>1,175,178</u>	<u>1,177,845</u>	
General Fund	433,996	520,985	679,305	680,847	
Cash Funds	297,541	357,178	465,720	466,777	
Reappropriated Funds	19,264	23,125	30,153	30,221	
Administrative Law Judge Services	<u>208,286</u>	<u>233,596</u>	<u>141,413</u>	<u>149,858</u>	
Cash Funds	172,333	193,277	117,005	123,992	
Reappropriated Funds	35,953	40,319	24,408	25,866	
Payment to Risk Management and Property Funds	<u>212,856</u>	<u>448,387</u>	<u>416,600</u>	<u>712,555</u>	
General Fund	212,856	448,387	416,600	712,555	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Leased Space	<u>298,639</u>	<u>827,146</u>	<u>1,241,882</u>	<u>1,204,882</u>	*
General Fund	61,525	0	87,218	87,218	
Cash Funds	224,010	65,082	262,844	225,844	
Reappropriated Funds	13,104	0	13,798	13,798	
Federal Funds	0	762,064	878,022	878,022	
Capitol Complex Leased Space	<u>475,305</u>	<u>411,335</u>	<u>747,163</u>	<u>910,446</u>	
General Fund	232,175	0	224,149	273,134	
Cash Funds	103,558	45,632	89,510	109,072	
Reappropriated Funds	139,572	98,263	145,323	177,081	
Federal Funds	0	267,440	288,181	351,159	
Reprinting and Distributing Laws Concerning Education	<u>30,818</u>	<u>31,759</u>	<u>35,480</u>	<u>0</u>	*
Cash Funds	30,818	31,759	35,480	0	
Statewide training	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,410</u>	*
Reappropriated Funds	0	0	0	12,410	
Salary Survey	<u>0</u>	<u>1,343,727</u>	<u>0</u>	<u>0</u>	
General Fund	0	435,558	0	0	
Cash Funds	0	156,428	0	0	
Reappropriated Funds	0	130,463	0	0	
Federal Funds	0	621,278	0	0	
Salary Survey for Classified Employees	<u>94,449</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	54,429	0	0	0	
Cash Funds	20,549	0	0	0	
Reappropriated Funds	19,471	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Salary Survey for Exempt Employees	<u>659,124</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	379,688	0	0	0	
Cash Funds	143,451	0	0	0	
Reappropriated Funds	135,985	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (A) Administration and Centrally-Appropriated Line Items	15,494,484	22,476,420	33,384,434	35,852,091	7.4%
<i>FTE</i>	<u>60.5</u>	<u>64.5</u>	<u>71.7</u>	<u>69.7</u>	<u>(2.8%)</u>
General Fund	7,397,354	8,227,386	7,045,877	8,410,260	19.4%
Cash Funds	4,613,397	4,905,599	6,213,989	6,361,723	2.4%
Reappropriated Funds	3,483,733	3,561,947	4,488,968	5,305,547	18.2%
Federal Funds	0	5,781,488	15,635,600	15,774,561	0.9%
(B) Information Technology					
Information Technology Services	<u>3,662,683</u>	<u>3,932,677</u>	<u>4,573,915</u>	<u>4,564,862</u> *	
FTE	25.8	27.4	30.9	30.9	
General Fund	3,562,317	3,824,465	3,939,464	3,930,334	
Cash Funds	0	0	0	0	
Reappropriated Funds	100,366	108,212	634,451	634,528	
CORE Operations	<u>278,197</u>	<u>246,047</u>	<u>327,125</u>	<u>272,095</u>	
General Fund	105,658	105,604	126,702	105,388	
Cash Funds	34,831	36,636	126,731	105,413	
Reappropriated Funds	137,708	103,807	73,692	61,294	
Information Technology Asset Maintenance	<u>2,372,074</u>	<u>1,558,765</u>	<u>969,147</u>	<u>969,147</u>	
General Fund	2,372,074	1,558,765	969,147	969,147	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Disaster Recovery	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>	<u>19,722</u>	
General Fund	19,722	19,722	19,722	19,722	
Payments to OIT	<u>637,079</u>	<u>973,481</u>	<u>1,228,473</u>	<u>1,007,531</u> *	
General Fund	319,108	417,818	528,980	433,842	
Cash Funds	9,693	144,951	182,920	150,022	
Reappropriated Funds	308,278	410,712	516,573	423,667	
Federal Funds	0	0	0	0	
SUBTOTAL - (B) Information Technology	6,969,755	6,730,692	7,118,382	6,833,357	(4.0%)
<i>FTE</i>	<u>25.8</u>	<u>27.4</u>	<u>30.9</u>	<u>30.9</u>	0.0%
General Fund	6,378,879	5,926,374	5,584,015	5,458,433	(2.2%)
Cash Funds	44,524	181,587	309,651	255,435	(17.5%)
Reappropriated Funds	546,352	622,731	1,224,716	1,119,489	(8.6%)
Federal Funds	0	0	0	0	0.0%

(C) Assessments and Data Analyses

Statewide Assessment Program	<u>31,468,924</u>	<u>21,739,401</u>	<u>32,632,815</u>	<u>31,569,615</u> *	
FTE	18.9	18.9	17.5	16.5	
Cash Funds	26,077,093	15,577,937	25,446,180	24,382,329	
Federal Funds	5,391,831	6,161,464	7,186,635	7,187,286	
Longitudinal Analyses of Student Assessment Results	<u>583,210</u>	<u>677,769</u>	<u>765,973</u>	<u>761,832</u> *	
FTE	5.2	4.7	4.1	4.1	
General Fund	432,704	491,213	467,973	463,832	
Cash Funds	150,506	186,556	298,000	298,000	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Basic Skills Placement or Assessment Tests	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	*
Cash Funds	0	0	50,000	0	
Preschool to Postsecondary Education Alignment	<u>605,728</u>	<u>604,633</u>	<u>672,672</u>	<u>662,949</u>	*
FTE	4.2	4.3	4.0	4.0	
General Fund	32,633	27,738	37,309	37,316	
Cash Funds	573,095	576,895	635,363	625,633	
Educator Effectiveness Unit Administration	<u>1,753,943</u>	<u>1,896,118</u>	<u>2,011,257</u>	<u>1,881,315</u>	*
FTE	12.5	13.1	12.5	11.5	
General Fund	1,637,498	1,764,174	1,874,519	1,757,031	
Cash Funds	116,445	131,944	136,738	124,284	
Accountability and Improvement Planning	<u>1,097,396</u>	<u>1,557,880</u>	<u>1,784,651</u>	<u>1,720,318</u>	*
FTE	4.3	11.7	11.4	10.4	
General Fund	1,097,396	1,007,548	1,234,319	1,169,986	
Federal Funds	0	550,332	550,332	550,332	
SUBTOTAL - (C) Assessments and Data Analyses	35,509,201	26,475,801	37,917,368	36,596,029	(3.5%)
FTE	<u>45.1</u>	<u>52.7</u>	<u>49.5</u>	<u>46.5</u>	<u>(6.1%)</u>
General Fund	3,200,231	3,290,673	3,614,120	3,428,165	(5.1%)
Cash Funds	26,917,139	16,473,332	26,566,281	25,430,246	(4.3%)
Federal Funds	5,391,831	6,711,796	7,736,967	7,737,618	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(D) State Charter School Institute					
State Charter School Institute Administration, Oversight, and Management	<u>4,077,928</u>	<u>5,149,968</u>	<u>3,500,000</u>	<u>3,500,000</u>	
FTE	18.6	17.6	11.7	11.7	
Cash Funds	3,499,788	1,649,968	0	0	
Reappropriated Funds	578,140	3,500,000	3,500,000	3,500,000	
Institute Charter School Assistance Fund	<u>1,167,167</u>	<u>1,689,636</u>	<u>460,000</u>	<u>460,000</u>	
Cash Funds	1,167,167	1,689,636	460,000	460,000	
Other Transfers to Institute Charter Schools	<u>14,452,058</u>	<u>23,760,432</u>	<u>9,000,000</u>	<u>9,000,000</u>	
FTE	1.0	0.0	0.0	0.0	
Cash Funds	0	14,760,432	0	0	
Reappropriated Funds	14,452,058	9,000,000	9,000,000	9,000,000	
Transfer of Federal Moneys to Institute Charter Schools	<u>7,090,243</u>	<u>17,078,899</u>	<u>7,600,000</u>	<u>7,600,000</u>	
FTE	1.6	8.2	4.5	4.5	
Reappropriated Funds	0	0	7,600,000	7,600,000	
Federal Funds	7,090,243	17,078,899	0	0	
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>203,495</u>	<u>197,041</u>	<u>239,992</u>	<u>240,110</u>	
FTE	0.6	1.0	1.6	1.6	
Reappropriated Funds	203,495	197,041	239,992	240,110	
CSI Mill Levy Equalization	<u>11,047,724</u>	<u>14,000,000</u>	<u>11,200,000</u>	<u>11,200,000</u>	
General Fund	5,523,862	7,000,000	5,600,000	5,600,000	
Reappropriated Funds	5,523,862	7,000,000	5,600,000	5,600,000	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL - (D) State Charter School Institute	38,038,615	61,875,976	31,999,992	32,000,110	NaN
<i>FTE</i>	<u>21.8</u>	<u>26.8</u>	<u>17.8</u>	<u>17.8</u>	<u>0.0%</u>
General Fund	5,523,862	7,000,000	5,600,000	5,600,000	0.0%
Cash Funds	4,666,955	18,100,036	460,000	460,000	0.0%
Reappropriated Funds	20,757,555	19,697,041	25,939,992	25,940,110	0.0%
Federal Funds	7,090,243	17,078,899	0	0	0.0%
(E) Indirect Cost Assessment					
Indirect Cost Assessment	<u>647,025</u>	<u>674,595</u>	<u>784,757</u>	<u>841,213</u>	
Cash Funds	327,741	388,374	451,796	484,298	
Federal Funds	319,284	286,221	332,961	356,915	
SUBTOTAL - (E) Indirect Cost Assessment	647,025	674,595	784,757	841,213	7.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	327,741	388,374	451,796	484,298	7.2%
Federal Funds	319,284	286,221	332,961	356,915	7.2%
TOTAL - (1) Management and Administration	96,659,080	118,233,484	111,204,933	112,122,800	0.8%
<i>FTE</i>	<u>153.2</u>	<u>171.4</u>	<u>169.9</u>	<u>164.9</u>	<u>(2.9%)</u>
General Fund	22,500,326	24,444,433	21,844,012	22,896,858	4.8%
Cash Funds	36,569,756	40,048,928	34,001,717	32,991,702	(3.0%)
Reappropriated Funds	24,787,640	23,881,719	31,653,676	32,365,146	2.2%
Federal Funds	12,801,358	29,858,404	23,705,528	23,869,094	0.7%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(2) ASSISTANCE TO PUBLIC SCHOOLS

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

(A) Public School Finance

Administration	<u>1,635,436</u>	<u>2,216,317</u>	<u>1,904,480</u>	<u>1,680,350</u> *
FTE	17.6	17.3	17.9	15.4
Cash Funds	74,686	492,981	87,494	87,519
Reappropriated Funds	1,560,750	1,723,336	1,816,986	1,592,831
Federal Funds	0	0	0	0
Financial Transparency System Maintenance	<u>600,000</u>	<u>600,000</u>	<u>462,000</u>	<u>75,000</u> *
Cash Funds	600,000	600,000	462,000	75,000
School Finance Audit Payments	<u>0</u>	<u>0</u>	<u>2,200,000</u>	<u>600,000</u>
Cash Funds	0	0	2,200,000	600,000
State Share of Districts' Total Program Funding	<u>4,468,585,178</u>	<u>4,628,802,222</u>	<u>4,183,792,730</u>	<u>4,994,701,864</u> *
General Fund	3,036,590,106	3,643,099,781	3,627,539,238	4,206,010,318
General Fund Exempt	885,333,333	523,323,333	84,491,394	84,491,394
Cash Funds	546,661,739	462,379,108	471,762,098	704,200,152
Federal CARES Act Funds	<u>0</u>	<u>510,000,000</u>	<u>37,000,000</u>	<u>0</u>
Federal Funds	0	510,000,000	37,000,000	0
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>1,894</u>	<u>0</u>	<u>10,000</u>	<u>0</u> *
Cash Funds	1,894	0	10,000	0

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
At-risk Supplemental Aid	<u>4,570,427</u>	<u>4,521,650</u>	<u>5,094,358</u>	<u>4,844,358</u> *	
Cash Funds	4,570,427	4,521,650	5,094,358	4,844,358	
At-risk Per Pupil Additional Funding	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	
Cash Funds	5,000,000	5,000,000	5,000,000	5,000,000	
Additional Funding for Rural Districts and Institute					
Charter Schools	<u>29,999,532</u>	<u>19,999,939</u>	<u>0</u>	<u>0</u>	
General Fund	0	19,999,939	0	0	
Cash Funds	29,999,532	0	0	0	
Charter School Institute At-risk Funding Technical					
Correction	<u>545,147</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	545,147	0	0	0	
Hold-harmless Full-day Kindergarten Funding	<u>8,677,554</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	8,677,554	0	0	0	
SUBTOTAL - (A) Public School Finance	4,519,615,168	5,171,140,128	4,235,463,568	5,006,901,572	18.2%
<i>FTE</i>	<u>17.6</u>	<u>17.3</u>	<u>17.9</u>	<u>15.4</u>	(14.0%)
General Fund	3,037,135,253	3,663,099,720	3,627,539,238	4,206,010,318	15.9%
General Fund Exempt	885,333,333	523,323,333	84,491,394	84,491,394	0.0%
Cash Funds	595,585,832	472,993,739	484,615,950	714,807,029	47.5%
Reappropriated Funds	1,560,750	1,723,336	1,816,986	1,592,831	(12.3%)
Federal Funds	0	510,000,000	37,000,000	0	(100.0%)

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	<u>353,096,926</u>	<u>385,392,725</u>	<u>362,680,692</u>	<u>367,547,910</u>	*
FTE	109.5	101.9	63.0	63.0	
General Fund	71,572,347	93,572,347	93,572,347	93,572,347	
Cash Funds	104,556,868	109,128,264	112,650,811	117,514,445	
Reappropriated Funds	0	0	191,090	191,090	
Federal Funds	176,967,711	182,692,114	156,266,444	156,270,028	
English Language Proficiency Program	<u>30,815,063</u>	<u>32,524,069</u>	<u>35,369,854</u>	<u>36,834,081</u>	*
FTE	4.0	3.9	4.6	4.6	
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	
Cash Funds	18,506,610	19,892,838	21,003,951	22,468,066	
Federal Funds	9,206,855	9,529,633	11,264,305	11,264,417	

SUBTOTAL -	383,911,989	417,916,794	398,050,546	404,381,991	1.6%
<i>FTE</i>	<u>113.5</u>	<u>105.8</u>	<u>67.6</u>	<u>67.6</u>	<u>(0.0%)</u>
General Fund	74,673,945	96,673,945	96,673,945	96,673,945	0.0%
Cash Funds	123,063,478	129,021,102	133,654,762	139,982,511	4.7%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	186,174,566	192,221,747	167,530,749	167,534,445	0.0%

(II) Other Categorical Programs

Public School Transportation	<u>60,282,337</u>	<u>62,394,372</u>	<u>62,032,729</u>	<u>63,543,973</u>	*
FTE	2.0	2.0	2.0	2.0	
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	
Cash Funds	23,360,110	25,472,145	25,110,502	26,621,746	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education	<u>26,675,279</u>	<u>27,238,323</u>	<u>27,778,242</u>	<u>28,370,549</u>	*
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	
Cash Funds	8,882,429	9,445,473	9,985,392	10,577,699	
Special Education Programs for Gifted and Talented Children	<u>12,412,244</u>	<u>12,306,962</u>	<u>12,844,494</u>	<u>12,795,628</u>	*
FTE	3.0	1.9	1.5	0.5	
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	
Cash Funds	6,912,244	6,806,962	7,344,494	7,295,628	
Expelled and At-risk Student Services Grant Program	<u>9,486,713</u>	<u>9,295,189</u>	<u>9,493,560</u>	<u>9,493,671</u>	
FTE	2.1	2.2	1.0	1.0	
General Fund	5,788,807	5,721,884	5,788,807	5,788,807	
Cash Funds	3,697,906	3,573,305	3,704,753	3,704,864	
Small Attendance Center Aid	<u>1,076,550</u>	<u>1,314,250</u>	<u>1,314,250</u>	<u>1,317,226</u>	*
General Fund	787,645	787,645	787,645	787,645	
Cash Funds	288,905	526,605	526,605	529,581	
Comprehensive Health Education	<u>1,125,475</u>	<u>1,103,367</u>	<u>1,131,396</u>	<u>1,132,058</u>	*
FTE	1.8	1.6	1.0	1.0	
General Fund	294,529	300,000	300,000	300,000	
Cash Funds	830,946	803,367	831,396	832,058	
SUBTOTAL -	111,058,598	113,652,463	114,594,671	116,653,105	1.8%
FTE	<u>8.9</u>	<u>7.7</u>	<u>5.5</u>	<u>4.5</u>	(18.2%)
General Fund	67,086,058	67,024,606	67,091,529	67,091,529	0.0%
Cash Funds	43,972,540	46,627,857	47,503,142	49,561,576	4.3%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL - (B) Categorical Programs	494,970,587	531,569,257	512,645,217	521,035,096	1.6%
<i>FTE</i>	<u>122.4</u>	<u>113.5</u>	<u>73.1</u>	<u>72.1</u>	(1.4%)
General Fund	141,760,003	163,698,551	163,765,474	163,765,474	0.0%
Cash Funds	167,036,018	175,648,959	181,157,904	189,544,087	4.6%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	186,174,566	192,221,747	167,530,749	167,534,445	0.0%

(C) Grant Programs, Distributions, and Other Assistance

(I) Health and Nutrition

Federal Nutrition Programs	<u>186,134,324</u>	<u>174,646,153</u>	<u>156,678,680</u>	<u>156,679,185</u>
FTE	18.1	17.0	9.0	9.0
General Fund	89,676	94,370	97,830	97,865
Federal Funds	186,044,648	174,551,783	156,580,850	156,581,320
State Match for School Lunch Program	<u>2,472,644</u>	<u>2,472,644</u> 0.0	<u>2,472,644</u> 0.0	<u>2,472,644</u> 0.0
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644
Child Nutrition School Lunch Protection Program	<u>2,099,631</u> 0.4	<u>1,992,819</u>	<u>2,878,105</u>	<u>2,878,116</u>
General Fund	1,265,161	1,936,254	2,027,374	2,027,374
Cash Funds	834,470	56,565	850,731	850,742
Start Smart Nutrition Program Fund	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
General Fund	900,000	900,000	900,000	900,000
Start Smart Nutrition Program	<u>898,149</u>	<u>715,296</u>	<u>1,150,000</u>	<u>1,150,000</u>
FTE	0.1	0.0	0.0	0.0
Cash Funds	400,000	0	250,000	250,000
Reappropriated Funds	498,149	715,296	900,000	900,000

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Local School Food Purchasing Programs	<u>0</u>	<u>165,866</u>	<u>0</u>	<u>0</u>	*
FTE	0.0	0.2	0.0	0.0	
General Fund	0	165,866	0	0	
Breakfast After the Bell	<u>23,202</u>	<u>19,585</u>	<u>24,987</u>	<u>90</u>	*
FTE	0.2	0.1	0.3	0.0	
General Fund	23,202	19,585	24,987	90	
S.B. 97-101 Public School Health Services	<u>183,818</u>	<u>140,162</u>	<u>180,708</u>	<u>180,749</u>	
FTE	1.5	1.0	1.4	1.4	
Reappropriated Funds	183,818	140,162	180,708	180,749	
Behavioral Health Care Professional Matching Grant Program	<u>11,761,472</u>	<u>14,774,525</u>	<u>11,948,026</u>	<u>11,948,174</u>	
FTE	3.1	3.5	5.0	5.0	
Cash Funds	11,761,472	14,774,525	11,948,026	11,948,174	
Mental Health Education Resource Bank and Technical Assistance	<u>0</u>	<u>80,128</u>	<u>46,708</u>	<u>46,733</u>	
FTE	0.0	1.0	0.6	0.6	
General Fund	0	80,128	46,708	46,733	
K-5 Social and Emotional Health Pilot Program	<u>0</u>	<u>30,711</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.2	0.0	0.0	
Cash Funds	0	30,711	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL -	204,473,240	195,937,889	176,279,858	176,255,691	(0.0%)
<i>FTE</i>	<u>23.4</u>	<u>23.0</u>	<u>16.3</u>	<u>16.0</u>	<u>(1.8%)</u>
General Fund	2,278,039	3,196,203	3,096,899	3,072,062	(0.8%)
Cash Funds	15,468,586	17,334,445	15,521,401	15,521,560	0.0%
Reappropriated Funds	681,967	855,458	1,080,708	1,080,749	0.0%
Federal Funds	186,044,648	174,551,783	156,580,850	156,581,320	0.0%
(II) Capital Construction					
Division of Public School Capital Construction Assistance	<u>1,340,347</u>	<u>1,266,735</u>	<u>1,475,529</u>	<u>1,475,982</u>	
<i>FTE</i>	15.0	15.1	15.0	15.0	
Cash Funds	1,340,347	1,266,735	1,475,529	1,475,982	
Public School Capital Construction Assistance Board -					
Lease Payments	<u>70,621,553</u>	<u>77,004,203</u>	<u>125,000,000</u>	<u>125,000,000</u>	
Cash Funds	70,621,553	77,004,203	125,000,000	125,000,000	
Public School Capital Construction Assistance Board -					
Cash Grants	<u>66,566,692</u>	<u>96,407,010</u>	<u>60,000,000</u>	<u>57,000,000</u>	*
Cash Funds	66,566,692	96,407,010	60,000,000	57,000,000	
Financial Assistance Priority Assessment	<u>148,800</u>	<u>125,400</u>	<u>150,000</u>	<u>135,000</u>	*
Cash Funds	148,800	125,400	150,000	135,000	
State Aid for Charter School Facilities	<u>29,250,000</u>	<u>28,607,290</u>	<u>31,820,762</u>	<u>30,229,724</u>	*
Cash Funds	29,250,000	28,607,290	31,820,762	30,229,724	
Full-day Kindergarten Implementation Grants	<u>0</u>	<u>24,801,942</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	24,801,942	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL -	167,927,392	228,212,580	218,446,291	213,840,706	(2.1%)
<i>FTE</i>	<u>15.0</u>	<u>15.1</u>	<u>15.0</u>	<u>15.0</u>	<u>0.0%</u>
Cash Funds	167,927,392	228,212,580	218,446,291	213,840,706	(2.1%)

(III) Reading and Literacy

Early Literacy Program Administration and Technical

Support	<u>0</u>	<u>1,284,609</u>	<u>1,709,570</u>	<u>1,709,948</u>	
<i>FTE</i>	0.0	10.6	12.0	12.0	
Cash Funds	0	1,284,609	1,709,570	1,709,948	

Early Literacy Competitive Grant Program

	<u>5,927,148</u>	<u>7,460,927</u>	<u>7,500,000</u>	<u>7,500,000</u>	
<i>FTE</i>	6.4	0.0	0.0	0.0	
Cash Funds	5,927,148	7,460,927	7,500,000	7,500,000	

Early Literacy Program Evidence Based Training Provided to Teachers

	<u>0</u>	<u>18,965</u>	<u>2,702,557</u>	<u>2,702,557</u>	
Cash Funds	0	18,965	2,702,557	2,702,557	

Early Literacy Program External Evaluation

	<u>0</u>	<u>741,404</u>	<u>750,000</u>	<u>750,000</u>	
Cash Funds	0	741,404	750,000	750,000	

Early Literacy Program Public Information Campaign

	<u>0</u>	<u>192,617</u>	<u>500,000</u>	<u>500,027</u>	
<i>FTE</i>	0.0	0.4	0.5	0.5	
Cash Funds	0	192,617	500,000	500,027	

Early Literacy Program Per Pupil Intervention Funding

	<u>33,242,423</u>	<u>26,209,350</u>	<u>26,261,551</u>	<u>26,261,551</u>	
<i>FTE</i>	0.0	0.0	0.0	0.0	
Cash Funds	33,242,423	26,209,350	26,261,551	26,261,551	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Early Literacy Assessment Tool Program	<u>2,535,569</u>	<u>2,403,625</u>	<u>2,997,072</u>	<u>2,997,072</u>	
Cash Funds	2,535,569	2,403,625	2,997,072	2,997,072	
Adult Education and Literacy Grant Program	<u>907,783</u>	<u>859,141</u>	<u>970,739</u>	<u>970,768</u>	
FTE	0.6	0.8	1.0	1.0	
General Fund	907,783	859,141	970,739	970,768	
SUBTOTAL -	42,612,923	39,170,638	43,391,489	43,391,923	NaN
<i>FTE</i>	<u>7.0</u>	<u>11.8</u>	<u>13.5</u>	<u>13.5</u>	0.0%
General Fund	907,783	859,141	970,739	970,768	0.0%
Cash Funds	41,705,140	38,311,497	42,420,750	42,421,155	0.0%

(IV) Professional Development and Instructional Support

Content Specialists	<u>459,620</u>	<u>508,293</u>	<u>545,861</u>	<u>662,529</u> *	
FTE	3.1	3.5	5.0	5.0	
General Fund	0	19,534	0	131,515	
Cash Funds	459,620	488,759	545,861	531,014	
School Bullying Prevention and Education Cash Fund	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
Cash Funds	2,000,000	2,000,000	1,000,000	1,000,000	
Office of Dropout Prevention and Student Reengagement	<u>2,021,764</u>	<u>2,938,024</u>	<u>3,048,555</u>	<u>3,048,598</u>	
FTE	0.6	2.3	2.2	2.2	
General Fund	21,510	966,083	1,042,467	1,042,499	
Cash Funds	2,000,254	1,971,941	2,006,088	2,006,099	
Federal Funds	0	0	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
English Language Learners Technical Assistance	<u>347,113</u>	<u>378,500</u>	<u>403,932</u>	<u>389,026</u> *	
FTE	3.6	3.4	5.0	5.0	
General Fund	297,566	323,626	348,248	333,336	
Cash Funds	49,547	54,874	55,684	55,690	
English Language Learners Professional Development and Student Support Program	<u>26,999,825</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	
Cash Funds	26,999,825	27,000,000	27,000,000	27,000,000	
Working Group for Identification of and Educational Support for Students with Dyslexia	<u>0</u>	<u>67,246</u>	<u>40,616</u>	<u>40,616</u>	
General Fund	0	67,246	40,616	40,616	
Dyslexia Markers Pilot Program	<u>0</u>	<u>11,520</u>	<u>127,973</u>	<u>127,973</u>	
General Fund	0	11,520	127,973	127,973	
School Leadership Pilot Program	<u>0</u>	<u>64,560</u>	<u>375,808</u>	<u>375,846</u>	
FTE	0.0	0.8	1.0	1.0	
General Fund	0	64,560	375,808	375,846	
School Transformation Grant Program	<u>1,991,377</u>	<u>4,308,481</u>	<u>4,435,995</u>	<u>4,436,085</u>	
FTE	0.5	2.5	3.0	3.0	
General Fund	0	2,314,027	2,431,221	2,431,278	
Cash Funds	1,991,377	1,994,454	2,004,774	2,004,807	
Computer Science Education Grants	<u>925,358</u>	<u>924,400</u>	<u>551,657</u>	<u>551,693</u> *	
FTE	0.6	1.0	0.4	0.4	
General Fund	0	0	0	0	
Cash Funds	925,358	924,400	551,657	551,693	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Advanced Placement Exam Fee Grant Program	<u>530,512</u>	<u>511,179</u>	<u>280,731</u>	<u>280,741</u>	
FTE	0.3	0.4	0.4	0.4	
General Fund	530,512	511,179	280,731	280,741	
Educator Perception	<u>0</u>	<u>62,500</u>	<u>25,000</u>	<u>75,000</u>	
General Fund	0	62,500	25,000	75,000	
Ninth Grade Success Grant Program	<u>0</u>	<u>789,320</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.3	0.0	0.0	
General Fund	0	789,320	0	0	
Stipends for Nationally Board Certified Teachers	<u>1,141,712</u>	<u>2,100,396</u>	<u>0</u>	<u>0</u>	
Cash Funds	1,141,712	2,100,396	0	0	
Grow Your Own Educator Program	<u>0</u>	<u>17,852</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.3	0.0	0.0	
General Fund	0	17,852	0	0	
Quality Teacher Recruitment Program	<u>2,978,250</u>	<u>40,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	2,978,250	40,000	0	0	
Retaining Teachers Fund	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	3,000,000	3,000,000	0	0	
Retaining Teachers Grant Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Career Counseling Professional Development Program	<u>0</u>	<u>804,727</u>	<u>0</u>	<u>0</u>	
General Fund	0	804,727	0	0	
Transfer to the Department of Higher Education for Rural Teacher Recruitment, Retention, and Professional Development	<u>240,000</u>	<u>240,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	240,000	240,000	0	0	
English Language Proficiency Act Excellence Awards Program	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	500,000	500,000	0	0	
Advanced Placement Incentives Pilot Program	<u>257,659</u>	<u>259,721</u>	<u>0</u>	<u>0</u>	
FTE	0.3	0.3	0.0	0.0	
Cash Funds	257,659	259,721	0	0	
Local Accountability System Grant Program	<u>0</u>	<u>474,765</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.4	0.0	0.0	
General Fund	0	474,765	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Comprehensive Quality Physical Education Instruction Pilot Program	<u>0</u>	<u>53,429</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.4	0.0	0.0	
Cash Funds	0	53,429	0	0	
Teacher Residency Expansion Program Fund	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	600,000	0	0	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL -	43,993,190	47,054,913	37,836,128	37,988,107	0.4%
<i>FTE</i>	9.0	15.6	17.0	17.0	(0.0%)
General Fund	4,449,588	9,426,939	4,672,064	4,838,804	3.6%
Cash Funds	39,543,602	37,627,974	33,164,064	33,149,303	(0.0%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

(V) Facility Schools

Facility Schools Unit and Facility Schools Board	240,380	305,051	322,568	322,672	
<i>FTE</i>	2.3	2.0	3.0	3.0	
Reappropriated Funds	240,380	305,051	322,568	322,672	
Facility School Funding	13,145,912	12,114,129	17,024,650	17,024,650	
Cash Funds	13,145,912	12,114,129	17,024,650	17,024,650	
SUBTOTAL -	13,386,292	12,419,180	17,347,218	17,347,322	NaN
<i>FTE</i>	2.3	2.0	3.0	3.0	0.0%
Cash Funds	13,145,912	12,114,129	17,024,650	17,024,650	0.0%
Reappropriated Funds	240,380	305,051	322,568	322,672	0.0%

(VI) Other Assistance

Appropriated Sponsored Programs	229,407,087	739,557,171	389,748,436	389,750,915	
<i>FTE</i>	76.9	67.1	62.1	62.1	
Cash Funds	1,396,052	2,302,154	2,750,984	2,751,139	
Reappropriated Funds	0	0	651,922	651,922	
Federal Funds	228,011,035	737,255,017	386,345,530	386,347,854	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
School Counselor Corps Grant Program	<u>9,999,432</u>	<u>10,171,390</u>	<u>10,000,000</u>	<u>10,250,072</u>	
FTE	2.5	2.1	2.0	2.0	
General Fund	0	250,000	0	250,000	
Cash Funds	9,999,432	9,921,390	10,000,000	10,000,072	
BOCES Funding per Section 22-5-122, C.R.S.	<u>3,281,982</u>	<u>3,282,209</u>	<u>3,318,279</u>	<u>3,318,316</u>	
FTE	0.8	0.8	1.0	1.0	
Cash Funds	3,281,982	3,282,209	3,318,279	3,318,316	
Contingency Reserve Fund	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	
Cash Funds	0	0	1,000,000	1,000,000	
Supplemental On-line Education Services	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,220,000</u>	
Cash Funds	1,220,000	1,220,000	1,220,000	1,220,000	
Interstate Compact on Educational Opportunity for Military Children	<u>19,182</u>	<u>21,668</u>	<u>21,308</u>	<u>21,308</u>	
Cash Funds	19,182	21,668	21,308	21,308	
College and Career Readiness	<u>184,736</u>	<u>229,007</u>	<u>226,620</u>	<u>226,693</u>	
FTE	1.7	2.0	2.4	2.4	
General Fund	184,736	229,007	226,620	226,693	
Workforce Diploma Pilot Program	<u>0</u>	<u>1,012,201</u>	<u>212,222</u>	<u>0</u> *	
FTE	0.0	0.2	0.2	0.0	
General Fund	0	1,012,201	212,222	0	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Concurrent Enrollment Expansion and Innovation Grant					
Program	<u>0</u>	<u>1,499,850</u>	<u>1,476,896</u>	<u>1,476,896</u>	
FTE	0.0	0.2	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	1,499,850	1,476,896	1,476,896	
High School Innovative Learning Pilot Program	<u>0</u>	<u>129,293</u>	<u>127,095</u>	<u>127,095</u>	
FTE	0.0	0.2	0.3	0.3	
General Fund	0	129,293	127,095	127,095	
Parents Encouraging Parents Conferences	<u>0</u>	<u>39,947</u>	<u>68,000</u>	<u>68,000</u>	
General Fund	0	39,947	68,000	68,000	
Career Development Success Program	<u>2,000,000</u>	<u>5,000,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	
General Fund	2,000,000	5,000,000	4,500,000	4,500,000	
John W. Buckner Automatic Enrollment in Advanced					
Courses Grant Program	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.2	0.0	0.0	
General Fund	0	50,000	0	0	
Colorado Student Leaders Institute Pilot Program	<u>218,825</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	218,825	0	0	0	
SUBTOTAL -	246,331,244	762,212,736	411,918,856	411,959,295	NaN
FTE	81.9	72.8	68.0	67.8	(0.3%)
General Fund	2,184,736	6,710,448	5,133,937	5,171,788	0.7%
Cash Funds	16,135,473	18,247,271	19,787,467	19,787,731	0.0%
Reappropriated Funds	0	0	651,922	651,922	0.0%
Federal Funds	228,011,035	737,255,017	386,345,530	386,347,854	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance					
<i>FTE</i>	718,724,281	1,285,007,936	905,219,840	900,783,044	(0.5%)
General Fund	138.6	140.3	132.8	132.3	(0.4%)
Cash Funds	9,820,146	20,192,731	13,873,639	14,053,422	1.3%
Reappropriated Funds	293,926,105	351,847,896	346,364,623	341,745,105	(1.3%)
Federal Funds	922,347	1,160,509	2,055,198	2,055,343	0.0%
	414,055,683	911,806,800	542,926,380	542,929,174	0.0%
(D) Indirect Cost Assessment					
Indirect Cost Assessment	2,509,321	2,756,885	3,207,087	3,417,905	
Cash Funds	25,000	25,000	25,000	25,000	
Reappropriated Funds	55,571	55,571	55,571	55,571	
Federal Funds	2,428,750	2,676,314	3,126,516	3,337,334	
SUBTOTAL - (D) Indirect Cost Assessment					
<i>FTE</i>	2,509,321	2,756,885	3,207,087	3,417,905	6.6%
Cash Funds	0.0	0.0	0.0	0.0	0.0%
Reappropriated Funds	25,000	25,000	25,000	25,000	0.0%
Federal Funds	55,571	55,571	55,571	55,571	0.0%
	2,428,750	2,676,314	3,126,516	3,337,334	6.7%
TOTAL - (2) Assistance to Public Schools					
<i>FTE</i>	5,735,819,357	6,990,474,206	5,656,535,712	6,432,137,617	13.7%
General Fund	278.6	271.1	223.8	219.8	(1.8%)
General Fund Exempt	3,188,715,402	3,846,991,002	3,805,178,351	4,383,829,214	15.2%
Cash Funds	885,333,333	523,323,333	84,491,394	84,491,394	0.0%
Reappropriated Funds	1,056,572,955	1,000,515,594	1,012,163,477	1,246,121,221	23.1%
Federal Funds	2,538,668	2,939,416	4,118,845	3,894,835	(5.4%)
	602,658,999	1,616,704,861	750,583,645	713,800,953	(4.9%)

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(3) LIBRARY PROGRAMS

This section provides funding for various library-related programs. Library programs are primarily funded with General Fund and federal funds. Cash funds include grants and donations. Transfers from the Disabled Telephone Users Fund support privately operated reading services for the blind and are reflected as reappropriated funds.

Administration	<u>966,759</u>	<u>932,133</u>	<u>1,180,692</u>	<u>1,081,038</u> *
FTE	11.6	14.0	14.3	13.3
General Fund	840,848	887,416	913,280	813,597
Cash Funds	125,911	44,717	267,412	267,441
Federal Library Funding	<u>2,719,707</u>	<u>2,491,567</u>	<u>3,236,596</u>	<u>3,237,261</u>
FTE	23.6	24.0	23.8	23.8
Federal Funds	2,719,707	2,491,567	3,236,596	3,237,261
Colorado Library Consortium	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	1,000,000	1,000,000	1,000,000	1,000,000
Colorado Virtual Library	<u>359,796</u>	<u>359,796</u>	<u>379,796</u>	<u>379,796</u>
General Fund	359,796	359,796	359,796	359,796
Cash Funds	0	0	20,000	20,000
Colorado Talking Book Library, Building Maintenance and Utilities Expenses	<u>87,446</u>	<u>340,493</u>	<u>290,660</u>	<u>290,660</u>
General Fund	87,446	90,493	90,660	90,660
Reappropriated Funds	0	250,000	200,000	200,000
Reading Services for the Blind	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>
General Fund	50,000	50,000	50,000	50,000
Reappropriated Funds	510,000	510,000	510,000	510,000

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
State Grants to Publicly-Supported Libraries Program	<u>2,496,170.04</u>	<u>2,988,649</u>	<u>2,501,519</u>	<u>2,501,541</u>	
General Fund	2,496,170	2,988,649	2,501,519	2,501,541	
Colorado Imagination Library Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>410,221</u> *	
Cash Funds	0	0	0	410,221	
Indirect Cost Assessment	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	<u>55,327</u>	
Federal Funds	55,327	55,327	55,327	55,327	
TOTAL - (3) Library Programs	8,245,205	8,727,965	9,204,590	9,515,844	3.4%
<i>FTE</i>	<u>35.6</u>	<u>38.0</u>	<u>38.1</u>	<u>37.1</u>	<u>(2.6%)</u>
General Fund	4,834,260	5,376,354	4,915,255	4,815,594	(2.0%)
Cash Funds	125,911	44,717	287,412	697,662	142.7%
Reappropriated Funds	510,000	760,000	710,000	710,000	0.0%
Federal Funds	2,775,034	2,546,894	3,291,923	3,292,588	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(4) SCHOOL FOR THE DEAF AND THE BLIND

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

(A) School Operations

Personal Services	<u>10,703,582</u>	<u>10,920,568</u>	<u>11,473,908</u>	<u>11,476,805</u>
FTE	136.6	136.6	153.1	153.1
General Fund	9,038,675	9,388,592	9,802,338	9,805,235
Reappropriated Funds	1,664,907	1,531,976	1,671,570	1,671,570
Federal Funds	0	0	0	0
Early Intervention Services	<u>1,192,452</u>	<u>1,227,016</u>	<u>1,280,994</u>	<u>1,281,265</u>
FTE	10.4	10.5	10.0	10.0
General Fund	1,192,452	1,227,016	1,280,994	1,281,265
Shift Differential	<u>120,452</u>	<u>77,086</u>	<u>116,968</u>	<u>86,754</u>
General Fund	120,452	77,086	116,968	86,754
Operating Expenses	<u>668,291</u>	<u>682,770</u>	<u>668,291</u>	<u>668,291</u>
General Fund	668,291	682,770	668,291	668,291
Vehicle Lease Payments	<u>21,710</u>	<u>19,887</u>	<u>26,196</u>	<u>37,040</u>
General Fund	21,710	19,887	26,196	37,040
Utilities	<u>602,580</u>	<u>562,620</u>	<u>687,122</u>	<u>687,122</u>
General Fund	602,580	562,620	687,122	687,122

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Allocation of State and Federal Categorical Program					
Funding	<u>192,090</u>	<u>114,463</u>	<u>170,000</u>	<u>170,000</u>	
FTE	0.9	0.9	0.4	0.4	
Reappropriated Funds	192,090	114,463	170,000	170,000	
Medicaid Reimbursements for Public School Health					
Services	<u>291,025</u>	<u>262,282</u>	<u>425,637</u>	<u>425,818</u>	
FTE	1.4	1.4	1.5	1.5	
Reappropriated Funds	291,025	262,282	425,637	425,818	
SUBTOTAL - (A) School Operations	13,792,182	13,866,692	14,849,116	14,833,095	(0.1%)
<i>FTE</i>	<u>149.3</u>	<u>149.4</u>	<u>165.0</u>	<u>165.0</u>	0.0%
General Fund	11,644,160	11,957,971	12,581,909	12,565,707	(0.1%)
Reappropriated Funds	2,148,022	1,908,721	2,267,207	2,267,388	0.0%
Federal Funds	0	0	0	0	0.0%
(B) Special Purpose					
Fees and Conferences	<u>33,022</u>	<u>75,030</u>	<u>120,000</u>	<u>120,000</u>	
Cash Funds	33,022	75,030	120,000	120,000	
Outreach Services	<u>525,226</u>	<u>464,331</u>	<u>1,000,000</u>	<u>1,000,137</u>	
FTE	3.6	3.6	6.2	6.2	
Cash Funds	398,116	326,617	750,000	750,059	
Reappropriated Funds	127,110	137,714	250,000	250,078	
Tuition from Out-of-state Students	<u>50,002</u>	<u>1,412</u>	<u>200,000</u>	<u>200,000</u>	
Cash Funds	50,002	1,412	200,000	200,000	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Grants	<u>547,720</u>	<u>525,951</u>	<u>1,000,000</u>	<u>1,000,000</u>	
FTE	3.4	3.9	6.0	6.0	
Reappropriated Funds	547,720	525,951	1,000,000	1,000,000	
SUBTOTAL - (B) Special Purpose	1,155,970	1,066,724	2,320,000	2,320,137	NaN
<i>FTE</i>	<u>7.0</u>	<u>7.5</u>	<u>12.2</u>	<u>12.2</u>	<u>(0.0%)</u>
Cash Funds	481,140	403,059	1,070,000	1,070,059	0.0%
Reappropriated Funds	674,830	663,665	1,250,000	1,250,078	0.0%
TOTAL - (4) School for the Deaf and the Blind	14,948,152	14,933,416	17,169,116	17,153,232	(0.1%)
<i>FTE</i>	<u>156.3</u>	<u>156.9</u>	<u>177.2</u>	<u>177.2</u>	0.0%
General Fund	11,644,160	11,957,971	12,581,909	12,565,707	(0.1%)
Cash Funds	481,140	403,059	1,070,000	1,070,059	0.0%
Reappropriated Funds	2,822,852	2,572,386	3,517,207	3,517,466	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - Department of Education	5,855,671,794	7,132,369,071	5,794,114,351	6,570,929,493	13.4%
<i>FTE</i>	<u>623.7</u>	<u>637.4</u>	<u>609.0</u>	<u>599.0</u>	<u>(1.6%)</u>
General Fund	3,227,694,148	3,888,769,760	3,844,519,527	4,424,107,373	15.1%
General Fund Exempt	885,333,333	523,323,333	84,491,394	84,491,394	0.0%
Cash Funds	1,093,749,762	1,041,012,298	1,047,522,606	1,280,880,644	22.3%
Reappropriated Funds	30,659,160	30,153,521	39,999,728	40,487,447	1.2%
Federal Funds	618,235,391	1,649,110,159	777,581,096	740,962,635	(4.7%)

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2020 Long Bill (H.B. 20-1360) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB20-1360>. The Long Bill footnotes relevant to this document are listed below.

- 8 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding — Pursuant to Section 22-35-108 (2)(a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for FY 2020-21. It is the General Assembly's intent that the Department of Education be authorized to utilize up to \$3,655,000 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 500 FTE participants funded at a rate of \$7,330 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

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

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

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

Similar to other concurrent enrollment programs, higher education institutions include ASCENT students in determining the number of full time equivalent students enrolled in the institution. The higher education institution receives tuition from ASCENT students' home school districts, as well as College Opportunity Fund Program stipend payments.

Ultimately, the State Board of Education is charged with determining how many qualified students may be designated as ASCENT Program participants for the following school year, based on available appropriations.

The Department's FY 2021-22 budget request assumes a continuation level of ASCENT participation (500 slots) in FY 2021-22, with no change from the FY 2020-21 appropriation.

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, the Chief Justice, and other elected officials. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as Appendix L of the annual Appropriations Report. The requests for information relevant to this document are listed below.

- 1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program — The Department is requested to provide to the Joint Budget Committee, on or before November 1, 2020, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2019-20: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that are attributable to the Program.

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

<https://cde.state.co.us/cpp/cpplegreport>

District Participation: The Colorado Preschool Program (CPP) serves three-, four-, and five-year-old children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are neglected or dependent children. School district participation in the program is voluntary.

The number of school districts participating in the CPP has increased from 32 in FY 1988-89 to 174 (of 178) in FY 2019-20; the State Charter School Institute also participates in the CPP. The four school districts that did not participate in FY 2019-20 are small, rural districts, including Las Animas – Branson, Otero – Manzanola, Otero – Swink, and Washington – Lone Star.

Total Number of Slots: The number of state-funded half-day preschool program “slots” is limited in statute. Since the program began operating in January 1989, the General Assembly has

expanded the target population has been expanded and has increased the maximum number of children that may be served from 2,000 to 29,360, with the most recent addition of 1,000 slots in FY 2018-19 (from 28,360 in FY 2017-18 to 29,360 under current law).

The General Assembly has also made several changes related to the use of CPP slots to provide full-day kindergarten. In FY 2008-09, the General Assembly repealed a previous provision allowing districts to use some of the CPP slots to provide a full-day kindergarten program. Then in FY 2013-14, the General Assembly added 3,200 slots through a new program within CPP, called ECARE, which allowed school districts flexibility to use the slots for half-day preschool, full-day preschool, or to provide full-day kindergarten, depending on the needs of the district. In FY 2014-15, the General Assembly added 5,000 slots to the ECARE program, bringing the total number of CPP slots to 28,360, including 8,200 ECARE slots. Beginning in FY 2018-19, the General Assembly added 1,000 ECARE slots, bringing the total number of CPP slots to 29,360, including 9,200 ECARE slots. However, with the enactment of H.B. 19-1262 (State Funding for Full-day Kindergarten), *all* CPP and ECARE slots are now dedicated to preschool students.

Comparison to Kindergarten Enrollment: For FY 2019-20, participating districts and the State Charter School Institute received funding to serve a total of 29,360 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 63,859. Thus, on a statewide basis, the total number of CPP slots authorized for FY 2019-20 represented 46.0 percent of the public school kindergarten students.

To put this ratio in perspective, please note that the proportion of the funded pupil count considered “at-risk” in FY 2019-20 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 34.6 percent. If every district had received CPP slots in proportion to its at-risk population entering kindergarten programs the following year (using the number of children in kindergarten programs in FY 2019-20 as a proxy), a total of 22,095 CPP slots would have been necessary. This analysis implies that the State has provided for 7,274 more slots than would have been necessary to provide half-day preschool to all at-risk children under the School Finance Act definition. However, it is important to note that the School Finance Act definition is more restrictive than the criteria for CPP, which recognizes a number of risk factors beyond income and English language learner status.

The following table uses the School Finance Act definition of “at-risk” for purposes of estimating the shortfall (or surplus) of CPP *preschool* slots for fiscal years FY 2006-07 through FY 2019-20.

HISTORIC COMPARISON OF STATEWIDE CPP/ECARE SLOTS AND ESTIMATED AT-RISK POPULATION

FISCAL YEAR	(a) NUMBER OF AUTHORIZED CPP HALF-DAY PRESCHOOL SLOTS	(b) NUMBER OF CHILDREN IN KINDERGARTEN FUNDED THROUGH SCHOOL FINANCE ACT	(c) = a/b RATIO	(d) PERCENT OF CHILDREN CONSIDERED AT-RISK UNDER SCHOOL FINANCE FORMULA	(e) = (b*d)-a NUMBER OF ADDITIONAL SLOTS REQUIRED TO SERVE CHILDREN "AT-RISK" PER FORMULA
2006-07	12,206	60,774	20.10%	31.50%	6,938
2007-08	13,906	61,426	22.60%	31.60%	5,505
2008-09	20,160	63,304	31.80%	32.10%	148
2009-10	20,160	63,457	31.80%	34.80%	1,917
2010-11	20,160	64,483	31.30%	36.60%	3,441
2011-12	20,160	66,263	30.40%	37.10%	4,404
2012-13	20,160	66,844	30.20%	37.50%	4,920
2013-14 ^a	23,360	67,137	34.80%	37.60%	1,904
2014-15 ^b	28,360	65,296	43.40%	37.10%	-4,135
2015-16 ^b	28,360	64,635	43.90%	37.10%	-4,400
2016-17 ^b	28,360	64,022	44.30%	36.70%	-4,864
2017-18 ^b	28,360	63,452	44.70%	35.90%	-5,581
2018-19 ^b	29,360	63,283	46.39%	34.90%	-7,274
2019-20 ^c	29,360	63,859	45.98%	34.60%	-7,265

^a Slots for FY 2013-14 include 3,200 slots approved for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260. School districts may use ECARE slots for either preschool or full-day kindergarten.

^b Slots for FY 2014-15 through FY 2017-18 include a total of 8,200 slots approved for the Early Childhood At-risk Enhancement (ECARE) program created in S.B. 13-260, an increase of 5,000 above the FY 2013-14 number of slots, as approved in H.B. 14-1298. With the enactment of H.B. 18-1379, the General Assembly added 1,000 more ECARE slots for FY 2018-19. School districts were able to use ECARE slots for either preschool or full-day kindergarten.

^c For FY 2019-20, the total number of slots remained at 29,360. However, with the enactment of H.B. 19-1262 (State Funding for Full-day Kindergarten), all of the slots are now specifically dedicated to preschool students.

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

The following table compares the number of CPP slots allocated to those districts with more than 1,000 pupils in public kindergarten programs with the percent of each district’s pupils that are considered “at-risk” for purposes of the School Finance Act. Column (e) provides an estimate of the gap between the number of CPP slots and the number of at-risk pupils. For example, Denver’s 6,420 CPP *preschool* slots represent about 94.1 percent of children in kindergarten. However, approximately 54.1 percent of Denver’s students are considered “at-risk.” Thus, based on this analysis, Denver has 2,728 more slots than would be expected using the at-risk definition *in the school finance formula*. Please note again, however, the statutory criteria used to identify students as eligible for CPP are different than the criteria used in the school

finance formula, so the ratios are inherently somewhat different. For informational purposes, column (f) shows the number of CPP/ECARE slots that each of these districts is using for full-day kindergarten and column (g) shows the total number of CPP/ECARE slots allocated to each district.

LARGE DISTRICT USAGE OF CPP AND ECARE SLOTS IN FY 2019-20					
LARGER DISTRICTS (WITH 1,000+ KINDERGARTEN PUPILS)	(a) TOTAL CPP/ECARE PRESCHOOL FUNDED SLOTS (FY 19-20)	(b) KINDERGARTEN FUNDED STUDENTS (FY 19-20)	(c) = a/b RATIO	(d) PERCENT OF PUPILS "AT-RISK" PER SCHOOL FINANCE FORMULA (FY 19-20)	(e) = (b*d)-a GAP BETWEEN NUMBER OF AT-RISK 4-YEAR-OLDS AND CPP PRESCHOOL SLOTS
Denver	6,420	6,820	94.13%	54.14%	(2,728)
Arapahoe - Aurora	2,190	2,965	73.86%	67.92%	(176)
Jefferson	1,678	6,036	27.80%	25.85%	(118)
Pueblo - Pueblo City	1,445	1,224	118.06%	71.68%	(568)
El Paso - Colorado Springs	1,014	2,096	48.38%	48.29%	(2)
Arapahoe - Cherry Creek	711	3,581	19.85%	22.76%	104
Adams - Northglenn	703	2,534	27.74%	32.06%	109
Weld - Greeley	613	1,808	33.90%	51.65%	321
Mesa - Mesa Valley	585	1,535	38.11%	36.85%	(19)
Adams - Brighton	533	1,409	37.83%	30.55%	(103)
Boulder - St. Vrain	530	2,254	23.51%	22.91%	(14)
Boulder - Boulder	479	1,894	25.29%	17.71%	(144)
Larimer - Poudre	453	2,188	20.70%	24.21%	77
Douglas	289	4,651	6.21%	9.52%	154
Larimer - Thompson	208	1,235	16.84%	30.24%	165
El Paso - District 49	125	1,455	8.59%	29.18%	300
El Paso - Academy	78	1,831	4.26%	10.06%	106

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

Participation of Children Under Age Four: Since FYU 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning readiness that is attributable to at least three significant family risk factors. In FY 2019-20, 143 of 174 (82.2 percent) participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This compares to 137 districts in FY 2018-19.

These districts used 8,531 CPP slots (29.1 percent of CPP preschool slots) to serve a total of 6,936 children under the age of four.⁸ This compares to 6,779 slots in FY 2018-19.

Number of Children Allowed to Use Two Slots: Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. The Department is required to limit the total number of CPP (non-ECARE) slots that can be used for this purpose to five percent of the total. A total of 87 school districts and the State Charter School Institute used 4,253 additional CPP slots to serve children through a full-day program (a total of 8,506 slots to serve 4,253 students).

State and Local Funding: The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both state and local funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2019-20.

Statewide, \$128.1 million of districts' total program funding was earmarked for CPP/ECARE (1.7 percent of total program funding), including \$71.6 million in state funding (55.9 percent of total CPP funding).

⁸ This figure includes 1,595 slots that were used to provide full-day preschool services for three-year-olds, and 538 slots that were used to serve children younger than age three under a pilot waiver.

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Education is required to publish an **Annual Performance Report** for the *previous fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2021-22 budget request, the FY 2019-20 Annual Performance Report and the FY 2020-21 Performance Plan can be found at the following link:

<https://operations.colorado.gov/performance-management/departments-performance-plans>