DEPARTMENT OF EDUCATION
FY 2017-18 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 16, 2016
9:00 am – 12:00 pm

9:00-9:20   INTRODUCTIONS AND OPENING COMMENTS

9:20-9:40   HUMAN RESOURCES AND PERSONNEL MANAGEMENT
[Background Information: The issue brief beginning on page 39 of the JBC Staff Briefing Document discusses the Department's use of classified and at-will staff, including the conversion of previously-classified positions to at-will status.]

1   Please discuss the Department's response to the concerns raised by the Joint Budget Committee Staff. Does the Department believe that this is an issue that needs to be corrected? Why or why not? If so, how does the Department propose to correct it?

2   Please discuss the Department's interactions with the Department of Personnel related to classified and at-will staff. Does the Department of Personnel have oversight of the Department's personnel practices? Has the Department discussed the use of classified and at-will staff with the Department of Personnel?

3   Please discuss the role of the State Board of Education in the oversight of the Department's personnel management policies and practices. How does the State Board exercise that oversight?

9:40-10:30   SCHOOL FINANCE

4   Please describe how the Department sets total compensation policies for at-will employees. How do the Department and the State Board set the salary schedule and other aspects of total compensation for at-will staff?

5   Please discuss the amount available for the school finance formula "factors" under the Governor's request for FY 2017-18. How much of the proposed budget would be dedicated to statewide base per pupil funding? How much would be available for the factors?

6   Does the Department have final data for pupil counts, at-risk pupil counts, the local share of revenues, etc., for FY 2016-17? If so, were the estimates supporting the current FY 2016-17 appropriation close to the actual data? Should the General Assembly anticipate a significant mid-year adjustment request for school finance? Please explain.

7   Looking at mill levy overrides in FY 2016-17, how many school districts in Colorado have offset the entire impact of the negative factor with mill levy overrides? Please provide a list of districts and the value of each district's overrides relative to the district's negative factor reduction in the current year.

8   Is there a correlation between cost of living and districts' mill levy overrides? Please explain.

9   Please discuss the impact of tax increment financing (TIF) on the state share of districts' total program funding. How much potential local share revenue is the State backfilling as a result of the use of TIF? Please provide data by school district, if possible.

10   If the State chose to reinstitute a uniform mill levy to support the local share of districts' total program funding, could school districts that are currently collecting mill levy override revenues repurpose the override revenues to cover some or all of the potential increase in mill levies? If so, please explain how that would happen. If not, please explain why not.

11   Please discuss the amount of funding dedicated to full-time on-line students. How many students in Colorado are attending full-time on-line schools? How many students are attending multi-district schools? How many are attending single district schools? Please explain and please provide data for the most recent year for which counts and cost information are available.

10:30-10:45   BREAK

10:45-11:15   FY 2017-18 PRIORITIZED DECISION ITEMS OTHER THAN SCHOOL FINANCE

Request R4 – Standards Revision

12   Please discuss the Department's proposed process to review and revise the statewide academic standards. For example, please provide additional detail on how you plan to spend the $155,840 proposed for stakeholder committees. How does the Department plan to select participants for the stakeholder committees? How will the stakeholder committee process work?

Request R5 – Legal Services Increase and Accountability

13   The department's request highlights the impact of the five-year clock under the State's accountability system as one of the drivers of the need for increased legal services. Please provide detail on the schools and school districts currently on the five-year clock, including those that are expected to be at the end of the five-year clock this year.

Request R7 – School Health Professionals Grant Program

14   The Department is requesting an increase of $9.7 million cash funds from the Marijuana Tax Cash Fund to expand the School Health Professionals Grant Program. Please discuss how this program and the request interacts with the need for day treatment facilities for students.

15   Please discuss the Department's work (if any) with the Department of Health Care Policy and Financing (HCPF) related to Medicaid ACC 2.0 to incorporate mental health care into school health services. Is the Department working with HCPF on these issues?

16   Please provide additional detail on the Department's planned expenditures under this request. How are schools and school districts using the funds?

11:15-11:25   FEDERAL EVERY STUDENT SUCCEEDS ACT

17   Please discuss the anticipated impact of the federal Every Student Succeeds Act of 2016. For example, please discuss the potential budgetary impact of any changes that the Department or the State Board is considering related to the statewide assessment and/or accountability systems.

18   The Every Student Succeeds Act authorizes a new Innovative Assessment and Accountability Demonstration Program. Is the State planning to apply to participate in the demonstration program? If not, why is the Department not planning to apply?

11:25-11:30 PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND TRANSFER REQUEST

19   The Governor's FY 2017-18 budget transmittal letter proposes to transfer $15.0 million from the Public School Capital Construction Assistance Fund (which supports the Building Excellent Schools Today program) to the State Public School Fund and then appropriating those funds to offset a $15.0 million reduction in the General Fund appropriation for the state share of districts' total program funding. The transmittal letter refers to marijuana excise tax revenues deposited into the Public School Capital Construction Assistance Fund when discussing the proposed transfer. Is this request proposing to transfer marijuana excise tax revenues? If so, does that raise constitutional concerns? Please explain.

11:30-12:00   COLORADO SCHOOL FOR THE DEAF AND THE BLIND – OPEN DISCUSSION

The Committee did not have specific questions for the School for the Deaf and the Blind.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1   Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented.   Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

2   If the Department receives federal funds of any type, please respond to the following:
    a. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.
    b. Is the Department expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?

3   Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016 (link below)? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?

    http://leg.colorado.gov/sites/default/files/documents/audits/1667s_annual_report_-_status_of_outstanding_recommendations_1.pdf

4   Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have any indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?

5   Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?

6   For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate these reversions occurring? How much and in which fund sources do you anticipate the reversion being?

7   [Background Information: For FY 2017-18, the Department of Law has submitted a request to change the calculation of legal services appropriations as well as the monthly billing system for legal services provided to state agencies. Specifically, the proposal would: 1) calculate the number of budgeted legal services hours for each agency as the average of actual usage in the prior three years; 2) include a two-year average of "additional litigation costs" such as court reporting, travel for depositions, expert witness costs, etc., in the appropriation for legal services (these costs are

not currently included in the appropriation and are often absorbed from other personal services and operating expenses line items); and 3) convert from monthly billing based on the actual hours of service provided to monthly billing based on twelve equal installments to fully spend each client agency's appropriation.]

Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

8   What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.

9   Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology?

10   Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?

11   Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

12   What has the department done to decrease red tape and make the department more navigable/easy to access?

13   What is the number one customer service complaint the department receives? What is the department doing to address it?

Joint Budget Committee Hearing

Department of Education

December 16, 2016

DEPARTMENT OF EDUCATION
FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 16, 2016
9:00 a.m. – 12:00 p.m.

9:00-9:20   INTRODUCTIONS AND OPENING COMMENTS

9:20-9:40   **Human Resources and Personnel Management**

[Background information: The issue brief beginning on page 39 of the JBC Staff Briefing Document discusses the Department's use of classified and at-will staff, including the conversion of previously-classified positions to at-will status.]

1. *Please discuss the Department's response to the concerns raised by the Joint Budget Committee Staff. Does the Department believe that this is an issue that needs to be corrected? Why or why not? If so, how does the Department propose to correct it?*

   Response:

   The Department has reviewed the analysis by the Joint Budget Committee staff member and is committed to engaging the Attorney General's (AG) office in a review of the classification of positions that may be in question within the department. If it is determined that corrections are needed, the Department will work the AG's Office and Department of Personnel and Administration to take appropriate steps to address position classifications.

2. *Please discuss the Department's interactions with the Department of Personnel related to classified and at-will staff. Does the Department of Personnel have oversight of the Department's personnel practices? Has the Department discussed the use of classified and at-will staff with the Department of Personnel?*

   Response:

   The Department works closely with the Department of Personnel (DPA) on a wide range of statewide human resource initiatives impacting both classified and at-will staff. Examples include the Kronos implementation project, Human Resource Information System (HRIS) request for proposal, and the General Professional Deconsolidation.

   DPA has access to all Department employee data through the Colorado Personnel Payroll System (CPPS). In addition, the Department has provided DPA with at-will leave policies and confers regularly with their staff regarding state policies and compliance under the Fair Labor Standards Act, Family Medical Leave Act, Worker's Compensation and Risk Management. DPA acts as a resource to the Department and provides consulting services related to personnel practices and CPPS system administration. DPA also requires monthly reports relating to Affordable Care Act compliance. The Department participates in annual DPA Performance Management audits and provides other reports, as requested.

The Department participates in a monthly Human Resource Director meeting that is hosted by DPA. Oftentimes, policies or practices related to at-will and classified staff are discussed. These meetings are beneficial communication avenues across state agencies. In addition, the Department participates in trainings related to benefits, safety and risk management.

3. *Please discuss the role of the State Board of Education in the oversight of the Department's personnel management policies and practices. How does the State Board exercise that oversight?*

Response:

One of the State Board's responsibilities is to ensure that the Department provides high quality support to the state's 178 school districts on the implementation of significant and complex education laws in the last several years. The State Board is tasked with hiring a Commissioner of Education for the management and oversight of the Department. The State Board holds the Commissioner accountable for this management and oversight and sets high expectations for the quality of support provided to districts. In addition, the State Board is required to adopt a salary schedule for the staff of the department.

As pointed out in the JBC briefing document, the State Board last approved a salary schedule in 2006/2007. The members of the State Board and administration of the Department has changed substantially since that time, so the State Board will review and approve an updated salary schedule by February 28, 2017.

4. *Please describe how the Department sets total compensation policies for at-will employees. How do the Department and State Board set the salary schedule and other aspects of total compensation for at-will staff?*

Response:

The State Board last approved a salary schedule in 2006/2007. In 2011/2012, Department administration updated the schedule. The State Board will review and approve an updated salary schedule by February 28, 2017.

Policies for other aspects of total compensation such as vacation and sick leave accruals were set by prior administrations. For instance, the existing vacation policy was established in July, 2000. As part of their total compensation package, at-will staff are eligible to receive the same Health and PERA Benefits provided to classified employees. At-will staff are eligible to receive any across-the-board increase, as defined by the annual Long Bill. The Department applies the same merit increase matrix to classified and at-will staff, according to performance ratings.

In fall of 2016, Department administration including cabinet members developed compensation guidelines for use in hiring and reviewing salaries. These are outlined below:

Compensation Guidelines
It is CDE's goal to apply consistent compensation practices across the organization. In making compensation decisions, several considerations are critical: Budget and specific source of funds; the ability to attract and retain quality staff; salaries received by others similarly situated; individual skill sets and competencies related to the specific job; and overall value to the organization.

- New hires should normally be hired at or below the mid-point of the posted salary range to assure fairness and avoid salary range compression, where employees with longer service in the position are paid less than new hires over time.
- A simplified Replacement Requisition can now be utilized when a replacement will be hired at the same or lower salary and account codes/percentages will remain the same.
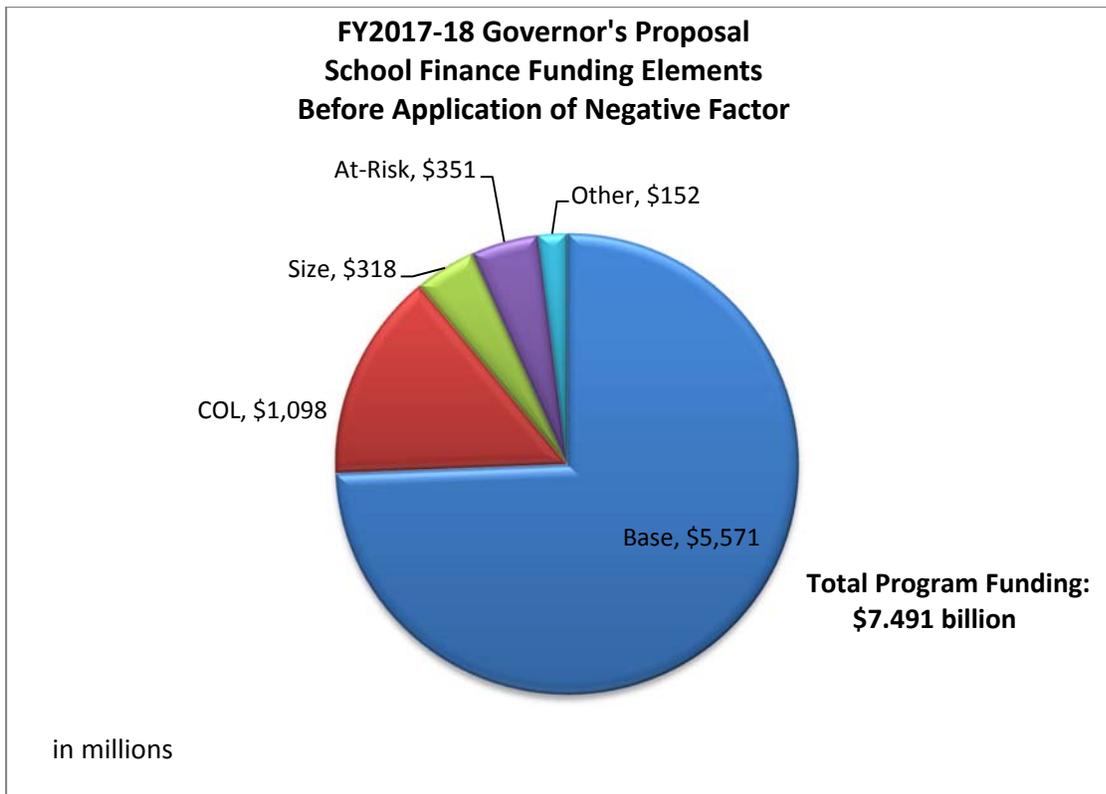
Salary Increases
- Since there are no available funds for salary increases in 2016-17, any adjustments will need to come from existing funds which will lessen the amounts for other priorities in the unit. Since some units cannot "afford" increases whereas others may have more available funds, any increases must be approved by the Budget Office, Human Resources, and the Commissioner taking into account all variables regarding any potential increases.
- Prior to the increase being approved, the unit must provide information as to how the increase will be paid and how it will be sustainable. For example, it would be helpful to identify other costs that will be eliminated such as contracts that were paid in the prior year, but will not be renewed going forward.
- ATB/Merit increases approved by the legislature through a Long Bill appropriation shall be effective July 1 of the following fiscal year.
- Salary increases, reallocations and promotions beyond approved ATB/Merit will be considered twice a year through a formal written justification and approval process. HR will compile proposed salary increases and manager justifications into a spreadsheet to be reviewed and approved by Budget, Finance, Human Resources and the Commissioner. This process will be completed in conjunction with the performance cycle as follows:
  - Following completion of mid-year reviews with an effective date of January 1
  - Following year-end reviews with an effective date of July 1
- Salary adjustments within an existing job title should be no more than 10%, with the determination based upon level of increased responsibility, apparent inequities across the organization, exceptional performance and achievement and/or other significant justifications.
- Only one salary adjustment beyond regular ATB/Merit should be considered for an individual in any 12-month period.
- Exceptions to these Compensation Guidelines, including off-cycle salary increases will be considered only in rare circumstances and must be approved by the Budget Office, Human Resources and the Commissioner.

9:40-10:30   School Finance

5. *Please discuss the amount available for the school finance formula "factors" under the Governor's request for FY 2017-18. How much of the proposed budget would be dedicated to statewide base per pupil funding? How much would be available for the factors?*

<u>**Response:**</u>

The school finance formula factors include a cost of living (COL) factor, size factor, at-risk funding, on-line funding, ASCENT funding, and minimum formula funding. Base funding is 74.6 percent and factors comprise 24.4 percent of the Governor's FY2017-18 request prior to application of the negative factor. After the negative factor, base funding is 84.2 percent and factors comprise 15.8 percent of the request. The following charts illustrate these amounts.
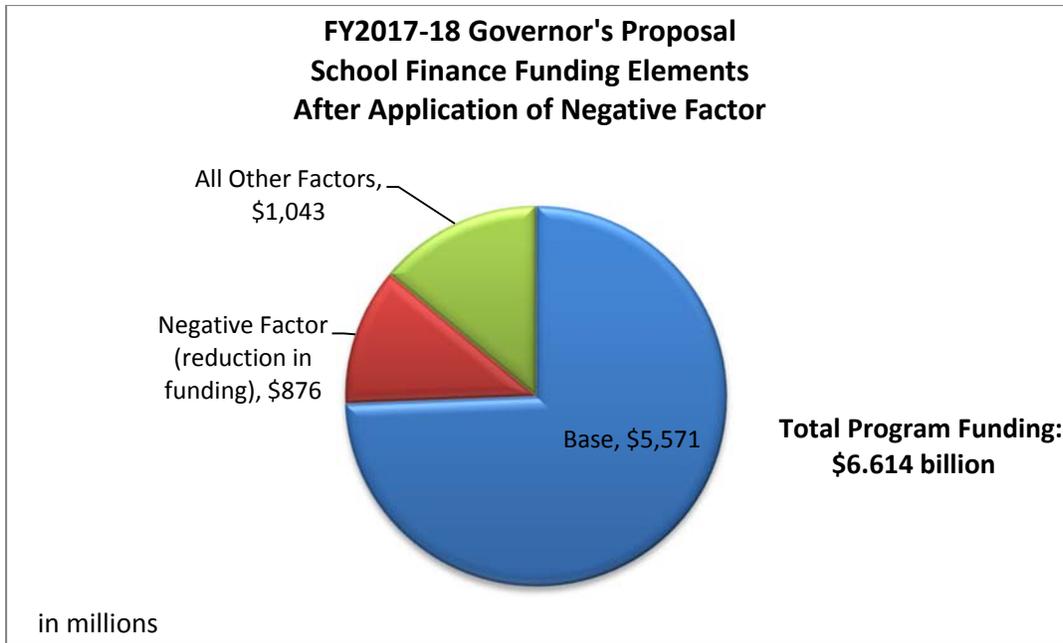
FY2017-18 Governor's Proposal
School Finance Funding Elements
Before Application of Negative Factor

At-Risk, $351
Other, $152
Size, $318
COL, $1,098
Base, $5,571

Total Program Funding:
$7.491 billion

in millions

**FY2017-18 Governor's Proposal
School Finance Funding Elements
After Application of Negative Factor**

All Other Factors,
$1,043

Negative Factor
(reduction in
funding), $876

Base, $5,571

**Total Program Funding:
$6.614 billion**

in millions

6. *Does the Department have final data for pupil counts, at-risk pupil counts, the local share of revenues, etc., for FY 2016-17? If so, were the estimates supporting the current FY 2016-17 appropriation close to the actual data? Should the General Assembly anticipate a significant mid-year adjustment request for school finance? Please explain.*

Response:

The Department is in the process of finalizing the data for the 2016 Student October counts and FY 2016-17 local share of revenues. While the data may change slightly, the table below illustrates the currently available data. Initial data indicates the pupil count estimate was higher than the actual, therefore decreasing the total program estimates. By keeping the negative factor the same as the appropriation, the total decrease is $28.7 million. The local share is estimated to be declining by $23.1 million and the state share under this scenario would decrease by $5.6 million.

K-12 Total Program	FY 2016-17 Original Appropriation	FY 2016-17 Total Revised Request	FY 2016-17 Requested Supplemental Appropriation
At-risk Funded Count	311,413	305,401	(6,012)
ASCENT Pupil Count	550	550	0.0
Funded Pupil Count	861,441	858,974	(2,468)
Average Per-pupil Funding Before Negative Factor	8,388.98	8,379.69	(9.29)
Base Per-pupil Funding	6,367.90	6,367.90	0.00
Total Program Funding Before Application of Negative Factor	**7,226,612,607**	**7,197,933,175**	**(28,679,432)**
Total Program Funding Before Application of Negative Factor	**7,226,612,607**	**7,197,933,175**	**(28,679,432)**
Negative Factor (minus)	(830,702,393)	(830,702,393)	0
Total Revised Total Program Funding	**6,395,910,214**	**6,367,230,782**	**(28,679,432)**
Funding Sources of Local Share:			
Property Taxes	2,121,309,958	2,089,992,803	(31,317,155)
Specific Ownership Taxes	159,472,751	167,712,885	8,240,134
TOTAL LOCAL SHARE	**2,280,782,709**	**2,257,705,688**	**(23,077,021)**
TOTAL STATE SHARE	**4,115,127,505**	**4,109,525,094**	**(5,602,411)**
Average Per Pupil Funding After Negative Factor	**7,424.66**	**7,412.60**	**(12.06)**

7. *Looking at mill levy overrides in FY 2016-17, how many school districts in Colorado have offset the entire impact of the negative factor with mill levy overrides? Please provide a list of districts and the value of each district's overrides relative to the district's negative factor reduction in the current year.*

Response:

Of the 178 districts, 119 have mill levy overrides and 59 do not. In FY 2016-17, 62 districts have mill levy overrides which exceed the amount of their negative factor as appropriated. The listing below illustrates these amounts.

County	District	Total Voter Approved Override	Current Negative Factor per Appropriation	Difference	Voter Approved Overrides Passed November 2016
ADAMS	MAPLETON 1	$ 5,884,050	$ (8,044,077)	$ (2,160,027)	$ 1,000,000
ADAMS	ADAMS 12 FIVE STAR SCHOOLS	35,400,000	(39,961,598)	(4,561,598)	
ADAMS	ADAMS COUNTY 14	4,890,000	(8,151,629)	(3,261,629)	
ADAMS	SCHOOL DISTRICT 27J	750,000	(16,069,134)	(15,319,134)	
ADAMS	BENNETT 29J	-	(1,030,255)	(1,030,255)	
ADAMS	STRASBURG 31J	300,000	(960,086)	(660,086)	
ADAMS	WESTMINSTER 50	8,363,712	(10,518,829)	(2,155,117)	
ALAMOSA	ALAMOSA RE-11J	-	(2,163,538)	(2,163,538)	
ALAMOSA	SANGRE DE CRISTO RE-22J	-	(381,449)	(381,449)	
ARAPAHOE	ENGLEWOOD 1	6,155,850	(2,695,227)	3,460,623	1,500,000
ARAPAHOE	SHERIDAN 2	1,000,000	(1,596,232)	(596,232)	
ARAPAHOE	CHERRY CREEK 5	108,504,511	(50,024,515)	58,479,996	23,900,000
ARAPAHOE	LITTLETON 6	28,813,581	(13,741,167)	15,072,414	
ARAPAHOE	DEER TRAIL 26J	6,508	(306,746)	(300,238)	
ARAPAHOE	ADAMS-ARAPAHOE 28J	42,699,062	(40,152,794)	2,546,268	
ARAPAHOE	BYERS 32J	150,000	(2,704,301)	(2,554,301)	
ARCHULETA	ARCHULETA COUNTY 50 JT	-	(1,492,229)	(1,492,229)	
BACA	WALSH RE-1	290,180	(241,385)	48,795	
BACA	PRITCHETT RE-3	100,000	(98,044)	1,956	
BACA	SPRINGFIELD RE-4	-	(365,297)	(365,297)	
BACA	VILAS RE-5	-	(98,066)	(98,066)	
BACA	CAMPO RE-6	154,646	(95,958)	58,688	
BENT	LAS ANIMAS RE-1	-	(1,086,487)	(1,086,487)	
BENT	MC CLAVE RE-2	125,783	(327,567)	(201,784)	
BOULDER	ST VRAIN VALLEY RE 1J	39,524,340	(28,246,337)	11,278,003	
BOULDER	BOULDER VALLEY RE 2	67,112,523	(28,469,363)	38,643,160	
CHAFFEE	BUENA VISTA R-31	2,044,227	(905,463)	1,138,764	
CHAFFEE	SALIDA R-32	2,497,712	(1,184,228)	1,313,484	
CHEYENNE	KIT CARSON R-1	393,410	(207,537)	185,873	
CHEYENNE	CHEYENNE COUNTY RE-5	726,898	(282,426)	444,471	
CLEAR CREEK	CLEAR CREEK RE-1	1,839,046	(641,210)	1,197,836	
CONEJOS	NORTH CONEJOS RE-1J	189,856	(952,073)	(762,217)	
CONEJOS	SANFORD 6J	-	(436,111)	(436,111)	
CONEJOS	SOUTH CONEJOS RE-10	-	(329,940)	(329,940)	
COSTILLA	CENTENNIAL R-1	-	(330,827)	(330,827)	
COSTILLA	SIERRA GRANDE R-30	330,575	(375,244)	(44,669)	
CROWLEY	CROWLEY COUNTY RE-1-J	-	(488,299)	(488,299)	
CUSTER	CUSTER COUNTY SCHOOL DISTRICT C-1	-	(436,462)	(436,462)	
DELTA	DELTA COUNTY 50(J)	-	(4,484,578)	(4,484,578)	
DENVER	DENVER COUNTY 1	201,721,314	(86,492,941)	115,228,373	56,600,000
DOLORES	DOLORES COUNTY RE NO.2	350,000	(365,918)	(15,918)	
DOUGLAS	DOUGLAS COUNTY RE 1	33,713,000	(59,963,979)	(26,250,979)	
EAGLE	EAGLE COUNTY RE 50	16,061,631	(6,902,949)	9,158,682	

County	District	Total Voter Approved Override	Current Negative Factor per Appropriation	Difference	Voter Approved Overrides Passed November 2016
ELBERT	ELIZABETH C-1	-	(2,272,689)	(2,272,689)	
ELBERT	KIOWA C-2	-	(389,435)	(389,435)	
ELBERT	BIG SANDY 100J	-	(387,591)	(387,591)	
ELBERT	ELBERT 200	-	(325,165)	(325,165)	
ELBERT	AGATE 300	-	(101,263)	(101,263)	
EL PASO	CALHAN RJ-1	-	(564,797)	(564,797)	
EL PASO	HARRISON 2	5,750,000	(11,358,949)	(5,608,949)	
EL PASO	WIDEFIELD 3	3,950,000	(8,263,055)	(4,313,055)	
EL PASO	FOUNTAIN 8	700,000	(7,051,364)	(6,351,364)	
EL PASO	COLORADO SPRINGS 11	30,398,822	(28,660,770)	1,738,052	
EL PASO	CHEYENNE MOUNTAIN 12	5,902,714	(4,543,783)	1,358,931	
EL PASO	MANITOU SPRINGS 14	3,700,000	(1,403,188)	2,296,812	
EL PASO	ACADEMY 20	26,750,862	(22,157,660)	4,593,202	
EL PASO	ELLICOTT 22	-	(1,008,474)	(1,008,474)	
EL PASO	PEYTON 23 JT	-	(677,399)	(677,399)	
EL PASO	HANOVER 28	-	(369,903)	(369,903)	
EL PASO	LEWIS-PALMER 38	4,000,000	(5,661,410)	(1,661,410)	
EL PASO	FALCON 49	10,800,000	(20,011,357)	(9,211,357)	3,300,000
EL PASO	EDISON 54 JT	-	(307,010)	(307,010)	
EL PASO	MIAMI/YODER 60 JT	40,575	(371,219)	(330,643)	
FREMONT	CANON CITY RE-1	-	(3,392,598)	(3,392,598)	
FREMONT	FREMONT RE-2	350,000	(1,337,791)	(987,791)	
FREMONT	COTOPAXI RE-3	110,000	(308,811)	(198,811)	
GARFIELD	ROARING FORK RE-1	8,800,000	(5,960,212)	2,839,788	
GARFIELD	GARFIELD RE-2	4,300,000	(4,476,293)	(176,293)	
GARFIELD	GARFIELD 16	2,167,002	(1,131,471)	1,035,531	
GILPIN	GILPIN COUNTY RE-1	980,488	(483,982)	496,506	
GRAND	WEST GRAND 1-JT	550,000	(507,272)	42,728	
GRAND	EAST GRAND 2	2,114,126	(1,205,872)	908,253	
GUNNISON	GUNNISON WATERSHED RE1J	3,800,000	(1,873,214)	1,926,786	
HINSDALE	HINSDALE COUNTY RE 1	-	(195,686)	(195,686)	
HUERFANO	HUERFANO RE-1	322,000	(563,741)	(241,741)	322,000
HUERFANO	LA VETA RE-2	-	(311,829)	(311,829)	
JACKSON	NORTH PARK R-1	-	(296,143)	(296,143)	
JEFFERSON	JEFFERSON COUNTY R-1	113,302,585	(76,757,273)	36,545,312	
KIOWA	EADS RE-1	-	(269,997)	(269,997)	
KIOWA	PLAINVIEW RE-2	64,538	(120,778)	(56,240)	
KIT CARSON	ARRIBA-FLAGLER C-20	-	(276,390)	(276,390)	
KIT CARSON	HI-PLAINS R-23	139,360	(182,969)	(43,609)	
KIT CARSON	STRATTON R-4	119,200	(286,320)	(167,120)	
KIT CARSON	BETHUNE R-5	-	(204,655)	(204,655)	
KIT CARSON	BURLINGTON RE-6J	270,068	(706,485)	(436,417)	
LAKE	LAKE COUNTY R-1	667,783	(1,010,733)	(342,950)	
LA PLATA	DURANGO 9-R	9,921,262	(5,031,475)	4,889,787	1,700,000
LA PLATA	BAYFIELD 10 JT-R	2,202,278	(1,324,242)	878,035	
LA PLATA	IGNACIO 11 JT	1,100,000	(894,142)	205,858	
LARIMER	POUDRE R-1	35,012,147	(27,058,170)	7,953,977	
LARIMER	THOMPSON R2-J	14,040,000	(14,021,876)	18,124	
LARIMER	ESTES PARK R-3	1,921,000	(1,088,678)	832,322	
LAS ANIMAS	TRINIDAD 1	-	(1,129,857)	(1,129,857)	
LAS ANIMAS	PRIMERO REORGANIZED 2	428,695	(299,977)	128,718	
LAS ANIMAS	HOEHNE REORGANIZED 3	-	(421,098)	(421,098)	
LAS ANIMAS	AGUILAR REORGANIZED 6	29,636	(205,922)	(176,286)	
LAS ANIMAS	BRANSON REORGANIZED 82	205,000	(412,814)	(207,814)	
LAS ANIMAS	KIM REORGANIZED 88	199,998	(91,927)	108,071	

| County	District	Total Voter Approved Override	Current Negative Factor per Appropriation	Difference	Voter Approved Overrides Passed November 2016
LINCOLN	GENOA-HUGO C113	-	(264,082)	(264,082)	
LINCOLN	LIMON RE-4J	-	(512,467)	(512,467)	
LINCOLN	KARVAL RE-23	-	(97,848)	(97,848)	
LOGAN	VALLEY RE-1	500,000	(1,996,119)	(1,496,119)	
LOGAN	FRENCHMAN RE-3	18,623	(291,983)	(273,361)	
LOGAN	BUFFALO RE-4J	-	(391,937)	(391,937)	
LOGAN	PLATEAU RE-5	481,496	(272,083)	209,414	
MESA	DE BEQUE 49JT	5,222	(282,466)	(277,244)	
MESA	PLATEAU VALLEY 50	350,000	(480,471)	(130,471)	
MESA	MESA COUNTY VALLEY 51	8,702,821	(20,133,670)	(11,430,849)	
MINERAL	CREEDE SCHOOL DISTRICT	70,000	(161,032)	(91,032)	
MOFFAT	MOFFAT COUNTY RE:NO 1	2,177,847	(1,913,370)	264,477	
MONTEZUMA	MONTEZUMA-CORTEZ RE-1	-	(2,562,246)	(2,562,246)	
MONTEZUMA	DOLORES RE-4A	390,000	(721,437)	(331,437)	
MONTEZUMA	MANCOS RE-6	333,800	(502,899)	(169,099)	
MONTROSE	MONTROSE COUNTY RE-1J	-	(5,623,154)	(5,623,154)	
MONTROSE	WEST END RE-2	248,000	(418,136)	(170,136)	
MORGAN	BRUSH RE-2(J)	2,400,000	(1,475,651)	924,349	2,000,000
MORGAN	FORT MORGAN RE-3	550,000	(2,953,367)	(2,403,367)	
MORGAN	WELDON VALLEY RE-20(J)	9,618	(335,770)	(326,152)	
MORGAN	WIGGINS RE-50(J)	-	(413,373)	(413,373)	
OTERO	EAST OTERO R-1	-	(1,376,649)	(1,376,649)	
OTERO	ROCKY FORD R-2	-	(855,870)	(855,870)	
OTERO	MANZANOLA 3J	-	(235,650)	(235,650)	
OTERO	FOWLER R-4J	-	(455,874)	(455,874)	
OTERO	CHERAW 31	-	(312,575)	(312,575)	
OTERO	SWINK 33	15,862	(429,156)	(413,294)	
OURAY	OURAY R-1	155,000	(319,397)	(164,397)	
OURAY	RIDGWAY R-2	555,853	(444,027)	111,826	
PARK	PLATTE CANYON 1	629,488	(984,003)	(354,515)	
PARK	PARK COUNTY RE-2	757,953	(664,924)	93,029	
PHILLIPS	HOLYOKE RE-1J	537,054	(598,260)	(61,206)	
PHILLIPS	HAXTUN RE-2J	-	(359,965)	(359,965)	
PITKIN	ASPEN 1	5,606,942	(2,082,992)	3,523,950	
PROWERS	GRANADA RE-1	-	(298,402)	(298,402)	
PROWERS	LAMAR RE-2	-	(1,473,237)	(1,473,237)	
PROWERS	HOLLY RE-3	-	(353,704)	(353,704)	
PROWERS	WILEY RE-13 JT	-	(330,210)	(330,210)	
PUEBLO	PUEBLO CITY 60	-	(16,197,540)	(16,197,540)	
PUEBLO	PUEBLO COUNTY 70	-	(8,500,910)	(8,500,910)	
RIO BLANCO	MEEKER RE1	404,670	(662,254)	(257,584)	
RIO BLANCO	RANGELY RE-4	671,263	(499,719)	171,544	
RIO GRANDE	DEL NORTE C-7	832,600	(484,480)	348,120	
RIO GRANDE	MONTE VISTA C-8	195,000	(1,113,684)	(918,684)	
RIO GRANDE	SARGENT RE-33J	75,000	(453,589)	(378,589)	
ROUTT	HAYDEN RE-1	905,473	(473,683)	431,790	
ROUTT	STEAMBOAT SPRINGS RE-2	2,637,161	(2,482,456)	154,705	
ROUTT	SOUTH ROUTT RE 3	914,457	(456,200)	458,257	
SAGUACHE	MOUNTAIN VALLEY RE 1	-	(224,850)	(224,850)	
SAGUACHE	MOFFAT 2	164,087	(343,937)	(179,850)	
SAGUACHE	CENTER 26 JT	-	(727,662)	(727,662)	
SAN JUAN	SILVERTON 1	19,818	(150,895)	(131,077)	
SAN MIGUEL	TELLURIDE R-1	1,862,824	(1,153,505)	709,319	
SAN MIGUEL	NORWOOD R-2J	436,478	(372,193)	64,284	
SEDGWICK	JULESBURG RE-1	-	(568,259)	(568,259)	
SEDGWICK	REVERE SCHOOL DISTRICT	74,229	(229,077)	(154,848)	
SUMMIT	SUMMIT RE-1	6,162,349	(3,356,664)	2,805,685	

County	District	Total Voter Approved Override	Current Negative Factor per Appropriation	Difference	Voter Approved Overrides Passed November 2016
TELLER	CRIPPLE CREEK-VICTOR RE-1	584,000	(433,293)	150,707	
TELLER	WOODLAND PARK RE-2	1,100,000	(2,208,083)	(1,108,083)	
WASHINGTON	AKRON R-1	-	(433,184)	(433,184)	
WASHINGTON	ARICKAREE R-2	257,823	(185,686)	72,138	
WASHINGTON	OTIS R-3	-	(337,107)	(337,107)	
WASHINGTON	LONE STAR 101	-	(206,047)	(206,047)	
WASHINGTON	WOODLIN R-104	231,953	(174,589)	57,364	
WELD	WELD COUNTY RE-1	3,904,000	(1,804,095)	2,099,905	
WELD	EATON RE-2	1,200,000	(1,750,618)	(550,618)	
WELD	WELD COUNTY SCHOOL DISTRICT RE-3J	4,546,526	(2,087,458)	2,459,068	3,300,000
WELD	WINDSOR RE-4	3,795,350	(5,275,536)	(1,480,186)	3,600,000
WELD	JOHNSTOWN-MILLIKEN RE-5J	500,000	(3,248,712)	(2,748,712)	
WELD	GREELEY 6	-	(20,506,273)	(20,506,273)	
WELD	PLATTE VALLEY RE-7	2,491,537	(1,104,304)	1,387,233	
WELD	WELD COUNTY S/D RE-8	2,675,000	(2,184,498)	490,502	
WELD	AULT-HIGHLAND RE-9	900,000	(863,371)	36,629	
WELD	BRIGGSDALE RE-10	645,553	(277,977)	367,576	
WELD	PRAIRIE RE-11	75,000	(177,946)	(102,946)	
WELD	PAWNEE RE-12	130,000	(118,622)	11,378	
YUMA	YUMA 1	1,194,000	(830,495)	363,505	787,484
YUMA	WRAY RD-2	1,187,484	(676,280)	511,204	
YUMA	IDALIA RJ-3	-	(321,113)	(321,113)	
YUMA	LIBERTY J-4	320,230	(137,425)	182,805	
	TOTAL	$ 970,791,998	$ (830,702,393)	$ 140,089,604	$ 98,009,484

8. *Is there a correlation between cost of living and districts' mill levy overrides? Please explain.*

Response:

According to the chart below, there does not appear to be a clear correlation between districts' cost of living factors and mill levy overrides.

One factor that may have a larger correlation with the passage of the mill levy is the size factor. The second chart illustrates that larger districts are able to pass a mill levy override with more frequency than smaller districts. However, even this comparison does not have a strong correlation.
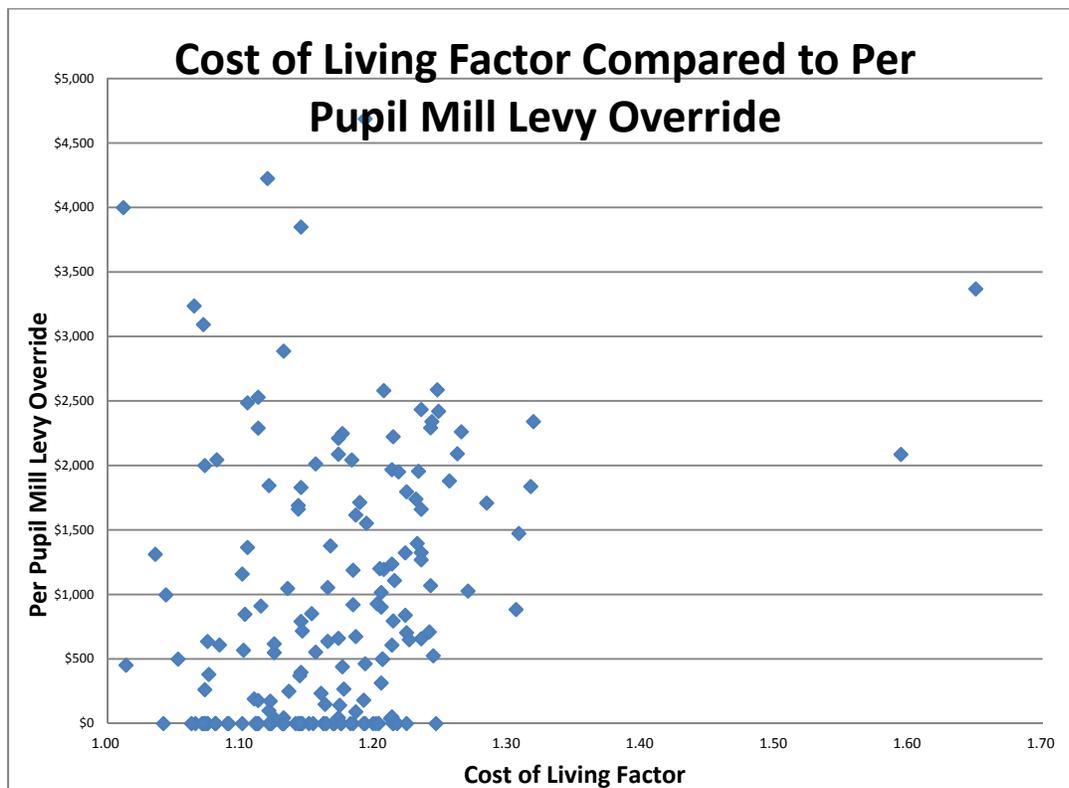
Size Factor Compared to Per-Pupil Mill Levy Override

9. *Please discuss the impact of tax increment financing (TIF) on the state share of districts' total program funding. How much potential local share revenue is the State backfilling as a result of the use of TIF? Please provide data by school district, if possible.*

<u>**Response:**</u>

Please discuss the impact of tax increment financing (TIF) on the state share of districts' total program funding. How much potential local share revenue is the State backfilling as a result of the use of TIF? Please provide data by school district, if possible.

Tax increment financing impacts 41 school districts within Colorado. The property taxes diverted from school districts due to tax increment financing is estimated to be $59.4 million. Assuming that the negative factor is applied to these districts in full, the cost to the State is estimated to be $52.5 million. The table below illustrates these amounts.

County	District	Current Property Taxes Using Net Assessed Value	Projected Property Taxes Using Gross Assessed Value	Tax Increment Finance Impact on Prop Taxes	Negative Factor	Cost to State after Negative Factor
ADAMS	ADAMS 12 FIVE STAR SCHOOLS	$ 57,066,935	$ 61,062,189	$ 3,995,253	$ (461,394)	$ 3,533,859
ADAMS	ADAMS COUNTY 14	15,741,184	15,888,134	146,949	(16,971)	129,979
ADAMS	SCHOOL DISTRICT 27J	26,084,287	26,988,772	904,486	(104,455)	800,031
ADAMS	WESTMINSTER 50	15,486,953	15,665,915	178,962	(20,668)	158,294
ARAPAHOE	SHERIDAN 2	3,473,494	4,030,021	556,527	(64,271)	492,256
ARAPAHOE	CHERRY CREEK 5	118,305,956	119,101,509	795,553	(91,875)	703,678
ARAPAHOE	LITTLETON 6	38,535,916	39,519,554	983,638	(113,596)	870,042
ARAPAHOE	ADAMS-ARAPAHOE 28J	56,561,059	57,315,721	754,662	(87,153)	667,510
BOULDER	ST VRAIN VALLEY RE 1J	74,653,111	76,036,877	1,383,766	(159,805)	1,223,961
BOULDER	BOULDER VALLEY RE 2	146,378,998	147,619,085	1,240,087	(143,212)	1,096,875
DENVER	DENVER COUNTY 1	343,803,644	372,967,560	29,163,916	(3,368,010)	25,795,906
DOUGLAS	DOUGLAS COUNTY RE 1	145,495,150	145,745,097	249,946	(28,865)	221,081
EAGLE	EAGLE COUNTY RE 50	31,831,328	32,947,935	1,116,607	(128,952)	987,655
EL PASO	HARRISON 2	10,314,336	10,314,486	151	(17)	133
EL PASO	WIDEFIELD 3	7,545,407	7,553,045	7,638	(882)	6,756
EL PASO	FOUNTAIN 8	2,819,216	2,845,896	26,680	(3,081)	23,599
EL PASO	COLORADO SPRINGS 11	57,597,386	57,662,302	64,916	(7,497)	57,419
EL PASO	MANITOU SPRINGS 14	2,671,170	2,690,008	18,838	(2,176)	16,663
EL PASO	ACADEMY 20	39,172,065	39,572,401	400,336	(46,233)	354,103
GARFIELD	ROARING FORK RE-1	22,360,894	22,378,113	17,219	(1,989)	15,230
GARFIELD	GARFIELD RE-2	3,459,046	3,466,009	6,963	(804)	6,159
GUNNISON	GUNNISON WATERSHED RE1J	7,970,663	8,121,739	151,076	(17,447)	133,629
JEFFERSON	JEFFERSON COUNTY R-1	215,483,417	221,049,750	5,566,333	(642,831)	4,923,502
LARIMER	POUDRE R-1	78,983,543	82,488,787	3,505,244	(404,805)	3,100,439
LARIMER	THOMPSON R2-J	35,276,328	37,782,525	2,506,198	(289,430)	2,216,768
LAS ANIMAS	TRINIDAD 1	1,343,593	1,351,080	7,487	(865)	6,622
LAS ANIMAS	HOEHNE REORGANIZED 3	1,001,238	1,002,926	1,687	(195)	1,492
LOGAN	VALLEY RE-1	5,205,961	5,440,957	234,996	(27,139)	207,858
MESA	MESA COUNTY VALLEY 51	40,374,182	40,850,133	475,951	(54,965)	420,985
OTERO	EAST OTERO R-1	1,607,332	1,628,300	20,968	(2,422)	18,547
OTERO	SWINK 33	385,772	391,879	6,108	(705)	5,402
PROWERS	LAMAR RE-2	1,613,412	1,643,910	30,498	(3,522)	26,976
PUEBLO	PUEBLO CITY 60	26,826,844	27,848,597	1,021,753	(117,998)	903,756
PUEBLO	PUEBLO COUNTY 70	18,131,517	18,393,509	261,992	(30,256)	231,736
ROUTT	STEAMBOAT SPRINGS RE-2	8,228,758	8,627,148	398,391	(46,008)	352,382
SUMMIT	SUMMIT RE-1	18,520,246	18,539,242	18,996	(2,194)	16,802
TELLER	WOODLAND PARK RE-2	5,751,076	5,909,756	158,681	(18,325)	140,355
WELD	WELD COUNTY RE-1	5,707,145	5,707,755	610	(70)	540
WELD	WINDSOR RE-4	18,365,266	18,373,029	7,763	(897)	6,867
WELD	GREELEY 6	31,518,029	34,122,151	2,604,122	(300,738)	2,303,384
WELD	WELD COUNTY S/D RE-8	12,774,560	13,149,885	375,325	(43,345)	331,981
	Total	$ 2,089,992,803	$ 2,149,360,074	$ 59,367,271	$ (6,856,060)	$ 52,511,211

Example:
Property Tax Revenue is based on Net Assessed Value

	Net Assessed Value	Gross Assessed Value	Tax Increment Finance Impact
Assessed Value Calculation	$ 2,113,590,203	$ 2,261,562,550	$ 147,972,347
Total Program Mill Levy	27.00	27.00	0.00
Property Tax Revenue	$ 57,066,935	$ 61,062,189	$ 3,995,253
Total Program Funding	$ 346,031,240	$ 346,031,240	$ -
Property Tax Revenue	$ 57,066,935	$ 61,062,189	$ 3,995,253
Specific Ownership Tax Revenue	$ 4,588,758	$ 4,588,758	$ -
State Share	$ 284,375,547	$ 280,380,293	$ (3,995,253)

10. *If the State chose to reinstitute a uniform mill levy to support the local share of districts' total program funding, could school districts that are currently collecting mill levy override revenues repurpose the override revenues to cover some or all of the potential increase in mill levies? If so, please explain how that would happen. If not, please explain why not.*

Response:

This is a very complex legal and policy question that is dependent upon a number of factors. We are very willing to work with the legislature, legislative council and JBC staff in modeling potential outcomes of different policy proposals for any changes to mill levies including one that may be uniform.

A few of the factors, dependencies and questions to consider might be:
- Language of any legislation including any potential future statewide initiatives.
- Existing override provisions that districts are currently operating under.
- Intersections of the Gallagher amendment and assessed values.
- Can total program mills and override mills be combined into one mill levy?
- Can legislation around mill levies change so that they can float up or down with changes in assessed value?

11. *Please discuss the amount of funding dedicated to full-time on-line students. How many students in Colorado are attending full-time on-line schools? How many students are attending multi-district schools? How many are attending single district schools? Please explain and please provide data for the most recent year for which counts and cost information are available.*

Response:

In FY 2016-17, districts have students equal to 18,893.0 funded pupils enrolled in on-line schools. This figure includes full-time and part-time students. Of these, 17,098.5 are in multi-district on-line schools and 1,794.5 are in single-district on-line schools. While students enrolled in single district on-line schools or programs are funded at the per-pupil revenue (PPR) specific to each district, all districts receive the statewide online per-pupil revenue ($6,792.19) for multi-district on-line students. The total funding for on-line students pursuant to the Public School Finance Act is $129.2 million. The table on the following page illustrates these amounts by district.

County	District	Multi-District On-line Pupil Count	On-line Per-Pupil Revenues	Multi-District On-line Pupil Revenues	Single District On-line Pupil Count	District Per-Pupil Revenues	Single District On-line Pupil Revenues	Total Revenues
				FY 2016-17 Revised On-line Counts and Estimated Revenues				
ADAMS	MAPLETON 1	2,366.0	6,792.19	16,070,314	-	7,377.95	-	16,070,314
ADAMS	ADAMS 12 FIVE STAR SCHOOLS	-	6,792.19	-	272.5	7,264.14	1,979,479	1,979,479
ADAMS	ADAMS COUNTY 14	-	6,792.19	-	36.0	7,758.58	279,309	279,309
ADAMS	SCHOOL DISTRICT 27J	-	6,792.19	-	95.5	7,151.82	682,999	682,999
ADAMS	WESTMINSTER 50	-	6,792.19	-	16.0	7,662.10	122,594	122,594
ARAPAHOE	LITTLETON 6	-	6,792.19	-	54.0	7,142.70	385,706	385,706
ARAPAHOE	ADAMS-ARAPAHOE 28J	-	6,792.19	-	161.0	7,701.04	1,239,867	1,239,867
ARAPAHOE	BYERS 32J	2,413.0	6,792.19	16,389,546	-	7,169.93	-	16,389,546
ARCHULETA	ARCHULETA COUNTY 50 JT	2.5	6,792.19	16,980	-	7,452.48	-	16,980
BENT	LAS ANIMAS RE-1	601.0	6,792.19	4,082,104	-	7,494.15	-	4,082,104
BOULDER	ST VRAIN VALLEY RE 1J	-	6,792.19	-	100.0	7,254.52	725,452	725,452
BOULDER	BOULDER VALLEY RE 2	77.0	6,792.19	522,998	-	7,347.75	-	522,998
CLEAR CREEK	CLEAR CREEK RE-1	-	6,792.19	-	1.0	7,935.70	7,936	7,936
CONEJOS	NORTH CONEJOS RE-1J	-	6,792.19	-	19.0	7,311.76	138,923	138,923
DELTA	DELTA COUNTY 50(J)	-	6,792.19	-	7.0	7,197.03	50,379	50,379
DENVER	DENVER COUNTY 1	224.0	6,792.19	1,521,450	-	7,685.75	-	1,521,450
DOUGLAS	DOUGLAS COUNTY RE 1	2,425.0	6,792.19	16,471,053	-	7,151.09	-	16,471,053
EAGLE	EAGLE COUNTY RE 50	-	6,792.19	-	52.0	7,703.90	400,603	400,603
ELBERT	ELBERT 200	1.0	6,792.19	6,792	-	12,268.33	-	6,792
EL PASO	WIDEFIELD 3	-	6,792.19	-	59.5	7,041.49	418,969	418,969
EL PASO	COLORADO SPRINGS 11	247.0	6,792.19	1,677,670	21.0	7,340.26	154,145	1,831,816
EL PASO	ACADEMY 20	665.0	6,792.19	4,516,804	-	7,034.75	-	4,516,804
EL PASO	PEYTON 23 JT	11.0	6,792.19	74,714	-	8,073.86	-	74,714
EL PASO	FALCON 49	6,355.0	6,792.19	43,164,346	-	7,048.89	-	43,164,346
FREMONT	CANON CITY RE-1	-	6,792.19	-	24.0	7,041.80	169,003	169,003
GUNNISON	GUNNISON WATERSHED RE1J	-	6,792.19	-	2.0	7,366.56	14,733	14,733
JEFFERSON	JEFFERSON COUNTY R-1	279.5	6,792.19	1,898,416	21.0	7,241.86	152,079	2,050,495
LA PLATA	DURANGO 9-R	322.5	6,792.19	2,190,480	-	7,307.58	-	2,190,480
LA PLATA	BAYFIELD 10 JT-R	7.5	6,792.19	50,941	-	7,648.94	-	50,941
LARIMER	POUDRE R-1	191.0	6,792.19	1,297,308	-	7,039.82	-	1,297,308
LARIMER	THOMPSON R2-J	-	6,792.19	-	43.0	7,041.36	302,779	302,779
LAS ANIMAS	BRANSON REORGANIZED 82	387.5	6,792.19	2,631,972	-	6,981.18	-	2,631,972
LOGAN	VALLEY RE-1	-	6,792.19	-	17.0	7,151.16	121,570	121,570
MESA	MESA COUNTY VALLEY 51	-	6,792.19	-	256.5	7,041.58	1,806,165	1,806,165
MONTEZUMA	MONTEZUMA-CORTEZ RE-1	2.0	6,792.19	13,584	-	7,221.52	-	13,584
MONTEZUMA	DOLORES RE-4A	6.5	6,792.19	44,149	-	7,841.00	-	44,149
MONTROSE	MONTROSE COUNTY RE-1J	-	6,792.19	-	215.0	7,319.43	1,573,678	1,573,678
OTERO	EAST OTERO R-1	-	6,792.19	-	1.0	7,771.14	7,771	7,771
PARK	PARK COUNTY RE-2	20.0	6,792.19	135,844	2.0	8,311.92	16,624	152,468
PHILLIPS	HOLYOKE RE-1J	-	6,792.19	-	13.0	7,776.87	101,099	101,099
PUEBLO	PUEBLO CITY 60	-	6,792.19	-	62.0	7,308.00	453,096	453,096
PUEBLO	PUEBLO COUNTY 70	-	6,792.19	-	164.0	7,041.58	1,154,819	1,154,819
RIO GRANDE	DEL NORTE C-7	-	6,792.19	-	7.0	8,224.01	57,568	57,568
RIO GRANDE	MONTE VISTA C-8	110.5	6,792.19	750,537	-	7,619.31	-	750,537
SAGUACHE	CENTER 26 JT	9.0	6,792.19	61,130	2.0	8,489.31	16,979	78,108
SEDGWICK	JULESBURG RE-1	342.0	6,792.19	2,322,928	-	7,355.67	-	2,322,928
TELLER	WOODLAND PARK RE-2	-	6,792.19	-	38.5	7,119.91	274,116	274,116
WELD	WELD COUNTY SCHOOL DISTRICT RE-3J	-	6,792.19	-	6.0	7,186.28	43,118	43,118
WELD	JOHNSTOWN-MILLIKEN RE-5J	-	6,792.19	-	26.0	7,041.80	183,087	183,087
WELD	GREELEY 6	33.0	6,792.19	224,142	-	7,328.13	-	224,142
	TOTAL	**17,098.50**		**$ 116,136,204**	**1,794.50**		**$ 13,034,646**	**$ 129,170,850**

1**0:30-10:45**   **B**REAK

10:45-11:15   **FY 2017-18 PRIORITIZED DECISION ITEMS OTHER THAN SCHOOL FINANCE**

REQUEST R4 – STANDARDS REVISION

12. *Please discuss the Department's proposed process to review and revise the statewide academic standards. For example, please provide additional detail on how you plan to spend the $155,840 proposed for stakeholder committees. How does the Department plan to select participants for the stakeholder committees? How will the stakeholder committee process work?*

Response:

CDE is proposing a four-phase standards review and revision process designed primarily to base recommended revisions to the Colorado Academic Standards on stakeholder feedback.
The first phase of the process involves research and information gathering. CAP4K requires Colorado's standards to be comparable in scope, relevance, and rigor to the highest national and international standards. Thus, CDE has commissioned benchmarking reports for each of the 10 content areas within the Colorado Academic Standards in order to ensure national and international comparability. The first phase also involves soliciting stakeholder feedback on the Colorado Academic Standards. To this end, the Department conducted a general standards perception survey to seek feedback from educators, educational leaders, parents, students and the general public. The results of the general perceptions survey will be available at the end of December 2016. To gather more specific feedback on the content of the Colorado Academic Standards, the Department recently launched an online standards review system that enables all Coloradoans to provide recommendations for each and every expectation within all 10 content areas of the Colorado Academic Standards.

The second phase of the process is anticipated to involve convening content area stakeholder committees (i.e., social studies, mathematics, music, etc.) to review the benchmarking reports and stakeholder feedback to inform initial recommended revisions to the standards. From here, the committee recommendations would be presented to the State Board of Education and all stakeholders for feedback. Finally, the committees would revise their initial recommendations based on feedback from the State Board and stakeholders in order to present final recommendations for State Board of Education consideration.

Regarding the composition of the content area stakeholder committees, the Department is currently in the process of finalizing its proposal which it will share with the State Board of Education in January. The Department is proposing to engage a content area stakeholder committee for each area within the Colorado Academic Standards. The committees would consist of 12-15 stakeholders from across the state including educators from each level: PreK-2, 3-5, 6-8, and 9-12. The committee would also include parent, higher education, and business representation. CDE intends to solicit content area stakeholder committee participation through an online application process. Applicants would be required to demonstrate their content area expertise and willingness to serve. Applications would be considered using a blind-review

process, considering only the applicants' qualifications.

Content area stakeholder committee members would be provided with all of the feedback received through the Department's online standards review system and the benchmarking reports upon which to base their recommended revisions. Each committee would have up to two co-chairs, selected from the applicant pool, who will have the responsibility of conducting the committee meetings and ensuring consensus on all recommended revisions to the standards. CDE content specialists would staff the committees providing logistical support and serving as content area experts as needed.

The funds requested to support the work of the committees will be utilized for committee member travel reimbursement (necessary to ensure involvement from diverse regions of the state), substitute reimbursement (necessary to involve educators), and venue and meal costs (necessary for the functioning of the committees). The breakdown of the costs is included in the table below. The requested amount of $155,840 for committee meetings is 61% of the cost of the committee meetings during the 2009-10 standards development cost.

Activity	Projected Cost for Upcoming Standards Review and Revision Process
Stakeholder Committee Revision Meetings	
Committee member travel reimbursement	$75,840
Substitute teacher reimbursement	$48,000
Meeting venues and meals	$32,000
Materials	$0
Total	**$155,840**

The Department's budget request for the entire review and revision process eliminates many activities associated with the 2009-10 standards development costs. Examples of cost saving measures include using low- and no-cost meeting venues and online stakeholder engagement strategies. Furthermore, meeting facilitation and note-taking will be conducted by existing CDE staff rather than contracting outside services. Finally, the standards review and revision process will not entail involvement of a separate standards advisory committee. This committee was utilized in 2009-10 due to the scope of the standards development process.

The streamlined review and revision process activities in the proposed budget is $732,000 less than, or 32% of, the standards development expenditures from 2009-10.

REQUEST R5 – LEGAL SERVICES INCREASE AND ACCOUNTABILITY

13. The Department's request highlights the impact of the five-year clock under the State's accountability system as one of the drivers of the need for increased legal services. Please provide detail on the schools and school districts currently on the five-year clock, including those that are expected to be at the end of the five-year clock this year.

Response:

The Commissioner's decisions on final accreditation ratings were presented to the State Board of Education on Thursday, December 15th. Those decisions show that five districts will enter Year 6 of Priority Improvement or Turnaround on July 1, 2017, which will require the State Board of Education to direct an action to the districts' local board during a formal accountability hearing. All hearings for those five districts must occur prior to June 30, 2017. An additional district will enter Year 5 of Priority Improvement or Turnaround on July 1, 2017.

Districts Accredited with Priority Improvement or Turnaround Plans may appeal the Commissioner's decision to the State Board of Education. We do not yet know if any districts will appeal these ratings to the State Board.

In terms of school status, CDE is still reviewing the school requests to reconsider their plan types. Once reviewed, the Commissioner will make recommendations to the State Board of Education on the final school plan types. The State Board will then vote on the final school plan types. Based on the preliminary ratings, there were 12 schools on Priority Improvement or Turnaround entering Year 6 on July 1, 2017 and an additional six schools entering Year 5 on July 1, 2017. Final ratings should be available by the end of January. The State Board must hold accountability hearings by June 30, 2017 for those schools that remain in Priority Improvement or Turnaround and will enter Year 6 of the clock on July 1, 2017.

REQUEST R7 – SCHOOL HEALTH PROFESSIONALS GRANT PROGRAM

14. The Department is requesting an increase of $9.7 million cash funds from the Marijuana Tax Cash Fund to expand the School Health Professionals Grant Program. Please discuss how this program and the request interacts with the need for day treatment facilities for students.

Response:

The role of school health professionals is to refer out for services to community-based resources. There is not direct interaction with day treatment facilities.

15. Please discuss the Department's work (if any) with the Department of Health Care Policy and Financing (HCPF) related to Medicaid ACC 2.0 to incorporate mental health care into school health services. Is the Department working with HCPF on these issues?

Response:

The role of school health professionals is to refer out for services to community-based resources. Utilization of Medicaid resources is a school district decision.

16. Please provide additional detail on the Department's planned expenditures under this request. How are schools and school districts using the funds?

Response:

The request includes an increase of $9.7 million cash funds from the Marijuana Tax Cash Fund and 3.0 FTE to expand the School Health Professionals Grant Program, established in S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). The School Health Professionals Grant Program, which is supported with $2.3 million cash funds from the Marijuana Tax Cash Fund in FY 2016-17, offers matching grants to school districts, local education authorities, and charter schools to increase the presence of school health professionals. The Department estimates that this request will allow the grant program to support an additional 150 school health professionals (primarily school nurses) statewide in addition to providing additional FTE to the Department to improve training for the field, increase outreach to students through a dedicated "youth liaison", and improve operations of the program through additional administrative and fiscal staff.

11:15-11:25   F<small>EDERAL</small> E<small>VERY</small> S<small>TUDENT</small> S<small>UCCEEDS</small> A<small>CT</small>

17. Please discuss the anticipated impact of the federal Every Student Succeeds Act of 2016. For example, please discuss the potential budgetary impact of any changes that the Department or the State Board is considering related to the statewide assessment and/or accountability systems.

Response:

Provisions, requirements, and programs under ESSA are similar to those under No Child Left Behind (NCLB) and Colorado's ESEA Flexibility waiver. In addition, to a great extent, CDE will be citing Colorado's legislation as meeting federal ESSA requirements in its ESSA state plan. While CDE anticipates the impact of the new legislation to be manageable from a State perspective, some federal rules and regulations related to the different education areas have just been released or are still being finalized. The final analysis and outcomes of the ESSA regulatory process could have an impact on our ability to implement certain ESSA requirements. Further, if Colorado legislators decide to alter any state laws to exercise more of the federal flexibility, then CDE's response may need to be adjusted.

ESSA and Assessment
The ESSA assessment requirements are consistent with those under prior Elementary and Secondary Education Act legislation. English language arts and mathematics assessments are required in grades 3-8 and once in grades 9-12 (high school). Science assessments are required once in elementary, middle and high school. ESSA does allow for some new options for assessment (ex. adaptive testing and interim assessments that lead to a summative score). The recommendation from the Department to the Board has been to hold off on making any significant changes to the assessments until after the standards have been reviewed, adopted and implemented. A revised assessment would then be expected in 2020-2021. If the Board or legislature chooses to leverage any of the ESSA flexibility or significantly change the assessments before then, cost impacts would be expected at that time. Even without making changes to the assessments, changes in costs may occur due to changes in consortium structure and the results of the required proposal that will be released later this winter.

Separate from ESSA assessment requirements is the Innovative Assessment and Accountability Demonstration Authority. Costs associated with that optional program are yet to be determined. (See Question 18.)

ESSA and Accountability
Based on current accountability recommendations for the ESSA state plan, costs associated with accountability requirements -- including any adjustments -- are expected to remain relatively stable.

ESSA and School Improvement
Under NCLB, approximately $11 million was available for supporting school improvement grants and activities. As examples, these funds have been used to create and support Colorado's Turnaround Network, Turnaround Leadership Academy, and the Connect-for-

Success grant, which are seeing early indications of success in improving student performance. Under ESSA, the NCLB programs and funding sources have been changed so that approximately $10.5 million will be available to provide grants, supports and interventions for schools that are identified as *comprehensive* and *targeted improvement schools.* With these changes, CDE is not certain it will be able to maintain the same level of supports for schools and districts.

ESSA and Reporting
ESSA expands state and local report card requirements and creates additional data reporting requirements.

ESSA and Title Program Funding
As 2017-2018 federal appropriations have not yet been set by Congress, CDE does not have clear information on funding amounts for the ESSA programs that will begin in 2017-18. For most programs, CDE is anticipating no changes in allocation formula and funding levels similar to those under NCLB. However, a few major funding changes are highlighted below:

- As discussed above, ESSA does change the funding structure for school improvement and turnaround grants. These changes will also decrease the Title I-A allocations to school districts since the set-aside for school improvement will increase from 4% to 7%.

- The Title II, Part A, which supports effective instruction, will phase in a new allocation formula over a four year period. The new formula will be driven more heavily by poverty rates versus numbers of students within districts. The prior formula also incorporated hold-harmless provisions which have been removed. These changes will have a significant impact on the amount of funds received by the State and school districts under this title program. Impacts may include a decrease to the statewide allocation since the poverty rate within Colorado relative to other states is improving. In addition, with the increased emphasis on poverty over student numbers in making school district allocations and without the hold-harmless provisions, it is likely that all districts will be impacted as the new formula is implemented.

- Programs that have been eliminated under ESSA include the Mathematics and Science Partnership, Title I School Turnaround grant, and Title I, Part G Advanced Placement. Also eliminated are several programs for which the state and school districts have not received funding for several years. These include the Safe and Drug Free Schools and Communities grant, Innovative Education Program Strategies, Title IID Technology, and Title I Even Start program.

- Programs that have been created under ESSA include the Student Support and Academic Enrichment grant (Title IV).

- The Migrant program is expecting at least a 10% decrease in funding based on current Migrant student counts versus a fixed count from 2002 that has been used to determine Colorado's allocation under the program.

- The McKinney-Vento Homeless Children and Youth competitive grant program is anticipating up to a 10% increase in funding given amounts being considered as part of the Congressional appropriations process.

18. ***The Every Student Succeeds Act authorizes a new Innovative Assessment and
Accountability Demonstration Program. Is the State planning to apply to participate in the
demonstration program? If not, why is the Department not planning to apply?***

Response:

The final regulations for the Innovative Assessment and Accountability Demonstration
Authority were released December 7, 2016.* Within those regulations there is reference to
applications being due "at such time and in such manner as the Secretary may reasonably
require." The Federal Department of Education is expected to host webinars beginning in
January to provide additional information on the final regulations and guidance. While CDE
is attending closely to announcements from the Federal Department of Education, a request
for proposals is not expected to be released under the current federal administration.

Now that the ESSA Assessment spoke committee has approached completion of its state plan
work, it will be taking up the topic of the demonstration authority after the first of the year.
As more is learned, Colorado will have conversations about when it may be practicable for it
to apply for the demonstration authority, consistent with H.B. 15-1323.
*The regulations include the demonstration authority application requirements and selection
criteria.

Key application requirements:
1. The innovative assessments will be **given simultaneously with the current
   state assessment system**. (The state will run two systems at the same time.)
2. A **single innovative assessment system** will be proposed. (States may not use
   the Authority to investigate multiple options.)
3. The innovative assessment results will be **used within the accountability
   system in Year 1** of the Authority.
4. The SEA will have a plan to **scale the assessment system state-wide** to
   replace the current assessment system within 5 years. (Extensions may be
   provided.)
5. Assessments will provide for the **participation of all students** including
   students with disabilities and English Learners and provide appropriate
   accommodations.
6. Assessments will annually measure each participating school on the Academic
   Achievement indicator with **95% participation for all students** and students
   within each sub-group.
7. The SEA will propose a plan for **annually demonstrating comparability**
   between the innovative assessments and the state assessments in terms of
   alignment to the standards (rigor, depth and breadth), performance levels and
   scores. (May require double testing.)
8. Full assessments from both the innovative and statewide assessment systems
   will,
   a) Be administered to **demographically representative students**.

b) Contain Items for both the innovative assessment system and statewide assessment system that should, at a minimum have been **previously piloted and field tested.**

9. **Innovative assessment results** should be,
   a) **Valid, reliable, and comparable** for all students and for each sub-group of students.
   b) Expressed in a way that is consistent with challenging **grade level** state academic achievement standards (the performance levels).
   c) **Disaggregated** at the sub-group level.

Key selection criteria:

1. **Rationale for developing and selecting** the innovative assessment system. The extent to which the innovative assessment will promote high-quality instruction, mastery of challenging state standards, and improved student outcomes.
2. **Adequacy of the project budget** for the duration of the demonstration authority period, **budget sufficiency**, and the degree to which funding is contingent upon future appropriations at the state or local level.
3. How the innovative assessment system will be administered in the chosen subset of schools or LEAs in the state that will include, the **strategies used by the SEA to scale** the innovative assessment statewide
4. Quality of the SEA's plan to provide **supports that can be delivered consistently at scale** to educators, students, and parents that will enable successful implementation
5. The **extent and depth of prior experience** that the SEA has in developing and implementing the components of the innovative assessment system. The **extent and depth of the SEA and LEA capacity** to implement the innovative assessment system.
6. The **extent and depth of local support** as demonstrated by signatures from superintendents, presidents of local school boards, local teacher organizations, etc.
7. **Timeline** for implementing the innovative assessment demonstration authority including, timeline reasonability, when activities will occur, and who will be responsible for activity implementation.
8. Effective **supports and accommodations** that will be provided by the SEA.
9. The extent to which the plan and SEA external partners will develop and use **standardized and calibrated measures and methods** throughout the demonstration authority period **to insure inter-rater reliability**.
10. The extent to which the assessment items will be **tested, validated, and scored**.

11:25-11:30   PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND TRANSFER REQUEST

19. The Governor's FY 2017-18 budget transmittal letter proposes to transfer $15.0 million from the Public School Capital Construction Assistance Fund (which supports the Building Excellent Schools Today program) to the State Public School Fund and then appropriating those funds to offset a 415.0 million reduction in the General Fund appropriation for the state share of districts' total program funding. The transmittal letter refers to marijuana excise tax revenues deposited into the Public School Capital Construction Assistance Fund when discussing the proposed transfer. Is this request proposing to transfer marijuana excise tax revenues? If so, does that raise constitutional concerns? Please explain.

Response:

The Governor's Office proposed the $15 million transfer from the Public School Capital Construction Assistance Fund to the State Public School Fund. The Department cannot address any constitutional concerns that may present legal issues. The Department did receive the following information from the Governor's Office:

The state budget continues to have challenges for the upcoming FY 2017-18 Budget Cycle. In order to balance the state budget, the Governor's proposed budget includes a transfer of $15 million from the Public School Capital Construction Assistance Fund into the State Public School Fund. The additional funding in the State Public School Fund offsets the General Fund in order to minimize the increase to the negative factor in the Governor's Proposal for school finance.

In FY 2017-18, the Department of Education estimates that the ending fund balance for the Public School Capital Construction Assistance Fund will be $212.2 million. The Governor's proposed transfer to the State Public School Fund will decrease the projected ending balance in the Public School Capital Construction Assistance Fund from $212.2 million to $197.2 million. The amount of the $15 million transfer will not impact current Lease Purchase Agreements or impact current cash grant awards. In addition, the fund balance going forward should be sufficient to meet the obligations that the Department of Education is currently projecting for FY 2017-18 and FY 2018-19.

This transfer is part of the Governor's overall balance package for the state budget and must be considered in light of the overall balancing package.

11:30-12:00   COLORADO SCHOOL FOR THE DEAF AND THE BLIND (CSDB) – OPEN DISCUSSION

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. *Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.*

   <u>Response:</u>

   The Department has identified several education statutes that where intended to be implemented with gifts, grants or donations or other resources that have not ultimately been made available. While CDE has attempted to meet the intent of such statutes, were possible, there are some that have not been fully implemented. Please find a description of these areas below:

   - <u>Section 22-7-707 (3)</u> requires CDE to annually report on the Teacher Development Grant Program, including the list of grant recipients, summary of the progress made by grant recipients, and information about the effectiveness of the program. CDE has not received funding to administer this grant program and so has no available data to report.
   - <u>Section 22-27.5-106 (2)</u> requires CDE to provide an annual report on the number and amounts of Dropout Prevention Activity Program grants awarded, a description of the programs that received grants, the number of students participating in each program, and the student dropout rates of the schools at which the programs were operated. CDE has not received funding to administer this grant program for the past 5 years and so has no available data to report.
   - <u>Section 22-69-106 (1)</u> requires CDE to provide a report on the Alternative Teacher Compensation Grant Program, "so long as grant moneys were awarded to at least one school district pursuant to the grant program during the preceding calendar year." CDE has not received funding to administer this grant program for the past 4 years and so has no available data to report.
   - <u>Section 22-2-109 (7)</u> requires CDE to administer a survey to superintendents who employ principals who (1) have a principal authorization, (2) have an initial principal license, or have obtained a professional principal license without first holding an initial principal license and who are in their first three years of employment as a principal. The law also requires the State Board of Education to submit to the House and Senate Education Committees an annual written summary report of the survey. The legislation is intended to provide an opportunity to assess the quality and effectiveness of principal preparation programs or alternative forms of principal preparation and to solicit feedback from superintendents concerning the principal licensure standards. To CDE staff's knowledge, the survey of superintendents has never been administered due to lack of funding. The intent of the legislation is partially met, however, through the department's process for reviewing traditional and alternative educator preparation programs for reauthorization, which process includes gathering feedback from various stakeholders, including, when available, educators who work for and the superintendents who supervise graduates of principal preparation programs. Reports concerning the effectiveness of approved

educator preparation programs are presented biennially to the House and Senate Education Committees. Additionally, this statute was in place prior to the passage of Principal and Teacher Effectiveness (SB 10-191). In implementing SB 10-191, CDE will be collecting, monitoring, and publicly reporting information about the performance of all principals on the State Principal Quality Standards.

- Section 22-2-108 (4) requires the state board to submit an annual report detailing the total amount of federal funds received by the State Board of Education in the prior fiscal year, accounting how the funds were used, specifying the federal law or regulation that governs the use of the federal funds, if any, and providing information regarding any flexibility the board has in using the federal funds. To CDE staff's knowledge, this report has never been funded or completed. The department's annual budget submission to the JBC does include a schedule that lists out most, if not all, federal funds received and/or distributed by CDE, the authorizing statute, and the purpose of those funds. In addition, the recent reauthorization of the Elementary and Secondary Act, the Every Student Succeeds Act (ESSA), offers potential flexibility to Colorado in some areas. CDE staff has worked the board, the state legislature, and a variety of stakeholders on the ESSA State Plan to ensure that Colorado takes advantage of whatever flexibility is available that is supportive of student learning.

Additionally, there are other grant programs that were created by the legislature in the past but have not been funded recently. These programs do not require CDE to report information to the legislature, but are also not currently being implemented. These include:

- Closing the Achievement Gap Program (22-7-611 to 22-7-613, C.R.S.);
- Summer School Grant Program (22-7-801 to 22-8-807, C.R.S.);
- Principal Development Scholarship Program (22-9.5-101 to 22-9.5-104, C.R.S.);
- Early Childhood Educator Development Scholarship Program (sections 22-9.7-101 to 22-9.7-104);
- Second Chance Program for Problem Students (22-52-101 to 22-52-107, C.R.S.);
- Colorado Information Technology Education Grant Program (22-81.5-101 to 22-81.5-107, C.R.S.); and
- Healthy Choices Dropout Prevention Pilot Program (22-82.3-101 to 22-82.3-110, C.R.S.).

Finally, below is a list of 2016 legislation that the Department has partially implemented. Though these are listed as partially implemented, the Department is on track to meet any deadlines or later effective dates noted in the legislation.

- HB16-1130 Changes to CDE Reports – Implementation is underway and CDE will meet the new report deadlines specified in the bill in 2017.
- HB16-1198 Computer Courses to Fulfill Graduation Requirements – Implementation partially completed. The Department has started its work on computer science standards and is expected to be completed in 2018 in accordance with the standards revision timeline.

- HB16-1222 Supplemental Online Education and Blended Learning Resources – Implementation is partially completed. The Department continues to assist the administering BOCES on the state plan. This work is expected to continue into 2017.
- HB16-1234 State Assessment Selection and Local Flexibility – Implementation is partially completed. CDE is on track to report on options for state assessments and a system of multiple assessments. However, as of December 2016, the U.S. Department of Education has not identified a timeline for applications for the Innovative Assessment and Accountability Demonstration Grant; therefore, it has not been practicable for the Department to submit the application required by the legislation.
- HB16-1289 Incentives to Complete Career Development Courses – Implementation is partially completed, but CDE is on track to meet the deadlines outlined in the legislation. The grants are to be distributed for the FY 2017-18 budget year.
- HB16-1422 Financing of Public Schools – Implementation is partially completed, but CDE is on track to meet the deadlines outlined in the legislation. The implementation of new audit requirements for charter schools and the annual fund distribution to districts will take place in 2017.
- HB16-1423 Student Data Collection Use and Security – Implementation is partially completed, but CDE is on track to meet the deadlines outlined in the legislation. There continues to be some confusion over the distinction between school service providers, on-demand providers, and contract providers. While this will not prevent CDE from implementing its duties, implementation issues could arise for school districts depending on the interpretation of these definitions and how vendors fit into each category.
- HB16-1429 Alternative Education Campus Criteria – Implementation is partially completed, but CDE is on track to meet deadlines outlined in the legislation. The State Board has successfully amended its rules, and CDE will continue to work to develop qualitative performance measures for Alternative Education Campuses into 2017.

2. *If the Department receives federal funds of any type, please respond to the following:*
    a. *Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.*
    b. *Are you expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?*

Response to a.:

   a. *Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.*

i. As a condition of its 2016-2017 Title I grant award (Attachment T, full text below in *italics*), Colorado was required to submit statewide 2015-2016 Math and reading/language arts assessment participation data.

*ATTACHMENT T-Fiscal Year
2016*

*Condition Governing Title I, Part A Grants to Local Educational
Agencies*

For the 2014-2015 school year, according to the Colorado's EDFacts submission, it did not meet the requirements in sections 1111(b)(3)(C)(i) and (ix)(l) of the Elementary and Secondary Education Act (ESEA), as amended by the No Child Left Behind Act of2001 (NCLB). This award is subject to Colorado's submitting to the U.S. Department of Education's (ED) EDFacts system by September 30, 2016, statewide participation rate data overall and for all relevant subgroups for State assessments in reading/language arts and mathematics required under section 1111 of NCLB, that were administered during the 2015- 2016 school year.

Under the Elementary and Secondary Education Act, states are required to annually assess all students in grades 3 through 8 and once in high school in math and reading/language arts. States, school districts, and schools that fall below an assessment rate of 95% are subject to corrective actions. In late 2015 and early 2016, the Colorado Department of Education received two communications from the USDE regarding its assessment participation rates. An excerpt from the second letter is included below:

"As noted in the December 22, 2015, letter to Chief State School Officers from Ann Whalen, Senior Advisor to the Secretary Delegated the Duties of the Assistant Secretary for Elementary and Secondary Education, if a State with participation rates below 95 percent in the 2014-2015 school year fails to assess at least 95 percent of its students on the statewide assessment in the 2015-2016 school year, ED will take one or more of the following actions: (1) withhold Title I, Part A State administrative funds; (2) place the State's Title I, Part A grant on high-risk status and direct the State to use a portion of its Title I State administrative funds to address low participation rates; or (3) withhold or redirect Title VI State assessment funds. To determine what action is most appropriate, ED will consider State educational agency (SEA) and local educational agency (LEA) participation rate data for the 2015-2016 school year, as well as actions that the SEA has taken with respect to any LEA noncompliance with the assessment requirements of the ESEA."

In response to the letters from the USDE, on January 5, 2016 sent a communication to the USDE indicating that it would do the following:

- *Calculate disaggregated state assessment participation rates for all schools and districts and disaggregated groups of students.*

- *Report state-administered assessment participation rates and assessment results for all schools and districts and disaggregated groups.*

- *Require schools and districts that fall below 95% participation in one or more of the state-administered English Language Arts or Math assessments to address their low participation rates as part of their Unified Improvement Plan, including actions that schools and districts will take in response to their low participation rates.*

- *Include low participation rates as an indicator in ESEA Program Effectiveness Reviews conducted with districts that have priority schools, focus schools, and other Title I schools with participation rates below 95%.*

- *Provide information regarding the state assessments, the reasons for administering the assessments, and how the assessment results are used to all schools and districts to share with their communities, including schools and districts that have low participation rates.*

CDE has submitted 2015-2016 assessment participation data to the USDE and has been in ongoing communication with the USDE regarding the gains that were made in assessment participation from 2014-2015 to 2015-2016 as well as the challenges that remain.

    ii.   "Needs Improvement" status for IDEA grant:
  a. Each year pursuant to section 616 of the Individuals with Disabilities Education Act (IDEA). The Office of Special Education Programs (OSEP) has determined that Colorado is in "needs assistance."
  b. Determinations and the Differentiated Monitoring are intended to provide States with improvement support PRIOR to sanctions. Colorado's Exceptional Student Services Unit is in regular contact with the Office of Special Education Programs in the spirit of transparency and collaboration.
  c. For the 2016 Determination, needs assistance was based on the following factors:
      i. (1) the participation of children with disabilities (CWD) on regular Statewide assessments;
      ii. (2) the participation and performance of CWD on the most recently administered (school year 2014-2015) National Assessment of Educational Progress (NAEP);
      iii. (3) the percentage of CWD who graduated with a regular high school diploma; and
      iv. (4) the percentage of CWD who dropped out.
  d. Being assigned the determination of "needs assistance," requires Colorado to engage OSEP and Technical Assistance Centers to get assistance in addressing the concerns listed above.
  e. Colorado is engaged with OSEP to receive technical assistance in Results Based Accountability, Literacy, and Graduation through the National Center

for Systemic Improvement. Further, Colorado has developed a State Systemic Improvement Plan focused on Literacy with the support of OSEP and NCSI.

f. In a related issue, Colorado has received notification that OSEP's differentiated monitoring and support places the State into three categories: Universal, Targeted, and Intensive in five distinct areas; results, compliance, State Systemic Improvement Plan, Correctional Education, and Fiscal.

    i. Colorado remains in intensive for the factors listed above in the results domain for which Colorado is taking advantage of technical assistance from OSEP and other regional centers.

    ii. Colorado is in Targeted for Compliance related to personnel issues created by the removal of highly qualified in the Every Student Succeeds Act.

    iii. Colorado is in Targeted for State Systemic Improvement Plan as the State has been engaging OSEP throughout the SSIP process. The change in status is related to the personnel issue stated above.

    iv. Colorado is in Targeted for Correctional Education because of the percentage of students with disabilities that drop out of school.

g. Colorado reported this to OSEP as a part of the 2016-17 Part B application (Assurance 14) and has worked with OSEP to remedy the issue.

    i. Issue the memo to all Colorado administrative units and facility schools;

        1. Memo Provided by Educator Licensing dated May 11, 2016 submitted to OSEP on 6/1/2016, Memo updated on September 20 to include options for individual impacted by policy changes.

    ii. Send OSEP a copy of the final memo (prior to the submission of the States FFY 2016 Grant Application) signed by the appropriate designee, to demonstrate that beginning with the 2016-17 school year, it will no longer grant special education teachers TEE Authorization if those teachers do not hold a bachelor's degree after the conclusion of the 2016-17 school year;

        1. provided to OSEP on 6/1/2016

    iii. Revise its policies and procedures to come into compliance with the requirements in section 612 (a)(14)(C) of the IDEA; and

        1. Rules and Policies were revised effective March 30, 2016 as indicated in the provided Memo.

    iv. Amend the Part B Grant Application to include a date, no later than June 30, 2017, in the "no" column for Assurance 14 of the application.

        1. Amended Part B application provided to OSEP on 6/1/2016

h. Further, in a conversation with OSEP in November of 2016, Colorado was informed that the determination would continue to be Needs Assistance in order to be eligible for OSEP's differentiated support and monitoring.

Response to b.:

b. Are you expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?

Eliminated Programs

Program	Amount eliminated
1003G	~ 4.5 million annually ("replaced" by larger state SI set aside)
Title IG – AP Exam Fee	73X – 2016-17 ~$400K
Title II B - MSP	28X – 2016-17 ~$1.72 million
Title IID – Educ. Tech.	Not Funded since 2010 - 2011
Title IV A – Safe/drug free	Not Funded since 2009 - 2010
Title V – innovative prog.	Not Funded since 2007 - 2008

There is no matching requirement tied to any of the programs.

Changes to Title IIA Allocation process:

Title IIA – Beginning in Fiscal Year 2017-18 there is no longer a "hold-harmless" provision governing the calculation of allocations to the LEAs. This hold harmless provision was based on the amount of funds an LEA received for FY 2000-01 under the former Eisenhower and Class-Size Reduction programs.

> CDE will now make allocations using the following formula:
> a. 20% to LEAs based on the relative number of individuals ages 5-17 who reside in the area the LEA serves, and
> b. 80% to LEAs based on the relative number of individual ages 5-17 who reside in the area the LEA serves and who are from families with incomes below the poverty line.

Title IV – New Program. The funding for 2017-2018 is yet to be determined. The program was authorized at $1.6 Billion nationwide in statute. Current appropriations negotiations have decreased the amount to $300 million nationwide.

The Migrant program is expecting a 10% cut from $6,964,975 to approximately $6,268,477 for the 2017-2018 school year.

3. *Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016 (link below)? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?*

http://leg.colorado.gov/sites/default/files/documents/audits/1667s_annual_report_-_status_of_outstanding_recommendations_1.pdf

Response:

No. The Department has no outstanding high priority audit recommendations.

4. *Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have an indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?*

Response:

The Department has an annual outreach for its Summer Food Service Program.

- The goal of the messaging is to reach children who are under 18. The program provides nutritious meals during the summer months, when children do not have access to school lunch or breakfast.

- Total Cost: $40,000

- All media is paid media, and all funding is used for campaign materials. Examples of campaign materials include Family Dollar Receipt advertisements, RTD and light rail advertisements, and Facebook advertising.

- The Department is in the process of analyzing the areas which were targeted for media outreach to determine the effectiveness, or if there may be other areas and/or materials that should be considered in next year's campaign.

- The Department coordinates this effort with the Department of Public Health and Environment as part of the State Obesity Plan. All of the funding for this program is provided by the U.S. Department of Agriculture (USDA) based on an approved plan submitted to the USDA by the Department.

5. *Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?*

Response:

Please see the Department's vacancy and turnover information. Currently, the Department does not have the capacity to calculate turnover by department or by division. The average number of employees represents the head counts of full-time and part-time regular staff and part-time temporary staff. The department typically has approximately 450 regular staff and 150 part-time temporary staff. The turnover rate includes the termination of part-time temporary staff from the system who had not received any paycheck since December 2015.

Time Period	Staff Departures	Avg Number of Emps.	Turnover Rate
FY 2015-2016	95	601	16%
7/1/2016 - 11/30/2016 *	43	593	17%

*FY2016-17 Annualized YTD

Vacancies	Vacant Positions	Total Employees
As of 11/30/2016	17	590

6. *For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?*

Response:

Please see the table below for the Department's FY15-16 reversions and explanations. Based on current estimates, CDE does not anticipate reversions for FY16-17.

Fund Name	Program/ Appropriation Name	Appropriation	Expenditures	Reversions	% of Budget Spent	Explanation
General Fund	Longitudinal Anal.-Stud.Assess-General Fund	396,399.00	325,528.08	70,870.92	82.12%	Throughout the year there were vacancies in this line due to staff departures. In addition to the departures, during the 2015 session a special bill appropriated FTE for new work. The new position remained vacant for several months as well.
State Education Fund	Longitudinal Anal.-Stud.Assess Cash fd	298,000.00	246,235.96	51,764.04	82.63%	This line uses contracted staff for the work, and it took approximately three months to secure the services and put them in place.
State Education Fund	Educator Effectiveness Unit-CASH	125,962.00	110,204.06	15,757.94	87.49%	This variance is due to a vacancy that occurred in the last quarter of the fiscal year.
General Fund	Nutrition Programs General Fd	106,907.00	95,100.86	11,806.14	88.96%	Also vacancy savings. Late in the year an individual charging payroll to this line retired.
State Education Fund	Colorado Student Assessment	26,882,161.00	22,396,849.54	4,485,311.46	83.31%	In FY2015-16 there were several factors that resulted in the reversion: reduced participation in assessments, fewer students utilized paper tests than anticipated, lower number of students taking the optional writing college entrance exam, and contract negotiations led to significant savings in FY2015-16.
General Fund	Lunch protection program-General fund	811,258.00	655,912.01	155,345.99	80.85%	This program is driven by reimbursements to school districts for eligible meals. Reimbursements decreased slightly in FY2015-16 due to the adoption of the Community Eligibility Program (CEP). Participation in the CEP reduces reimbursements from this line. In FY2015-16 82 schools within 14 districts participated in the CEP. If a school participates in the CEP program, it does not receive funding from the School Lunch Protection Program.
Start Smart	Start Smart Nutrition Prog	1,370,489.00	885,611.37	484,877.63	64.62%	Similar to the School Lunch Protection program, this Start Smart is also driven by reimbursements to school districts for eligible students/meals. The Community Eligibility Program also reduced payments to districts from this program.
General Fund	Breakfast after bell General fund	28,524.00	24,798.07	3,725.93	86.94%	Three staff charged payroll to this program line during the year. Due to the small dollar amount in the appropriation, the Department discontinued charges in June 2016 leaving the balance shown to ensure the line would not be overspent.
Cardio Defrib Fund	Cardio Defrib Fund	65,000.00	2,200.84	62,799.16	3.39%	This grant program was actually created in FY2014-15, and the majority of the expenditures occurred then. The FY2015-16 appropriation was the remaining balance in the fund, since this program did not receive ongoing funding. The department issued an RFP for grants, but there was not much district interest in the small grants available resulting in the remaining balance.

Fund Name	Program/ Appropriation Name	Appropriation	Expenditures	Reversions	% of Budget Spent	Explanation
Capital Construction	Pub School Capital Const Admin	1,584,667.00	856,537.67	728,129.33	54.05%	The Department's FY2015-16 change request for the BEST program is the reason for this variance. The BEST program received 6.0 FTE and $2.7 million to modify and update the assessment database of school buildings across the state. The time required to hire 6.0 FTE generated some vacancy savings at the beginning of FY2015-16. However, the biggest reason for the reversion was the contract for the assessment database. It was executed in February 2016, and, as a result, some of the project deliverables and associated costs were shifted into FY2016-17.
State Education Fund	National Board Stipends	1,580,800.00	1,189,496.00	391,304.00	75.25%	This program is driven by how many eligible teachers there are in districts. In FY15-16 there was a drop in the number of eligible recipients, but the Department expects this program to resume historical levels going forward.

7. *[Background Information: For FY 2017-18, the Department of Law has submitted a request to change the calculation of legal services appropriations as well as the monthly billing system for legal services provided to state agencies. Specifically, the proposal would: 1) calculate the number of budgeted legal services hours for each agency as the average of actual usage in the prior three years; 2) include a two-year average of "additional litigation costs" such as court reporting, travel for depositions, expert witness costs, etc., in the appropriation for legal services (these costs are not currently included in the appropriation and are often absorbed from other personal services and operating expenses line items); and 3) convert from monthly billing based on the actual hours of service provided to monthly billing based on twelve equal installments to fully spend each client agency's appropriation.]*

Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

Response:

The Department supports the proposed change for legal billings.

The positive impact anticipated from this change is that it will make budgeting and planning for the annual appropriation for Legal Services easier. Specifically, this change will allow the Department to anticipate increases or decreases in Legal Costs and therefore plan for them within the budget request cycle.

The Department does not anticipate any negative impacts from this change.

8. *What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.*

   Response:

   The Department does not anticipate any direct impacts from Amendment 70. Currently all Department staff are paid above minimum wage. Further, we anticipate no impact relating to temporary staff, since the State's price agreement schedule is also currently above the minimum wage established in Amendment 70.

9. *Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology?*

   Response:

   In this age of data-driven decision making, data is foundational to the success of the process. Whether discussing student-achievement, program monitoring, education funding, accountability or any other education-related conversation, data is at the center of the discussion. The Colorado Department of Education (CDE) is required by state and federal law to collect and store student and educator records and report back out to districts and the public.

   As such, CDE takes seriously its obligation to protect the privacy of data collected, and has put information security and privacy in the forefront as an agency strategic objective.

   The *status* of the department's cyber security efforts is good, continuous progress within the last three years has been very quick, balanced, and efficient. That progress was possible due to an influx of funding received in 2014 as a result of a Decision Item request.

   The department has made strides to address cyber security issues, implementing several programs and technologies:

   1. Full encryption of critical data throughout its use and lifecycle.
   2. Security awareness training.
   3. Additional vendor requirements to increase cybersecurity.
   4. Application aware firewalls.
   5. Increased network monitoring.
   6. Single sign on for Local Education Agencies and identity management for critical applications.
   7. Continuous efforts to harden endpoints.

   Some current *concerns* surrounding cyber security, areas where additional resources are needed, include many emerging threats, and broad-based malicious activities:

1. The growing threat to the public sector by actors that typically focused on the private sector.
2. Targeted attacks, extortion, criminal elements, and the ease of hacking.
3. Hacktivism and State sponsored (i.e., foreign) attacks.
4. Distributed Denial of Service attacks.
5. Breach response, mitigation, and cost.
6. The Internet of Things – more unsecured devices connected and vulnerable.
7. Cloud computing and related security risks and challenges.

Going forward, *plans* to increase the level of cybersecurity at the department and other impacted educational stakeholder groups are listed below. Most of these are ongoing initiatives, but the speed and scope of implementation are limited by resources available.

1. Outreach to Local Education Agencies (Districts, Boards of Cooperative Education Services, Administrative Units) to provide those organizations cyber security policies, vendor contract templates, security best practices, and cyber security and privacy training.
2. Implementing multi factor authentication for critical applications.
3. Implementing user behavior analytics to increase privacy and security.
4. Extending a full security suite to all mobile devices.
5. Data masking to improve privacy.
6. Advanced training, and executive level training.
7. Breach response testing and process improvement.

CDE relies on the *OIT Cyber Security center* for perimeter security, collaborates on investigating and remediating issues detected, and partners with OIT on training, IT procurement, vulnerability management, authentication, and other enterprise security projects. The department is also poised to leverage and contribute any resources from the new National Cybersecurity Intelligence Center as it comes online this year.

This security provided by OIT at this layer is critical for distributed security enforcement and monitoring and defending against broad-based attacks such as Distributed Denial of Service attacks. By partnering with OIT on procurement and enterprise projects, negotiating power is leveraged and procurement times reduced, bringing IT investments online very quickly at a lower cost than if CDE engaged with vendors independently.

10. *Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?*

Response:
Overall, the intent of the SMART Act is useful for the Department in the sense that it requires the Department to think strategically about the goals of the organization. Developing an annual Performance Plan does help CDE engage the State Board of Education on their strategic priorities and the action CDE staff can take to move the needle on those priorities.

However, the requirements for the metrics and targets in the SMART Act do not always fit well with the mission or function of CDE. Most of our Department goals are long-term goals, such as student achievement, that are difficult to measure over a one- or three-year period. Further, the Department is somewhat removed from the actions taken toward these larger goals. For example, while CDE supports districts and schools to improve educational outcomes, most of the implementation happens in the classroom, or on the school and district level. As such, CDE has turned to more process-oriented measures, such as grant distribution and teacher licensure processes, as metrics for the SMART Act.

The SMART Act tools do not formally inform budget requests from the Department. However, CDE does consider how each budget request will enhance the overall strategic priorities of the organization. In addition, the Department reviews implementation timelines associated with legislation to inform its budget requests. As part of its SMART Act hearing, the Department reports on both implementation of this legislation and its upcoming budget requests. For example, the Department is required by legislation to revise and review content standards and has requested funding to do this work. The Department will also provide an update on this work as a part of its SMART Act hearing.

11. Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

Response:

The table below provides details on the number of rulemakings promulgated by the State Board of Education and the Capital Construction Assistance Board from through December 2014 through December 2016. Please note that in some cases, a set of rules was amended twice over the two-year period. The figures below represent the number of complete rulemaking processes enacted by each entity.

	All Complete Rulemakings	New Rules	Rule Amendments	Rule Repeals
State Board of Education	26	2	22	2
Capital Construction Assistance Board	4	0	4	0

The Department has not conducted any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S. or regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., as these have not been required for any of the rulemakings in the last two years. However, the Department is actively engaged in the review of its rules as required by Section 24-4-103.3, C.R.S. The review includes an examination of the effectiveness and necessity of the Department's current regulations and results in recommendations for improving and sometimes repealing rules. This process has informed some of the rulemakings in the past two years and will continue to do so in the coming year.

12. What has the department done to decrease red tape and make the department more navigable/east to access?

Response:

Every unit in the Department works hard to provide the most efficient and effective service across the state. Below are some examples of improvements from the units across the Department:

- Licensure: District HR staff now have the ability to access certain parts of the eLicensing system, allowing them to view in real-time a number of critical information points, such as the status of their educators' background checks, applications and licenses. The previous look-up functionality had to be updated every 24 hours. The real time information allows districts to access licensure information as they are making hiring decisions. This is particularly important during times when districts are trying to finalize staffing for the beginning of the school year.

The Licensure Unit is also working on streamlining its application process. Currently, different applications are required for different endorsements or types of licenses. Once this improvement is complete, educators will be able to submit a single application for all credentials, which will significantly streamline the application, review and approval process.

- State Library: The State Library has created a 2-page eligibility form for library jurisdictions applying for the State Grants to Libraries. It requires only contact info, eligibility assurances, and budget figures to assure the applicant is in compliance with the statutory requirements to receive funds. The annual report is a pre-formatted form allowing quick entry of how funds were used to support educational efforts through libraries. Typical grant applications are upwards of 20 pages calling for multiple pages of narrative that take hours to complete. Because the same items are requested annually, grant applicants have reported that the new form can take as little as 15 minutes to provide what is needed to assure eligibility and expenditure compliance.

- Division of School Finance: Expanded the training and resource guides available for districts to provide additional clarification and guidance on a variety of statutory and regulatory requirements. For example, the School Transportation Unit began providing regional and online trainings to districts and on a variety topics related to school bus safety. This has increased the knowledge base of district personnel in an economical and cost effective manner.

- Office of Competitive Grants: This office has reduced the burden of submitting grant applications by moving various steps online. For example, it is now possible for competitive grant applications to be submitted electronically rather than as hard copies, as well as extending submission deadlines past normal business hours until midnight on the application due date. These relatively small improvements have been met with very positive feedback from grantees across the state.

- Office of Federal Programs: The Consolidated Application is the annual application/budget proposal for the use of federal NCLB/ESSA grant funds for districts. In the past, the Consolidated Application was a dual submission process which consisted of both an Excel spreadsheet and an online web form that combined data elements needed for the approval and review of the application. This past year, CDE launched a new online platform that allows applicants to provide budget expenditures and data elements with one submission. This process streamlined submissions for districts and simplified the review and approval process for one of the Department's largest grant programs.

- Office of School Nutrition: Restructured the USDA Procurement Review Tool into a simplified format by reducing the almost 31-page tool down to one page of questions for the districts to complete.

- Office of School Nutrition: Greatly streamlined the USDA Administrative Review process by incorporating sampling methods into the process, utilizing an online

review tool for customers, teaching regional trainings, creating a variety of resources, including tips on how districts would answer certain questions, and utilizing a secure transfer file system for districts. OSN also completes the Resource Management questions for the districts using CDE data pipeline vs. requiring districts to fill out the information. Collaboration with both CDPHE-CACFP and CDE School Finance has also streamlined areas of the review for districts to avoid duplicative work and monitoring.

13. *What is the number one customer service complaint for department receives? What is the department doing to address it?*
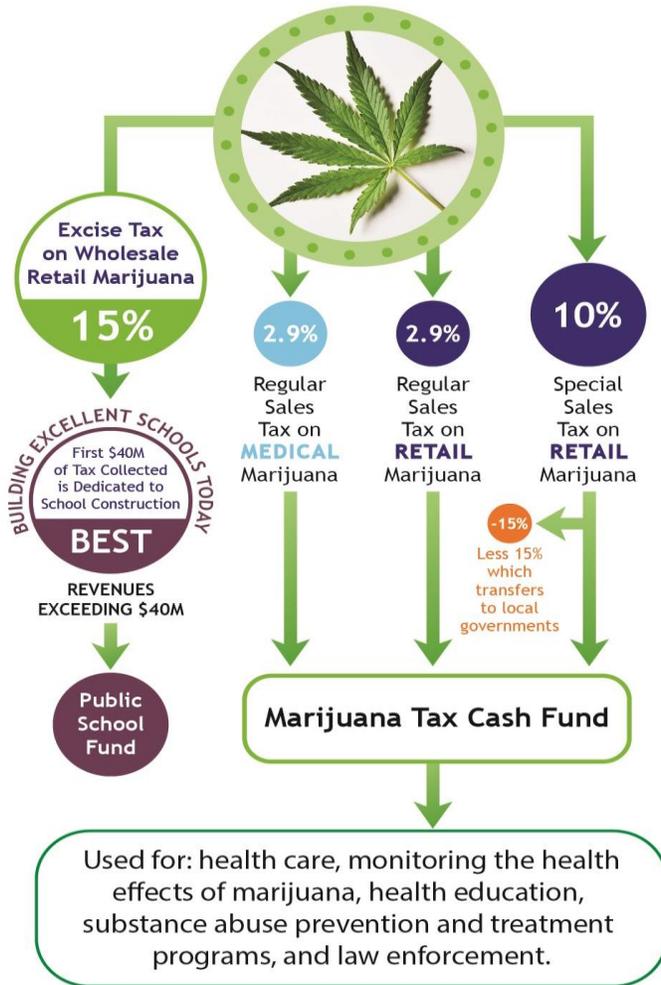
Response:

The number one customer complaint for the Colorado Department of Education is related to educator licensing and fingerprint background requirements and submissions. Applicants are often frustrated with the manual fingerprint process that must be completed specifically for CDE and by a certified peace officer. Applicants are also often confused about what type of activity is required under the criminal self-disclosure laws.

To help our educator applicants better understand the process, CDE has created specific webpages with detailed directions for completing the fingerprint cards as well as a detailed frequently asked questions page that walks applicants through the ins and outs of submitting self-disclosure information. CDE has also updated the educator application to ensure that the self-disclosure requirements are clearly spelled out in the application and are presented in a step by step manner for applicants. In addition to these supports, CDE also has a Licensing Call Center that operates 5 days a week with phone hours and email inquiry options.

APPENDIX

CDE | COLORADO Department of Education

Marijuana Tax Revenue and Education

Excise Tax on Wholesale Retail Marijuana
15%

BUILDING EXCELLENT SCHOOLS TODAY

First $40M of Tax Collected is Dedicated to School Construction

BEST

REVENUES EXCEEDING $40M

Public School Fund

2.9% Regular Sales Tax on MEDICAL Marijuana

2.9% Regular Sales Tax on RETAIL Marijuana

10% Special Sales Tax on RETAIL Marijuana

-15% Less 15% which transfers to local governments

Marijuana Tax Cash Fund

Used for: health care, monitoring the health effects of marijuana, health education, substance abuse prevention and treatment programs, and law enforcement.

Marijuana tax revenue distributions to the Colorado Department of Education

- School Capital Construction
  2015-16: $80 million*
  2016-17: $40 million

- Early Literacy Competitive Grant Program
  2016-17: $4.4 million

- School Health Professional Grant Program
  2015-16: $2.3 million
  2016-17: $2.3 million

- School Bullying Prevention & Education Grant Program
  2015-16: $2 million
  2016-17: $900,000

- Drop-out Prevention Programs
  2015-16: $2 million
  2016-17: $900,000

- Public School Fund
  2016-17: $5.7 million

*Includes $40 million from one-time tax revenue disbursement approved by voters, allowing Colorado to keep surplus

Total 2015-16 marijuana revenue for CDE: **$86.3 million**
Total 2015-16 state education funding: **$5.3 billion**

Total 2016-17 marijuana revenue for CDE: **$54.2 million**
Total 2016-17 state education funding: **$5.4 billion**

In 2012, Colorado voters approved Amendment 64 that allowed adults 21 and older to consume or possess marijuana and required the state to set up a regulatory structure for the retail marijuana industry. It also mandated the state legislature to enact an excise tax on marijuana with the first $40 million collected to go to public school construction.

In 2013, voters approved Proposition AA, which allowed the state to levy up to a 15 percent excise tax on unprocessed marijuana and up to a 15 percent retail tax on retail marijuana. (The state chose to levy a 10 percent tax on retail marijuana.) In addition, both medical and retail marijuana continue to be subject to the state's 2.9 percent sales tax.

How is marijuana tax revenue distributed?

Excise tax: The first $40 million in excise tax on wholesale retail marijuana is credited to the state's public school capital construction assistance fund. Up to $5 million of the excise tax is used for charter school capital construction and the remaining funds are used for the Building Excellent Schools Today (BEST) grant program.

Sales tax: Fifteen percent of the revenue from the 10 percent tax on marijuana retail sales is allocated to local governments and apportioned according to the percentage of marijuana sales within city and county boundaries. The remaining 85 percent goes to the Marijuana Tax Cash Fund (MTCF). The entirety of the 2.9 percent sales tax on both retail and medical marijuana also is credited to the MTCF.

Building Excellent Schools Today

The BEST grant program prioritizes health, safety and security issues such as asbestos removal, new roofs, building code violations, and poor indoor air quality. BEST grants are competitive, awarded annually and in most cases must be supplemented with local matching funds.

Marijuana tax revenue is just one of four funding sources for BEST, the total of which is only a fraction of what is needed for the repair, maintenance and construction of Colorado's public schools. A statewide facility assessment determined a need of nearly $18 billion in capital construction projected through 2018.

Here is how marijuana excise tax revenue has been used for the BEST program:
- In Fiscal Year 2015-16, $35 million in marijuana excise tax was allocated to the BEST program plus an additional $40 million was paid into the fund from a one-time disbursement resulting from Proposition BB, a successful statewide ballot measure in 2015 that allowed the state to keep the surplus in marijuana tax revenue.
- In Fiscal Year 2016-17, $35 million of marijuana excise tax was allocated to the BEST program with the excess $5.7 million going to the Public School Fund.

Marijuana Tax Cash Fund

In 2014, the state legislature created the Marijuana Tax Cash Fund to collect sales tax revenue from retail and medical marijuana. Revenue from MTCF must be spent the following year on health care, to monitor the health effects of marijuana, health education, substance abuse prevention and treatment programs and law enforcement.
Under MTCF CDE received money specifically for:
- The School Health Professional Grant program to address behavioral health issues in schools.
- A grant program to help schools and districts set up initiatives to reduce the frequency of bullying incidents.
- Grants to fund drop-out prevention programs.
- Early Literacy Competitive Grants to ensure reading is embedded into K-3 curriculum. (For 2016-17 only).

Where can I learn more?
- Colorado marijuana taxes https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data
- BEST Program Fact Sheet, http://www.cde.state.co.us/communications/capitalconstructionfactsheet
- To view all CDE fact sheets, visit: www.cde.state.co.us/Communications/factsheetsandfaqs