MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Craig Harper, JBC Staff (303-866-3481)
DATE	May 18, 2020
SUBJECT	Additional School Finance Balancing Options (Outside of the Long Bill)

Staff has separately presented Long Bill recommendations for the State Share of Districts' Total Program Funding line item based on the current law requirement to hold the budget stabilization factor constant at $572.4 million in FY 2020-21. As the Committee is aware, maintaining the budget stabilization factor at that level under the current framework and current law would require an increase of more than $300 million General Fund above the FY 2019-20 appropriation for school finance (see staff's May 18, 2020, memo revising the Long Bill recommendations for FY 2019-20 and FY 2020-21). Staff notes the following:

- The revised recommendation included in the May 18 memo requires an increase of $304.2 million General Fund for the State Share of Districts' Total Program Funding line item. That amount accounts for the Committee's selection of the OSPB forecast and the Committee's actions to date *for the Long Bill* (including reductions to other programs that make resources available to support school finance). As shown in Table 1, the Committee's actions to date would require an increase of $277.2 million General Fund above the Department's *total* FY 2019-20 appropriation (including all line items). Note: The elimination of $20.0 million in one-time funding provided to rural schools in FY 2019-20 makes up the majority of the decrease in "All Other General Fund."

TABLE 1: GENERAL FUND APPROPRIATIONS FOR THE LONG BILL BASED ON REVISED STAFF RECOMMENDATION AS OF MAY 18, 2020

	FY 2019-20 APPROPRIATION	FY 2020-21 LONG BILL (ACTION AS OF 5/18/20)	ANNUAL CHANGE
State Share of Districts' Total Program Funding	$4,166,423,114	$4,470,610,083	$304,186,969
Total Categorical Funding	163,765,474	163,765,474	0
All Other General Fund	83,653,406	56,716,195	(26,937,211)
Total General Fund	$4,413,841,994	$4,691,091,752	$277,249,758

- The revised Long Bill recommendation is based on current law and *does not* account for the variety of statutory changes approved outside of the Long Bill. In total, the Committee has approved approximately $80.5 million in changes requiring separate legislation that would make resources available for school finance and mitigate the impact on the General Fund for FY 2020-21 (including a transfer of $60.0 million from the Public School Capital Construction Assistance Fund to the State Public School Fund, among other changes).
- After accounting for the changes approved to date (including both the Long Bill and separate legislation, etc.), staff estimates that holding the budget stabilization factor constant would still require an increase of $196.8 General Fund above the Department's total FY 2019-20 General Fund appropriation.

Given the anticipated remaining revenue shortfall for FY 2020-21 (more than $2.05 billion at the time of this writing), staff assumes that holding the budget stabilization factor constant is probably not possible. Thus, staff is returning to the Committee with a brief discussion of options to mitigate the necessary increase in total General Fund appropriations. With significant balancing actions remaining outside of the Department of Education's budget, staff does not know how much additional action will be required within this department. Thus, staff is offering a recommended framework and set of options to move forward for FY 2020-21 rather than a specific dollar amount for changes.

RECOMMENDATION: Staff recognizes that the remaining budget shortfall for FY 2020-21 may require large reductions in funding for the Department of Education and specifically for school finance. Looking toward additional changes for FY 2020-21, staff recommends that the Committee and the General Assembly:

- Continue to work to protect funding dedicated to vulnerable populations of students. Staff has specifically identified funding supporting services for English language learners ($27.0 million in non-categorical funding from the State Education Fund), students identified with significant reading deficiencies under the READ Act (a total of approximately $42.4 million in funding associated with early literacy), and funding associated with at-risk students (both within and outside of the formula). Some reductions in these areas may be necessary but staff recommends preserving these funds to the extent possible.
- Prioritize funding both within and outside the school finance formula that will maintain critical services. Depending on the magnitude of necessary reductions, some school districts and charter schools may struggle to continue core operations if the reductions are applied through the existing budget stabilization factor (as a flat across-the-board reduction with no changes to the underlying factors or the revenues supporting school finance). The General Assembly may need to either adjust the existing factors in the school finance formula to ensure that districts are able to sustain core operations or establish a separate appropriation for that purpose (which would likely require a further increase in the budget stabilization factor to make the separate funds available).
- Consider options that would incorporate additional revenues into the school finance formula (e.g., account for a portion of local mill levy overrides as part of the local share) to ensure that state funding is available for the districts in greatest need during the current crisis.

In addition, as a matter of process, staff recommends that the Committee work with leadership and with the sponsors of the school finance bill to incorporate the statutory changes already approved by the Committee into the school finance bill rather than separate JBC bills. Specifically, staff recommends that any bills intended to make funds available for total program for FY 2020-21 be included in the school finance bill if possible.

DISCUSSION:

The remainder of this memo includes the following sections:

- A brief discussion of the impact federal coronavirus-related funds and the impact of federal maintenance of effort requirements for total program funding in FY 2020-21.
- A discussion of options to reduce costs within the school finance formula.
- A discussion of a *new* option to incorporate additional local funding into the total program calculations for FY 2020-21 by including a portion of local mill levy override revenues as part of the local share of total program funding.

- A brief discussion of additional options to adjust appropriations outside of school finance that could make funding available for total program (recapping "deeper cuts" options provided in the April 23, 2020, Budget Balancing Packet for the Department of Education).

ⓘ FEDERAL COVID-19 FUNDS – AND MOE REQUIREMENT

NEW FEDERAL FUNDS: Colorado has received (or expects to receive) several streams of federal funding responding to the coronavirus pandemic. Staff has sought to summarize the amounts either tied to education or available for education below.

- The CARES Act appropriates $13.5 billion for formula grants to states, with the state distributing 90.0 percent of that amount to local education agencies for "coronavirus response activities" based on the existing allocation of federal Title I-A funds. These activities include, but are not limited to, planning for and coordinating during long-term school closures, purchasing educational technology to support online learning, to provide mental health services and supports, and purchasing supplies to sanitize and clean school facilities. In addition to direct response activities related to school closures and distance learning, these funds may be used for "other activities that are necessary to maintain the operation of and continuity of services" of local education agencies. Colorado has received $121.0 million, making $108.9 million available for direct distribution to local education providers based on the Title I-A allocations. The Department has published preliminary allocations of those funds.[1]
- In addition to the above grant dollars, the bill provides $3.0 billion to the nation's Governors to allocate at their discretion for "emergency support grants to local educational agencies that the State educational agency deems have been most significantly impacted by coronavirus." In addition to grants to K12, the funds would support grants to higher education institutions. Each Governor has one year to award their share of the funds, after which the remaining money is reallocated by the Secretary of Education "to the remaining States." The Governor's office is anticipating approximately $44.0 million from this fund source. Staff assumes the General Assembly will not have authority to appropriate this funding.
- Finally, the State has received an additional $1.67 billion dollars from the federal Coronavirus Relief Fund, also created within the CARES Act. The State may elect to use a portion of those funds to support virus-related costs in education. According to the Office of Legislative Legal Services, any such costs: (1) must be necessary due to the public health emergency; (2) were not accounted for in the budget most recently approved as of the date of enactment of the CARES Act; and must be incurred between March 1, 2020, and December 30, 2020. <u>Staff does not have detail on the distribution or uses of funds but understands that the Governor and legislative leadership have agreed to use $510 million of this amount (over and above any state funding provided for total program and categorical programs) to support costs in K12 education.</u>

Staff notes that these amounts may be available to help the State and local education providers offset costs that result from the pandemic. However, the amounts are not available to offset revenue shortfalls and cover costs that are not directly related to the pandemic. **Based on those requirements, staff does not recommend accounting for any of the federal funds as part of school finance appropriations for either FY 2019-20 or FY 2020-21, as these are separate topics.**

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[1] The preliminary allocation totaling $108.9 million is available at: https://www.cde.state.co.us/cdefisgrant/educationstabilizationfundprogramallocations

MAINTENANCE OF EFFORT REQUIREMENT: As a condition of receiving and utilizing the federal funds, the CARES Act includes a maintenance of effort requirement for state education funding. Specifically, the bill requires that states' applications to use the education-specific funding:

> "include assurances that the State will maintain support for elementary and secondary education, and State support for higher education…in fiscal years 2020 and 2021 at least at the levels of such support that is the average of such State's support for elementary and secondary education and for higher education provided in the 3 fiscal years preceding the date of enactment of this Act."

Based on precedent from the American Recovery and Reinvestment Act during the last downturn, staff and the Department have interpreted this requirement to apply to state funding <u>for total program and categorical programs for FY 2016-17 through FY 2018-19.</u> As shown in Table 2, this provision would allow total FY 2020-21 appropriations of state funds for total program and categorical programs to decrease by $433.8 million in FY 2020-21 (below the FY 2019-20 appropriation).

TABLE 2: K-12 EDUCATION MAINTENANCE OF EFFORT CALCULATION UNDER SECTION 18008 OF CARES ACT

	AVERAGE STATE FUNDS FY 2016-17 THROUGH FY 2018-19	FY 2019-20 (CURRENTLY ENACTED)	MAXIMUM REDUCTION ALLOWED	% CHANGE
State share of districts' total program funding	$4,234,760,521	$4,628,802,222	($433,798,971)	-9.37%
Total state funding for categorical programs	298,293,150	338,050,420	0	0.00%
State Support for K-12 Education	**$4,533,053,671**	**$4,966,852,642**	**($433,798,971)**	**-8.73%**

The State Constitution will not allow the General Assembly to reduce total categorical funding and in fact requires total state funding for categorical programs to increase by at least $6.4 million in FY 2020-21. As a result, the General Assembly could reduce state funding for total program by $433.8 million below the FY 2019-20 appropriation and still meet the maintenance of effort requirement. <u>Any further decrease in state funding for total program would appear to require a waiver from the U.S. Department of Education.</u> As shown in Table 3, based on current estimates of total program funding in FY 2020-21, this maintenance of effort requirement would allow the budget stabilization factor to increase from $572.4 million in FY 2019-20 to $1.17 billion in FY 2020-21, representing a 13.9 percent reduction in total program funding (comparable to the 7.0 percent reduction in FY 2019-20).

TABLE 3: FEDERAL CARES ACT MAINTENANCE OF EFFORT REQUIREMENT CALCULATIONS				
	THREE YEAR AVERAGE OF STATE FUNDING	FY 2020-21 CURRENT LAW (CONSTANT BSF)	FY 2020-21 MINIMUM WITH MOE	CHANGE FROM CURRENT LAW
Total Program Before BSF	N/A	$8,411,855,677	$8,411,855,677	$0
Budget Stabilization Factor	N/A	(572,396,894)	(1,168,724,595)	(596,327,701)
Total Program After BSF	N/A	$7,839,458,783	$7,243,131,082	($596,327,701)
Local Share	N/A	$3,054,550,789	$3,054,550,789	$0
State Share (After BSF)	$4,234,760,521	$4,784,907,994	$4,188,580,293	($596,327,701)
Categoricals (Total State Funds)	298,293,150	344,473,378	344,473,378	$0
Total State Share Plus Categorical	$4,533,053,671	$5,129,381,372	$4,533,053,671	($596,327,701)

Please note that the maintenance of effort requirement is a *floor* for state funding rather than a ceiling for the budget stabilization factor. Thus, any further decrease in state funding for total program (whether through an increase in the budget stabilization factor or through any of the mechanisms discussed below) would appear to require a waiver from the U.S. Department of Education.

➔ SCHOOL FINANCE FORMULA OPTIONS

JBC ACTION AS OF 5/18/20: As discussed above, the Committee has approved a Long Bill appropriation that would hold the budget stabilization factor constant pursuant to current law. Other than a potential change to the number of ASCENT slots, any adjustments to funding under the school finance formula would require statutory change. The Committee has not taken any such action to date.

RECOMMENDATION/OPTION: Staff is largely presenting these options for discussion and for the Committee's consideration. A specific staff recommendation would likely vary depending on the savings required for FY 2020-21. Once that number is known, staff recommends that the Committee consult with leadership and the bill sponsors for the school finance bill to achieve the necessary savings within that bill.

If circumstances require a large reduction in total program funding, staff does recommend that the Committee and the General Assembly explore either a reduction to the cost of living factor (making more money available for size and at-risk) or accounting for mill levy override revenues as part of the local share, both of which are discussed in the following sections.

ANALYSIS: Consistent with the April 23, 2020, budget balancing packet, staff offers school finance formula options in three basic categories: (1) the budget stabilization factor; (2) options related to pupil counts; and (3) options related to the formula factors.

Budget Stabilization Factor: The budget stabilization factor reduces total program funding by a fixed percentage for every district receiving state funds for school finance. In the current year, the budget stabilization factor stands at $572.4 million, representing a 7.0 percent reduction to total program funding for most school districts. Based on current projections of total program funding, each increase of $100.0 million in the budget stabilization factor would equate to approximately 1.2 percent of total program funding (so setting the budget stabilization factor at 672.4 million would equate to a reduction of 8.2 percent for affected districts).

- As discussed with respect to the federal funds above, the maintenance of effort requirements in the federal CARES Act would allow the budget stabilization factor to grow to $1.17 billion without a waiver from the U.S. Department of Education, representing a 13.9 percent reduction to total program funding for affected districts.

- Staff notes that while the percentage reduction is the same, the impact on school districts may vary. For example, rural districts with high per pupil amounts will see a larger reduction per pupil (in dollar terms) than districts with lower per pupil amounts. In addition, districts with significant mill levy overrides may be able to offset the impact of the budget stabilization factor on total program funding, although they will still take a reduction to their total budget. Staff suspects that a "jump" from 7.0 percent in FY 2019-20 to 13.9 percent in FY 2020-21 would present significant challenges in many school districts, particularly those without a lot of override revenue.
- If the revenue shortfall is going to force a large reduction in school finance appropriations for FY 2020-21, staff recommends that the Committee consider other options (such as a reduction in the cost of living factor or accounting for a portion of mill levy override revenues in the local share of total program funding) to improve equity and increase the sustainability of the system.

Options Related to Pupil Counts: Total program funding is calculated on a per pupil basis. As a result, options that affect pupil counts can change the cost of school finance. Staff is aware of three available mechanisms to affect pupil counts (and potentially reduce total program funding).

- *Full-day Kindergarten:* The transition to full-day kindergarten in H.B. 19-1262 increased the funded pupil count by counting each full-day kindergarten student as 1.0 student FTE rather than 0.58 under previous law. Preliminary estimates by legislative staff indicate that this change is increasing the state's share of total program funding by approximately $220 million in FY 2020-21. Staff notes that eliminating full-day kindergarten would only reduce costs for schools and districts that either shift away from full-day kindergarten or return to charging tuition. Staff has also heard concerns about parents' enthusiasm to pay tuition for full-day kindergarten in a remote learning scenario, implying that tuition revenues may not materialize as anticipated.
- *Colorado Preschool Program:* The General Assembly sets the number of Colorado Preschool Program/Early Childhood At-risk Enhancement "slots" in statute (currently set at a total of 29,360 half-day slots). With an average cost to the State of approximately $4,226 per slot in FY 2020-21, that equates to a total cost of approximately $124.1 million in FY 2020-21. As another view, adding or subtracting 237 slots equates to a change of approximately $1.0 million in the state share of total program funding.
- *ASCENT:* The Accelerating College through Concurrent Enrollment (ASCENT) program allows participating students to extend high school beyond twelfth grade in order to attend college courses ("fifth year" students). The General Assembly caps the number of ASCENT slots through an annual footnote in the Long Bill (currently approved for 500 slots for FY 2020-21, with no change from the FY 2019-20 appropriation). The School Finance Act funds each ASCENT slot at a fixed amount statewide ($7,793 per slot in FY 2019-20, equating to a total of $3.9 million). Thus, adjusting the number of ASCENT slots also directly changes the cost of total program funding.

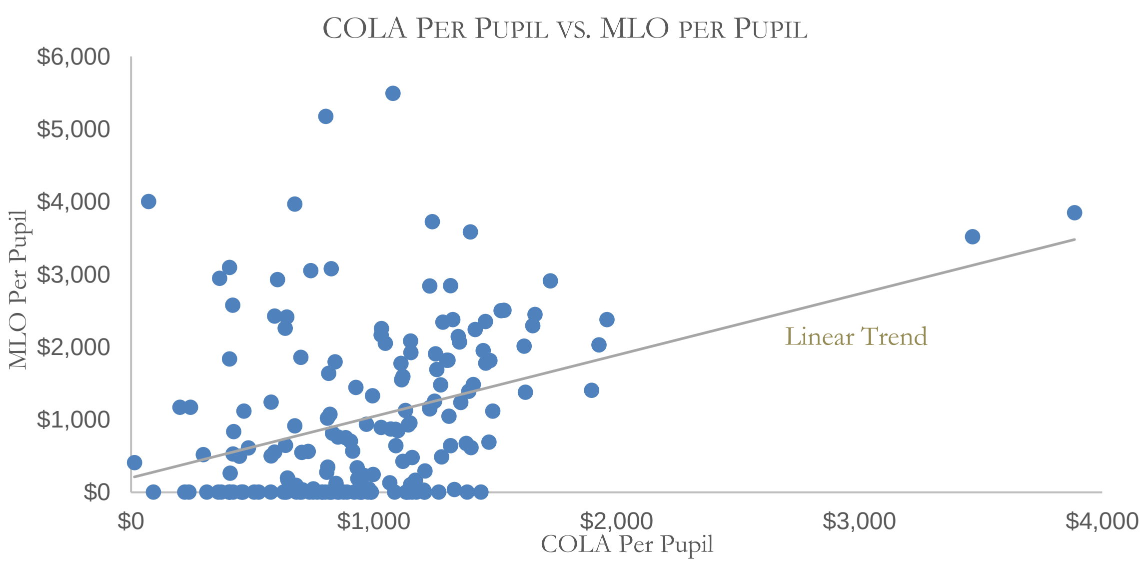
Formula Factors: Finally, staff notes that the General Assembly could adjust the factors in the school finance formula (primarily cost of living, size, and at-risk) to target potential reductions to school finance funding. The budget stabilization factor is applied as a fixed percentage to total program funding and reduces all of the factors proportionately. Adjusting the factors themselves could allow the General Assembly to preserve funding based on specific needs.

Size Factor (estimated ($242.5 million in FY 2019-20 after the budget stabilization factor): The size factor provides additional funding to smaller (lower pupil count) districts that do not have the economies of scale available to larger districts. Staff notes that rural and small rural districts without large overrides may face particularly steep challenges in absorbing a significant increase in the budget stabilization factor. Based on the vulnerability of those districts, staff does not recommend reducing the size factor.

At-risk Funding ($254.5 million in FY 2019-20 after the budget stabilization factor): The formula provides additional funding to students who may be at increased risk of failing or dropping out of school. The formula uses a proxy to estimate the number of at-risk students: the number and concentration of students that are eligible for free lunch and certain English language learners. As discussed above, staff continues to recommend that the Committee and the General Assembly preserve funding dedicated to vulnerable student populations where possible, and staff does not recommend a reduction to this factor.

Cost of Living ($850.6 million in FY 2019-20 after the budget stabilization factor): The cost of living factor provides additional funding for school districts with increased cost of living. At an estimated cost of $850.6 million after the budget stabilization factor (and $1.2 billion before the budget stabilization factor), cost of living is the largest cost driver outside of statewide base per pupil funding and presents the greatest opportunity for potential savings.

Staff notes that school districts with high cost of living are also more likely to have significant mill levy override revenues that could help absorb potential reductions. The following graphic, generated by Legislative Council Staff, shows a correlation between districts' cost of living revenue (COLA) per pupil and mill levy override (MLO) revenue per pupil.



Based on concerns about the ability of many districts to absorb the potential increase in the budget stabilization factor for FY 2020-21, staff recommends that the Committee and the General Assembly consider a reduction to the cost of living factor.

- For illustrative purposes, in FY 2019-20, the factor ranges from 1.013 in Las Animas – Kim to a high of 1.65 in Aspen. Based on estimates provided by Legislative Council Staff, a 5.0 percent reduction in the cost of living factor (applied to the portion the factor above 1.0) would reduce the cost of total program funding by $68.7 million. Each 10.0 percent reduction to the factor would reduce the cost of total program by approximately $136 million.

➔ SCHOOL FINANCE REVENUE OPTION – MILL LEVY OVERRIDES

RECOMMENDATION: Based on an assumption that the current situation will require a large reduction in the state share of total program funding for FY 2020-21, staff recommends that the Committee and the General Assembly also consider including a portion of mill levy override revenues as part of the local share when calculating districts' state share of total program funding.

ANALYSIS: Local mill levy overrides have played an increasingly prominent role in education funding in Colorado, with total override revenues more than doubling from $569.9 million in FY 2008-09 to $1.4 billion in FY 2019-20. However, as the Committee has discussed over the past several years, the increasing reliance on overrides raises concerns about equity in the school finance system.

- While override revenues have allowed many districts to mitigate (and in some cases more than offset) the impact of the budget stabilization factor, raising significant override revenues requires both willing voters and sufficient property wealth to generate those revenues. Thus, even districts with willing voters (but low property wealth) will be unable to raise significant funds without prohibitive increases in mill levies.
- The result is a system where districts with high property wealth and willing voters are able to mitigate the impact of the budget stabilization factor through mill levy overrides but less property wealthy districts (and those with unwilling voters) are less able to mitigate the impact of the budget stabilization factor.
- If voters' willingness to pass overrides were the sole variable determining the amount of revenue available then this could be a clear question of local control, even in the face of increasing fiscal constraints for the state. However, the relationship between local property wealth and the feasibility of raising significant override revenues raises questions about the equity of funding in the current system. The anticipated fiscal challenges for FY 2020-21 and FY 2021-22 will only exacerbate those potential inequities.

Given the magnitude of the fiscal constraints facing the state (and the resulting impact on school districts), staff recommends that the Committee and the General Assembly consider accounting for a portion of local mill levy override revenues as part of the local share. Potential options would include:

- Accounting for a specific percentage of local override revenues (e.g., including 25.0 percent or 50.0 percent of override revenues) in the calculation of each districts' state share.
- Looking at the sum of each district's total program mill levy and the override mill levy and then accounting for override revenues up to some fixed (total) mill levy or until the district's total program is fully locally funded. For example, setting the fixed level at 27.0 mills would only incorporate mill levy override revenues required to reach a total of 27.0 mills. Any override mills above the target would not count toward the districts' local share. Staff contends that this option would improve equity between districts with lower total program mill levies that have enabled increased levels of override funding and districts with higher total program mill levies.

For illustrative purposes, estimates provided by Legislative Council Staff indicate that setting a target of 27.0 mills (for the sum of the total program mill levy and override mill levies) and counting any overrides below the total of 27.0 mills (or full local funding) would add approximately $320 million to the local share of school finance.

- Staff notes that any such change would probably require a phase-in period for districts with total program mill levies well below the target that have significant override revenues. Any provision would also need to account for districts that would reach neither 27.0 mills nor full local funding even if all override revenues were counted as local share. Otherwise, such districts would effectively lose *all* of their override revenues above the level of total program funding.
- Staff also notes that this option would not require a tax increase in any school district, unless that district wanted to pursue additional overrides.

Staff acknowledges likely concerns about local control with respect to this proposal. However, in light of the current revenue challenges facing the system, staff recommends that the General Assembly consider this as an option to improve the equity of the system during the current crisis.

➔ ADDITIONAL BALANCING OPTIONS OUTSIDE OF SCHOOL FINANCE

RECOMMENDATION/OPTION: The "April 23, 2020, Staff Budget Balancing Packet for the Department of Education identified several potential reductions that the Committee could consider to assist with balancing if deeper cuts are required (. Given the relation of the funding to vulnerable students in most of these programs, staff is still not recommending specific reductions at this time. However, depending on the magnitude of reductions required for total program funding as the Committee completes the balancing process, it may wish to consider reductions to these programs as necessary to mitigate the impact on total program.

Given the potential need for stakeholder input on specific reductions to these items, the General Assembly may wish to consider making reductions through the annual school finance bill rather than the Long Bill. In that case, the tradeoffs between the specific streams of funding and total program would be clear within the school finance bill.

ANALYSIS: This section briefly summarizes the options addressed in the original balancing packet. For additional detail, please refer to the original packet.

B.E.S.T. Program (page 28 of the balancing packet)
To date, the Committee has approved a statutory change to reduce appropriations for cash grants under the Building Excellent Schools Today (B.E.S.T.) Program by $60.0 million in FY 2020-21 and a transfer of that amount from the Public School Capital Construction Assistance Fund to the State Public School Fund. In addition, the Committee has approved a statutory change to divert a portion of marijuana excise tax revenues currently credited to the Public School Capital Construction Assistance Fund and instead deposit those revenues to the State Public School Fund (an estimated $43.0 million in FY 2020-21 based on the May 2020 OSPB revenue forecast). That amount would then be available for appropriation in FY 2021-22.

The Department's November 1, 2020, budget request anticipated that the Public School Capital Construction Assistance Fund would end FY 2019-20 with a balance of $366.3 million. Based on the large fund balance, the General Assembly may wish to consider an additional transfer from that fund in FY 2020-21, depending on the final amount required for balancing.

Grant Program Reductions – Counselor Corps and Behavioral Health Care Professionals Matching Grant Programs (page 41 of the balancing packet)

- The Committee has approved a continuation appropriation of $10.0 million cash funds from the State Education Fund for the Counselor Corps Grant Program. According to the Department, the General Assembly could reduce up to $500,000 cash funds for the Counselor Corps program without affecting the existing cohorts of grantees (the reduction would reduce or eliminate funding for the new cohort anticipated in FY 2020-21). Any reduction over that amount would reduce funding currently expected by existing grantees.
- The Committee has approved an appropriation of $11.9 million cash funds from the Marijuana Tax Cash Fund for the Behavioral Health Care Professionals Matching Grant Program, a reduction of $3.0 million below the FY 2019-20 appropriation. The Department reports that the Committee could reduce an additional $6.2 million from the Behavioral Health Care Professionals program without affecting the existing grantees. Any further reduction would affect the existing cohorts.
- Both of these programs have been identified as priorities by external stakeholders. Staff is reluctant to recommend additional reductions to either program, particularly given anticipated challenges with students returning to school and ongoing concerns about health issues. However, the Committee may wish to consider additional reductions based on the size of the anticipated shortfall.

Nutrition Funding - Start Smart and School Lunch Protection (page 41 of the balancing packet)

- The Committee approved continuation levels of funding for the Start Smart Nutrition Program ($900,000 General Fund) and the Child Nutrition School Lunch Protection Program ($2.9 million total funds, including $2.0 million General Fund and $850,731 from the State Education Fund).
- Based on input from stakeholders that nutrition funding continues to place increasing pressure on school district budgets, staff is not recommending a reduction to either program at this time. However, staff also notes that the General Assembly has expanded the Child Nutrition School Lunch Protection Program multiple times in recent years (now including students from pre-K through grade 12). The Committee may wish to consider scaling back that program in order to make resources available for school finance.

Non-categorical English Language Learner Funding (page 43)

- The Committee has approved the elimination of funding for the English Language Proficiency Act Excellence Awards Program for FY 2020-21, a reduction of $500,000 cash funds from the State Education Fund below the FY 2019-20 appropriation.
- The Committee has approved a continuation appropriation of $27.0 million cash funds from the State Education Fund for the English Language Learners Professional Development and Student Support Program.
- As these funds are directly tied a vulnerable population of students, staff remains reluctant to recommend a reduction to this line item. However, unlike the English Language Proficiency Program categorical funding, these amounts are available for reduction. Staff also recognizes that

part of the intention of creating these programs outside of the categorical program (in addition to avoiding mandatory inflationary increases) was presumably to allow for reductions if required.

Early Literacy Program Funding – Requires Statutory Change (page 44)

- The Committee approved continuation levels of funding for the variety of early literacy programs for FY 2020-21 (a total of $42.4 million, including $34.0 million from the Early Literacy Fund, $5.4 million from the Marijuana Tax Cash Fund, and $3.0 million from the State Education Fund).
- Particularly given concerns about the vulnerable students served (those with significant reading deficiencies) and anticipated challenges with students returning to school, staff is still not recommending reductions to this program at this time. If the Committee needs to make reductions in this area, then staff would recommend eliminating the $500,000 associated with the Early Literacy Public Information Campaign before making reductions to other items.