

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Craig Harper, JBC Staff (303-866-3481)
 DATE May 6, 2020
 SUBJECT Addendum to Department of Education Budget Balancing Packet

The following items revise and expand upon recommendations listed in the staff balancing packet for the Department of Education dated April 23, 2020.

FY 2019-20 ADJUSTMENTS

→ ANTICIPATED FY 2019-20 REVERSIONS

JBC ACTION AS OF 3/16/20 AND 4/23/20 STAFF RECOMMENDATION: In the JBC staff balancing packet dated 4/23/20 staff recommended making the following reductions to FY 2019-20 appropriations through Long Bill supplementals to capture anticipated reversions totaling \$9.5 million total funds (see table below). As shown in the table, the recommendation anticipated reversions of \$530,000 General Fund associated with the Advanced Placement (A.P.) Exam Fee Grant Program and \$130,000 cash funds from the State Education Fund for the A.P. Incentives Pilot Program.

CAPTURE ANTICIPATED REVERSIONS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Statewide Assessment Program	(\$5,000,000)	\$0	(\$5,000,000)	\$0	\$0	0.0
Quality Teacher Recruitment	(2,960,000)	0	(2,960,000)	0	0	0.0
A.P. Exam Fee Grant Program	(530,000)	(530,000)	0	0	0	0.0
Career Counseling Professional Development	(500,000)	(500,000)	0	0	0	0.0
School Leadership Pilot	(200,000)	(200,000)	0	0	0	0.0
John W. Buckner Automatic Enrollment	(200,000)	(200,000)	0	0	0	0.0
A.P. Incentives Pilot Program	(130,000)	0	(130,000)	0	0	0.0
TOTAL	(\$9,520,000)	(\$1,430,000)	(\$8,090,000)	\$0	\$0	0.0

UPDATED RECOMMENDATION: Staff's original (4/23/20) recommendations for the A.P. Exam Fee Grant Program and the A.P. Incentive Pilot Program assumed that those amounts would revert because schools would not administer A.P. exams in FY 2019-20. However, following the publication of the balancing packet, staff learned that the College Board is administering A.P. exams remotely. Thus, staff is no longer recommending the reductions to the two A.P. line items for FY 2019-20. The following table reflects the revised recommendation associated with anticipated FY 2019-20 reversions (reductions totaling \$8.9 million total funds, including \$900,000 General Fund and \$8.0 million cash funds from the State Education Fund), as reflected in the following table.

CAPTURE ANTICIPATED REVERSIONS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Statewide Assessment Program	(\$5,000,000)	\$0	(\$5,000,000)	\$0	\$0	0.0
Quality Teacher Recruitment	(2,960,000)	0	(2,960,000)	0	0	0.0
A.P. Exam Fee Grant Program	0	0	0	0	0	0.0

CAPTURE ANTICIPATED REVERSIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Career Counseling Professional Development	(500,000)	(500,000)	0	0	0	0.0
School Leadership Pilot	(200,000)	(200,000)	0	0	0	0.0
John W. Buckner Automatic Enrollment	(200,000)	(200,000)	0	0	0	0.0
A.P. Incentives Pilot	0	0	0	0	0	0.0
TOTAL	(\$8,860,000)	(\$900,000)	(\$7,960,000)	\$0	\$0	0.0

ANALYSIS:

Key Considerations: Reflects FY 2019-20 reversions currently anticipated by the Department

Additional Background:

Staff has worked with the Department to identify significant anticipated reversions of General Fund and cash funds for which the General Assembly could reduce the FY 2019-20 appropriations *and then repurpose those funds for school finance in either FY 2019-20 (if necessary based updated revenue projections) or FY 2020-21.* In response to staff's questions, the Department has reported that it expects these amounts to remain unspent in FY 2019-20, in many cases driven by the current pandemic. Each anticipated reversion is briefly described below.

- *Statewide Assessment Program (\$5.0 million cash funds from the State Education Fund out of an appropriation of \$26.1 million cash funds):* The Department is not administering most statewide assessments in FY 2019-20 as a result of the pandemic and school closures. However, much of the appropriation was spent prior to the closure, leaving an estimated reversion of \$5.0 million. The Department is still negotiating the closeout of contracts for the current year and the reversion may exceed \$5.0 million. (The Committee should note that the Department may require a separate adjustment to support the administration of the SAT and the PSAT in the fall of 2020 for the tests that were suspended in Spring 2020 because of the pandemic. Information on that adjustment is not yet available.)
- *Quality Teacher Recruitment Program (\$2.96 million cash funds from the State Education Fund out of \$3.0 million):* The Department reports that the contracting process with Teach for America and the Public Education & Business Coalition is delayed. Both entities have responded to the Department's request for proposals but the Department does not currently expect to spend these funds in FY 2019-20. The Department has encumbered \$40,000 of the original \$3.0 million appropriation to support the annual evaluation of the program's prior year results (a contract with OMNI). (Please note that staff is also recommending eliminating this appropriation for FY 2020-21).
- *Advanced Placement Exam Fee Program (Revised to no reduction):* This program reimburses advanced placement and international baccalaureate exam fees for low income students. As of the 4/23/20 balancing document, staff was not aware that the College Board intends to administer the exams remotely in FY 2019-20 and had recommended a reduction. **In light of the revised information discussed above, staff is no longer recommending a reduction to this line item for the current year.** (Note: Staff continues to recommend a 50 percent reduction to this program for FY 2020-21.)
- *Career Counseling Professional Development (\$500,000 General Fund out of \$1,500,000):* The General Assembly approved the creation of this program in the FY 2019-20 Long Bill and provided a one-

MAY 6, 2020

time appropriation of \$1.5 million General Fund to support professional development activities for career counselors. However, the virus forced the Department to cancel trainings that were planned for Spring 2020, resulting in a reversion of one-third of the funding.

- *School Leadership Pilot Program (\$200,000 General Fund out of \$272,929)*: Created in H.B. 19-1002 (Leadership Professional Development for School Principals), the program is intended to provide professional development training for school principals. The bill appropriated \$272,929 for FY 2019-20 to support program planning. The Department expects to revert \$200,000 of that amount.
- *John W. Buckner Automatic Enrollment in Advanced Courses (\$200,000 General Fund out of \$250,000)*: Created in S.B. 19-059 (Automatic Enrollment in Advanced Courses Grant Program), this program is intended to provide assistance to local education providers that automatically enroll students in advanced courses (including Advanced Placement courses, International Baccalaureate courses, or any courses designated as honors, gifted, or accelerated). The Department reports that it expects to revert \$200,000 out of that appropriation as the program is not yet established. (Staff is also recommending the elimination of this appropriation for FY 2020-21.)
- *Advanced Placement Incentives Pilot Program (Revised to no reduction)*: Created in H.B. 14-1118 (Advanced Placement Incentives Pilot Program), this program pays incentives to expand access to advanced placement (AP) courses in rural schools. Final payments under the program are based on completion of Advanced Placement exams. As of the 4/23/20 balancing document, staff was not aware that the College Board intends to administer the exams remotely in FY 2019-20 and had recommended a reduction. **In light of the revised information discussed above, staff is no longer recommending a reduction to this line item for the current year.** (Note: Staff continues to recommend the elimination of this appropriation for FY 2020-21 and an associated statutory change to repeal the program on July 1, 2020, rather than July 1, 2021, as under current law.)

FY 2020-21 ADJUSTMENTS

→ MISCELLANEOUS CASH FUNDS – TRANSFER TO THE GENERAL FUND OR SEF

JBC ACTION AS OF 3/16/20 AND 4/23/20 STAFF RECOMMENDATION: The Committee took no actions specifically related to these cash funds for FY 2020-21. The 4/23/20 staff balancing packet recommends transferring a total of \$216,339 from several cash funds to either the General Fund or the State Education Fund. However, staff inadvertently omitted one of the recommended cash funds (the Nonpublic School Fingerprint Fund) from the table showing the recommendation.

REVISED RECOMMENDATION: Staff recommends transferring the following amounts (corrected to include the omitted cash fund) from the identified cash funds to either the General Fund or the State Education Fund on June 30, 2020, to make the revenues available for other uses (including school finance). With the exception of the Teacher of the Year Fund, staff also recommends repealing the funds and transferring any additional available balances (as the amounts below are based on the Department's current estimates).

MISCELLANEOUS CASH FUND TRANSFERS - STATUTORY CHANGE REQUIRED			
FUND NAME AND STATUS	STATUTORY CITATION (C.R.S.)	NET GF/SEF IMPACT (AVAILABLE BALANCE)	RECOMMEND REPEAL?
School Cardiopulmonary Resuscitation and Automated Defibrillator Training Fund (program no longer active)	22-1-129 (5)	\$98,165	Yes
Closing the Achievement Gap (program no longer active)	22-7-613 (1)	59,205	Yes
Great Teachers and Leaders Fund (program no longer active)	22-9-105.7 (1)	22,581	Yes
Nonpublic School Fingerprint Fund (program no longer active)*	22-1-121 (1.7)	15,546	N/A
Teacher of the Year Fund (program still active)	22-61.5-105 (1)(a)	11,831	No
Student Re-engagement Grant Program Fund (program now supported with direct appropriations rather than this cash fund)	22-14-109	9,011	Yes
Total		\$216,339	

*The Nonpublic School Fingerprint Fund was created in Sec. 22-1-121 (1.7)(c), C.R.S., which was actually struck in S.B. 06-176. However, that bill did not provide any instruction on what to do with the remaining balance in the fund, and it is staff's understanding that the balance has been dormant for years.

Given the relatively small amounts in question, staff recommends including the transfers as part of a larger transfer bill.

ANALYSIS:

Other Items of Note: Please note that these are one-time sources of funding.

Additional Background:

The Department has identified these balances as available for transfer for other uses in FY 2020-21. With the exception of the Teacher of the Year Fund, the Department has also indicated that the funds are no longer necessary and could be repealed (with any additional balances transferred as well).

Staff notes that the Teacher of the Year Fund continues to receive an annual transfer of \$24,380 from the State Education Fund to support the Teacher of the Year Program. Therefore, repealing that fund would not be appropriate unless the General Assembly elected to terminate the Teacher of the Year Program.

Staff can follow up with additional information on the selected cash funds if desired by the Committee.