

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2022-23

DEPARTMENT OF EDUCATION (School Finance and Categorical Programs Only)

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2020 and 2021 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

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

DEPARTMENT OF EDUCATION

DEPARTMENT OVERVIEW

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

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

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

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

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

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 *
General Fund	\$4,413,841,994	\$4,009,781,369	\$4,294,112,839	\$4,303,007,408
Cash Funds	1,111,463,635	1,081,772,606	1,517,903,229	1,848,814,387
Reappropriated Funds	42,577,029	39,999,728	47,339,278	51,068,681
Federal Funds	1,128,920,698	777,581,096	620,755,044	621,726,094
TOTAL FUNDS	\$6,696,803,356	\$5,909,134,799	\$6,480,110,390	\$6,824,616,570
Full Time Equiv. Staff	616.4	609.0	614.4	625.8

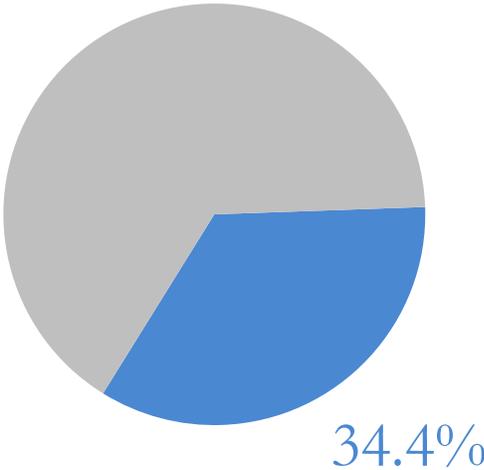
*Requested appropriation.

Funding for the Department of Education in FY 2021-22 consists of 66.3 percent General Fund, 23.4 percent cash funds, 0.7 percent reappropriated funds, and 9.6 percent federal funds.

Funding for the subdivisions covered in this briefing packet consists of 77.6 percent General Fund, 19.3 percent, less than 0.1 percent reappropriated funds, and 3.1 percent federal funds in FY 2021-22.

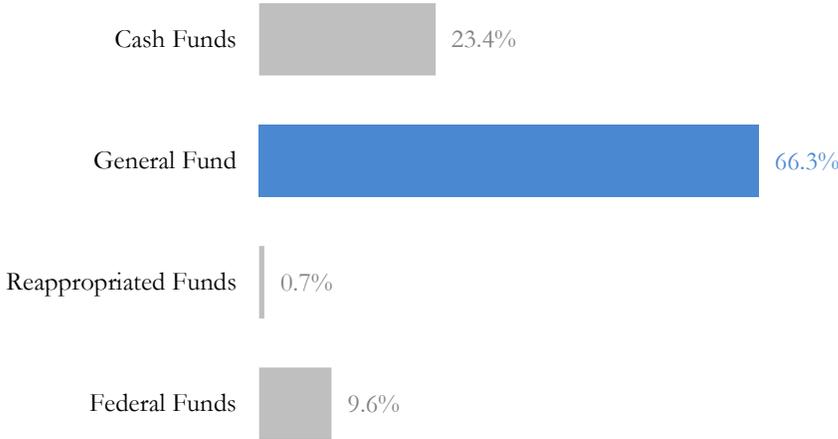
DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



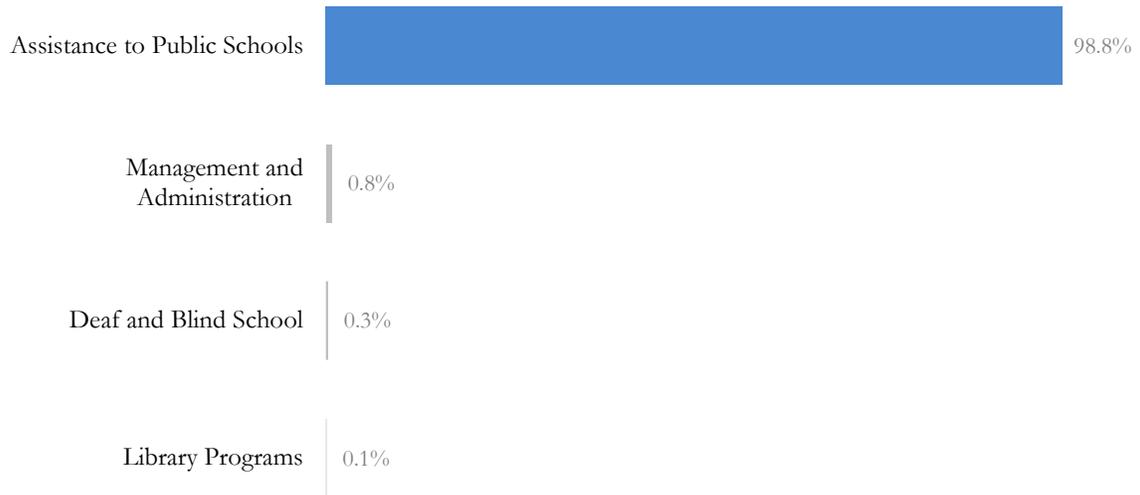
Based on the FY 2021-22 appropriation.

Department Funding Sources



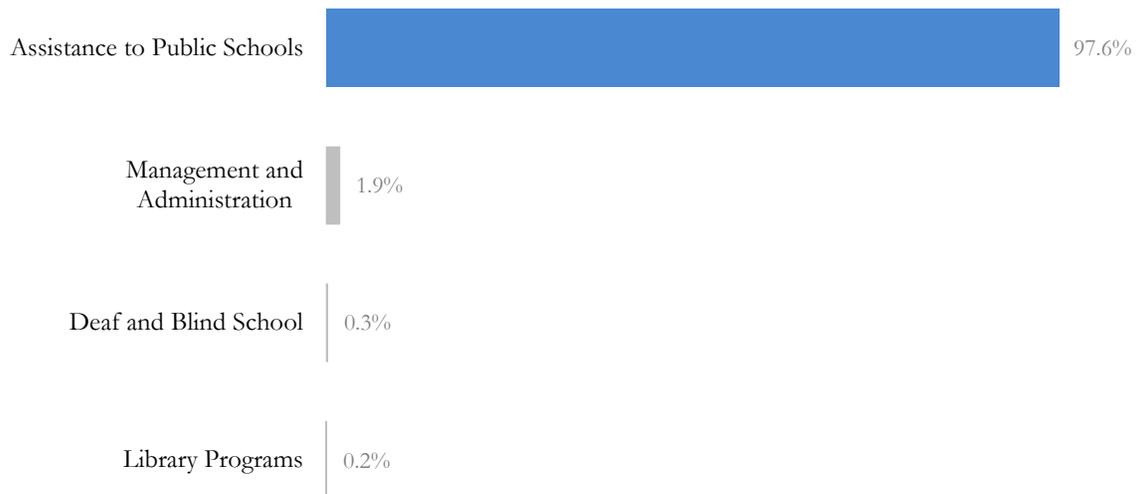
Based on the FY 2021-22 appropriation.

Distribution of General Fund by Division



Based on the FY 2021-22 appropriation.

Distribution of Total Funds by Division



Based on the FY 2021-22 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The Governor's FY 2022-23 request for the Department of Education consists of 63.1 percent General Fund, 27.1 percent cash funds, 9.1 percent federal funds, and 0.7 percent reappropriated funds. For school finance (the state share of districts' total program funding) specifically, the Governor's FY 2022-23 request consists of 77.3 percent General Fund and 22.7 percent cash funds. Although local government revenues provide a significant source of funding for K-12 education in Colorado (including an estimated \$3.1 billion anticipated for total program alone in FY 2021-22), local funds are not reflected in the State's annual appropriations to the Department of Education.

The following sections review the role of school finance and categorical programs in driving the Department's annual budget.

PUBLIC SCHOOL FINANCE

School finance is the primary driver of the Department's budget. With \$4.8 billion total funds and \$4.0 billion General Fund, the state share of districts' total program funding represents 74.8 percent of the Department's total budget and 94.1 percent of its General Fund appropriations in FY 2021-22. Appropriations for school finance are heavily influenced by a pair of constitutional requirements for a thorough and uniform system and inflationary increases for education. In addition, the budget stabilization factor, first implemented in FY 2010-11, and the desire to decrease the size of the factor when revenues allow and the need to increase the size of the factor when revenues decline, has been a major driver.

CONSTITUTIONAL REQUIREMENTS

THOROUGH AND UNIFORM REQUIREMENT

Section 2 of Article IX of the Colorado Constitution requires the General Assembly to provide for the "establishment and maintenance of a thorough and uniform system of free public schools throughout the state". To meet this requirement, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities. That formula produces a "total program" funding amount for each school district, which is supported by both local and state revenues, and provides the primary source of funding for public schools in Colorado.

- The formula starts with a uniform statewide base per-pupil funding amount for every school district (\$7,225 per pupil for FY 2021-22) and then adds to that base amount based on *factors* that affect districts' costs of providing educational services.
- Recognizing differences in costs per pupil, the factors generate a different per pupil funding allocation for each school district. For example, the original FY 2021-22 appropriation assumes that per-pupil funding allocations will range from \$8,428 to \$19,762, with a statewide average of \$8,991 per pupil.
- Each district's total program funding is the product of multiplying its per pupil funding amount by its funded pupil count. For FY 2021-22, the formula is allocating a total of \$8.0 billion in state and local funds among Colorado's 178 school districts and the State Charter School Institute.

CONSTITUTIONAL INFLATIONARY REQUIREMENT (AMENDMENT 23)

Section 17 of Article IX of the Colorado Constitution (passed by the voters in 2000 as Amendment 23) requires the General Assembly to provide annual inflationary increases in the statewide base per-

pupil funding amount, which provides the foundation of the statutory school finance formula. For FY 2001-02 through FY 2010-11, this provision required base per pupil funding to increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the statewide base must increase annually by at least the rate of inflation. For example, for FY 2021-22, this provision required the General Assembly to increase the statewide base per-pupil funding amount by at least \$142 (from \$7,084 to \$7,225, or 2.0 percent), based on the actual 2.0 percent increase in the Denver-Aurora-Lakewood consumer price index in calendar year 2020. With an estimated funded pupil count of approximately 889,000, this base per pupil funding accounts for \$6.4 billion in state and local funds in FY 2021-22, equal to 80.4 percent of the \$8.0 billion in total program funding for this year.

FACTORS CONSIDERED IN PUBLIC SCHOOL FINANCE FORMULA

After accounting for the 80.4 percent of total program funding dedicated to the statewide base in FY 2021-22, the *factors* in the school finance formula that account for individual district characteristics drive the remaining 19.6 percent of total program. For FY 2021-22, the formula includes four major factors:

- Cost of Living Factor - Recognizes that the cost of living in a community affects the salaries required to attract and retain qualified personnel. This factor provides additional funding to districts with higher cost of living.
- Size Factor - Compensates districts lacking enrollment-based economies of scale, increasing funding for smaller (lower enrollment) districts.
- At-risk Factor - Provides additional funding for districts serving students who may be at risk of failing or dropping out of school. The formula utilizes a proxy to estimate the number of at-risk students: the number and concentration of students who are either eligible for free or reduced-price lunch under the federal school lunch program. Prior to FY 2021-22, the at-risk factor did not include reduced-price eligible students; however, the enactment of S.B. 21-268 (School Finance) expanded eligibility to include those students.
- English Language Learner Factor – Beginning in FY 2021-22 (with the enactment of S.B. 21-268), the formula provides additional funding for students identified as non-English proficient (NEP) or limited English proficiency (LEP). The formula funding for this group is in addition to funding distributed under the English Language Proficiency Act categorical program.

In addition, the school finance formula requires a minimum level of per-pupil funding (\$8,501 per pupil for FY 2021-22 after the application of the budget stabilization factor), regardless of the impact of the above factors. Based on current estimates for FY 2021-22, nine districts are receiving funding based on this minimum level of per-pupil funding.²

Finally, the School Finance Act provides a fixed amount of funding per pupil (established at \$8,130 for FY 2021-22) for two types of students:

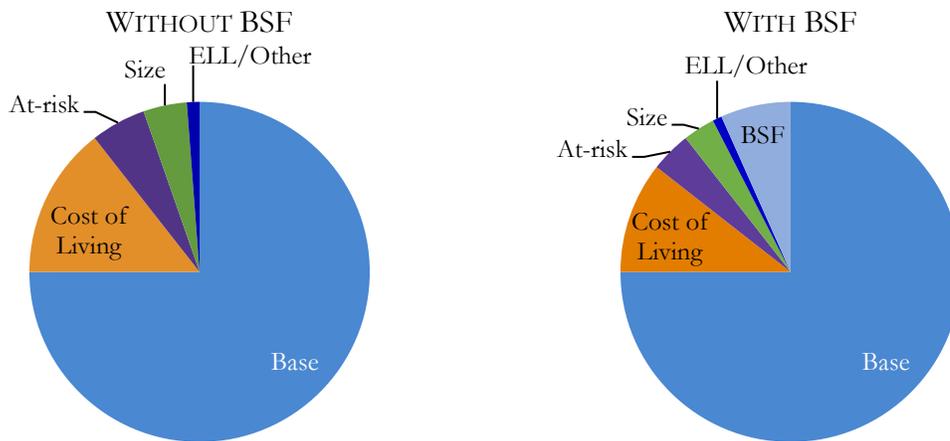
- Students receiving full-time, on-line instruction through a *multi-district* program. (The formula funds students in *single-district* on-line programs at the same level as the district’s “brick and mortar” students.)

² The nine minimum-funded districts in FY 2021-22 include: three districts in El Paso County (Academy, Cheyenne Mountain, and Lewis Palmer), two in Larimer County (Poudre and Thompson), Mesa – Mesa Valley, Pueblo Rural, and Windsor and Johnstown-Milliken in Weld County.

- Extended high school students, such as those enrolled in a fifth year of high school through the Accelerating Students through Concurrent Enrollment (ASCENT) program and students in grades 13 or 14 in a Pathways in Technology Early College High School (P-TECH) program.

BUDGET STABILIZATION FACTOR

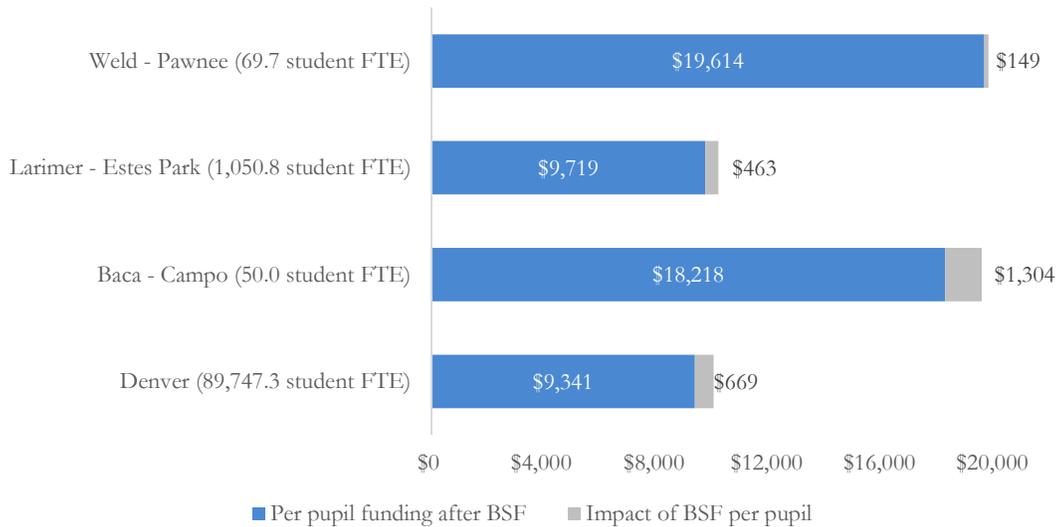
Since FY 2010-11 the formula has included a budget stabilization factor (BSF, previously known as the negative factor) designed to reduce districts’ total program funding to a specified total amount based on available state revenues. For FY 2021-22, the BSF is estimated to be negative 6.7 percent, requiring a \$571.2 million reduction in total program funding. Thus, the Department is calculating total program funding for each district based on the formula described above and then reducing each district’s total program funding by 6.7 percent. Because the General Assembly cannot decrease base per-pupil funding, the BSF has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.



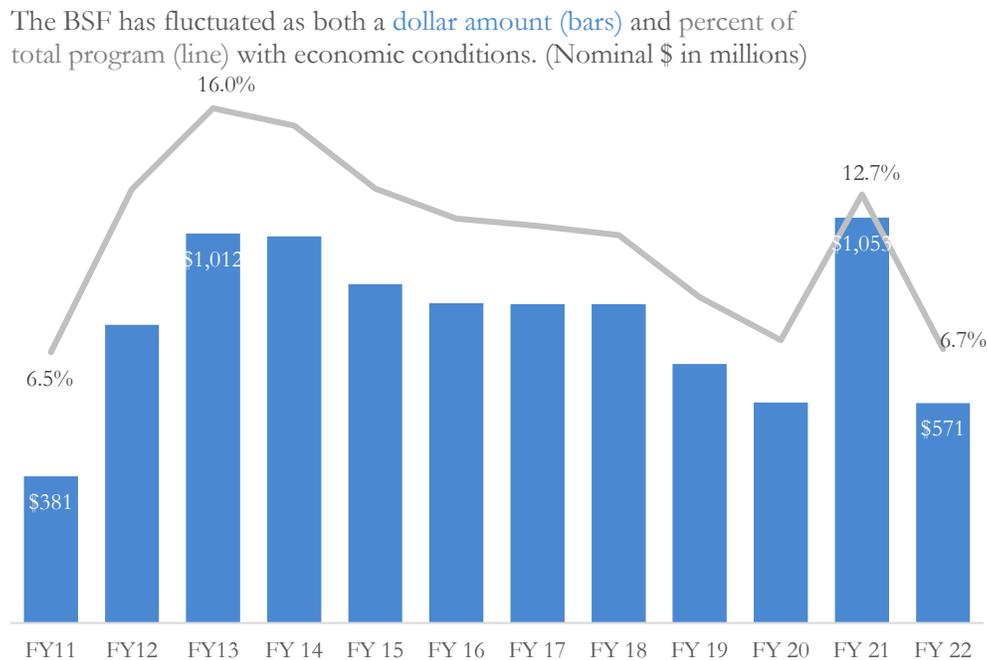
While the budget stabilization factor is applied as a flat percentage reduction (6.7 percent in FY 2021-22), it is important to note that the impact does vary depending on the school district in question (see chart below).

- First, while the percentage reduction is constant, the *dollar value* of the reduction (on a per pupil basis and in total) varies by district. As shown in the chart below, with a per pupil allocation of \$10,010 *before* the application of the budget stabilization factor, Denver’s reduction equates to \$669 per pupil (but \$60.0 million in total based on Denver’s large pupil count). In contrast, Campo’s per pupil allocation before the application of the BSF is \$19,522. Based on the higher per pupil amount (driven by the size factor), Campo is absorbing a reduction of \$1,304 per funded pupil (\$65,209 in total with a funded pupil count of 50.0 FTE).
- Second, the budget stabilization factor only applies to *state* funds. While the calculation applies to *total program* (6.7 percent of total funding, including both state and local shares, in the current year), the factor cannot reduce the local share. Therefore, districts with sufficient local property tax bases (and mill levies) do not experience the full reduction (see Estes Park and Weld – Pawnee below).

The per pupil impact of the BSF depends on the district's formula per pupil funding and the local revenues available.



As shown in the following chart, the magnitude of the BSF has fluctuated significantly with economic conditions, as both a dollar amount and as a percentage of total program funding (which links the dollar amount to both inflation and enrollment). During the previous economic downturn, it peaked at more than \$1.0 billion (representing 16.03 percent of formula-based total program funding) in FY 2012-13 before declining through FY 2019-20. Anticipated revenue shortfalls associated with COVID-19 in FY 2020-21 forced the BSF back over \$1.0 billion. With additional revenues available for FY 2021-22, the General Assembly returned the BSF to \$571.2 million (6.7 percent) in the current FY 2021-22 appropriation.



Looking toward the FY 2022-23 budget process, current law, as enacted in S.B. 21-268 (School Finance) would not allow the BSF to grow as a dollar amount in FY 2022-23. Thus, barring further action by the General Assembly during the 2022 Session, that requirement will provide the “floor” for school finance appropriations for FY 2022-23.

DETERMINING THE STATE AND LOCAL SHARES OF FUNDING

The formula’s calculations of each district’s per pupil allocation do not account for or determine whether the funding comes from state or local sources. Therefore, after determining each district’s allocation, Legislative Council Staff and the Department determine the state and local shares for each district based on the local revenues available.

Local property and specific ownership taxes provide the first source of revenue for each district's total program funding. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when registering a motor vehicle. These local tax revenues are collected and expended by each school district, and thus are not reflected in the state budget. The FY 2021-22 appropriation anticipates a total of \$3.1 billion in local tax revenues will be available to support public schools pursuant to the statutory school finance formula (this amount does not include any mill levy override funds, as those amounts are outside of the school finance formula). State appropriations then fill the gap between local tax revenues and total program funding for each district. Thus, the General Assembly appropriated \$4.8 billion in state funding for FY 2021-22 to provide a total of \$8.0 billion for school district operations.

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

- In 1982, voters approved a property tax reform measure that included a provision (generally called the "Gallagher amendment") that initially reduced the residential assessment rate from 30.0 percent to 21.0 percent, and then capped the residential share of property taxes at approximately 45 percent, which forced continued reductions in the residential assessment rate to maintain the residential share of property taxes as residential property values rose faster than overall property values.
- In 1992, voters approved the Taxpayer's Bill of Rights (TABOR). Prior to TABOR, local governments could generally collect and spend the same amount of property tax revenue each year by periodically increasing or decreasing mill levies. With respect to school district property taxes, TABOR: (1) imposes a property tax revenue limit based on inflation and changes in student enrollment; (2) prohibits districts from increasing a mill levy without voter approval; and (3) requires voter approval for any increase in assessment rates (which are set statewide).

As a result of the Gallagher amendment, the residential assessment rate declined from 30.00 percent to 7.15 percent. However, with the approval of Amendment B during the 2020 election, the voters repealed the Gallagher amendment, which resulted in the residential assessment rate remaining at 7.15 percent. Senate Bill 21-293 (Property Tax Classification and Assessment Rates) reclassified several property types, including differentiating single family homes from multiple family units, and reduced assessment rates for certain property types for FY 2021-22 and FY 2022-23.

TABOR has also reduced local revenues as a share of total program funding by reducing school district mill levies from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies ranging from 1.680 to 27.000. Senate Bill 07-199 froze total program mill levies in most school districts starting in FY 2007-08 and stopped most districts' levies from continuing to decline. Two more recent bills (H.B. 20-1418 (School Finance) and H.B. 21-1164 (Total Program Mill Levy Tax Credit)) require certain school districts to increase mill levies that had been reduced in error in previous years. House Bill 20-1418 required the mill levy collections but also instituted a system of mill levy credits in affected districts that prevented any change in property taxes paid for FY 2020-21. However, with the enactment of H.B. 21-1164, affected districts will begin phasing out the mill levy credits at a rate of 1.0 mill per year in FY 2021-22, increasing the local revenues available for school finance.

The reductions in mill levies and assessment rates, in combination with the inflationary spending increases required by Amendment 23, have caused the local share of total program funding to increase at a slower rate than overall funding. As a result, the State's share of total program funding has increased over time. From CY 1988 to FY 2006-07, the state share of funding rose from 43.4 percent to 63.9 percent, while the local share fell from 56.6 percent to 36.1 percent. Since the implementation of S.B. 07-199, the relative state share of funding has fluctuated with changes in local assessed valuation and the inflationary demands of Amendment 23. The mill levy changes required by H.B. 20-1418 and H.B. 21-1164 will increase local revenues (relative to the status quo scenario).

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

- Pupil counts.
- The rate of inflation.
- Changes in the relative cost-of-living in various regions of the state.
- The number of at-risk students and English language learners enrolled in public schools.
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues.
- Changes in statutory definitions, procedures, or mathematical factors that affect the calculation of per-pupil funding or state aid for each district.

HISTORIC TRENDS

Total program funding and statewide average per pupil funding both increased relatively steadily from FY 2000-01 through FY 2009-10, pushed upward by the inflationary requirements associated with Amendment 23. Inflation-adjusted funding also increased over that period, largely because Amendment 23 required statewide base per pupil funding to increase by inflation plus 1.0 percent during that time. However, changing economic conditions and the implementation of the budget stabilization factor have added volatility since FY 2009-10.

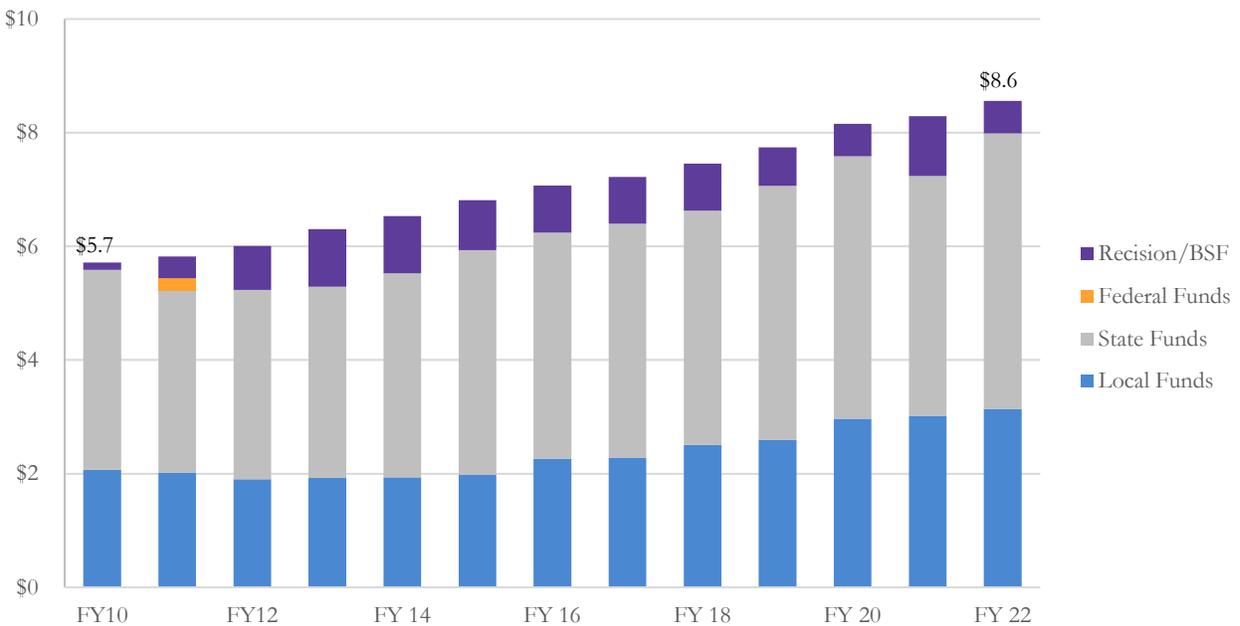
The following graphic illustrates school districts' total program funding, by fund source, from FY 2009-10 through FY 2021-22. The darker segments at the top of each bar illustrate a mid-year rescission required in FY 2009-10 as well as the impact of the budget stabilization factor in subsequent fiscal years. Appropriations for FY 2019-20 through FY 2021-22 include the following major changes:

- Total program funding for FY 2019-20 included an increase of \$190.2 million (including \$182.9 million in state funding and \$7.3 million in local funding) associated with the transition to funding

full-day kindergarten students as 1.0 student FTE as required by H.B. 19-1262 (State Funding for Full-day Kindergarten).

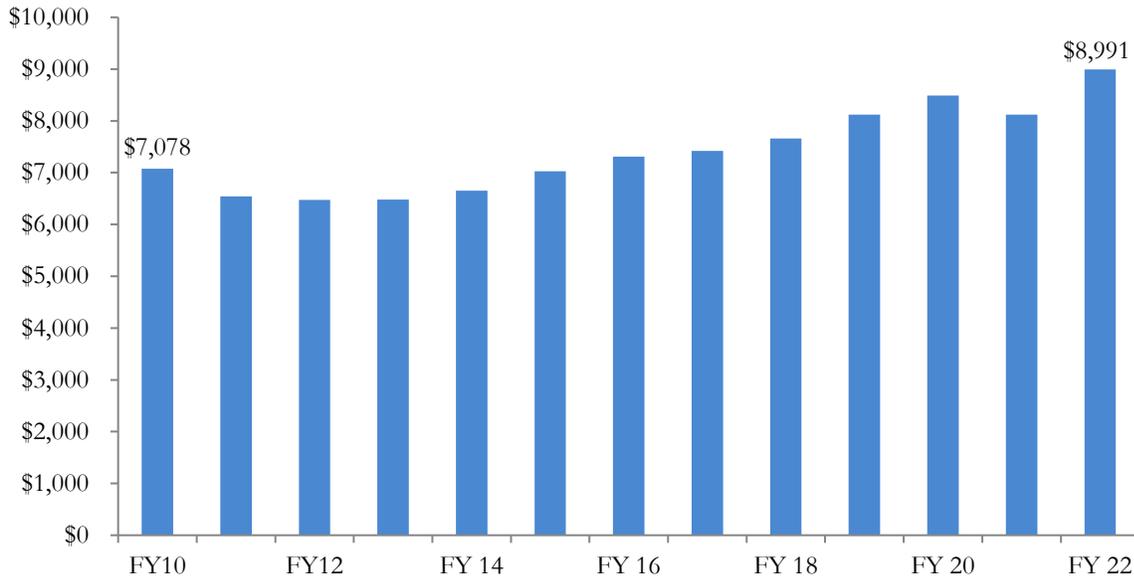
- The final FY 2020-21 appropriation fell \$367.6 million below the FY 2019-20 level, including a decrease of \$404.1 million in state funds that was partially offset by an increase in local funds. Combined with inflationary pressure on total program before the application of the budget stabilization factor, the budget stabilization factor increased by \$601.1 million, from \$572.4 million in FY 2019-20 to \$1.1 billion in FY 2020-21.
- Improved revenue collections and expectations allowed for increases in appropriations for FY 2021-22, with total program after the budget stabilization factor increasing by \$750.8 million above the FY 2020-21 appropriation (including \$715.5 million in state funds), reducing the dollar value of the BSF to \$571.2 million.

Amendment 23 requires annual inflationary increases in total program funding. However, revenue constraints since FY 2009-10 have prevented full funding, with the BSF representing the annual shortfall. (\$ in billions)



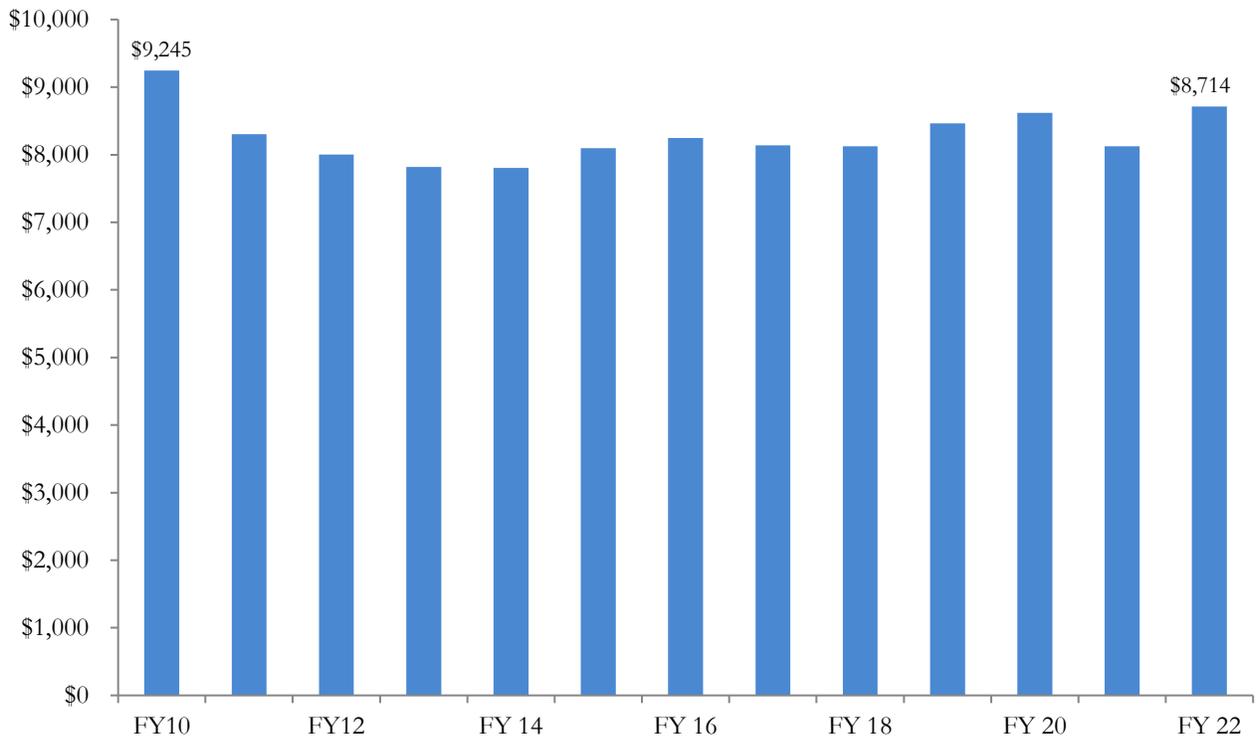
The previous chart looks at total program funding statewide. However, total funding ignores the impact of changes in enrollment. Because Colorado’s school finance formula operates on a per pupil basis, it is also informative to look at trends in funding on that basis. While per pupil funding varies widely between districts based on the factors outlined in previous sections, statewide average per pupil funding can provide a useful metric. The following chart shows statewide average per pupil funding (*not* adjusted for inflation) for FY 2009-10 through FY 2021-22.

Statewide average per pupil funding has fluctuated since FY 2009-10 based on economic changes.



Adjusting for inflation changes the picture. As shown in the following chart using 2021 dollars, if one adjusts for inflation then statewide average per pupil funding peaked in FY 2009-10 and has fluctuated below that level since that time.

Adjusting for inflation (shown in 2021 dollars), statewide average per pupil funding peaked in FY 2009-10 and has fluctuated below that level since then.



The table on the following page shows key data related to school finance funding for the last five fiscal years, as well as the current (2021 Session) appropriations for FY 2021-22.

SCHOOL DISTRICTS' TOTAL PROGRAM FUNDING: KEY DATA

DESCRIPTION	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ACTUAL	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 ACTUAL	FY 2021-22 APPROP. ¹
Funded Pupil Count	853,251	858,872	865,017	870,078	896,001	891,119	888,556
<i>Annual Percent Change</i>	1.0%	0.7%	0.7%	0.6%	3.0%	-0.5%	-0.8%
<i>Change in Denver-Boulder Consumer Price Index for Previous Calendar Year</i>	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%
Statewide <u>Base</u> Per Pupil Funding	\$6,292	\$6,368	\$6,546	\$6,769	\$6,952	\$7,084	\$7,225
<i>Annual Percent Change</i>	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%
Statewide <u>Average</u> Per Pupil Funding	\$7,313	\$7,420	\$7,662	\$8,123	\$8,489	\$8,123	\$8,991
<i>Annual Percent Change</i>	4.1%	1.5%	3.3%	6.0%	4.5%	-4.3%	5.9%
Total Program Funding²	\$6,239,564,775	\$6,372,827,460	\$6,627,917,199	\$7,067,290,190	\$7,605,978,828	\$7,238,343,519	\$7,989,174,688
<i>Annual Percent Change</i>	5.2%	2.1%	4.0%	6.6%	7.6%	-4.8%	5.0%
Local Share of Total Program Funding	\$2,259,785,802	\$2,257,704,955	\$2,506,844,504	\$2,598,750,917	\$2,977,176,606	\$3,013,645,502	\$3,048,936,734
<i>Annual Percent Change</i>	14.0%	-0.1%	11.0%	3.7%	14.6%	1.2%	2.4%
State Share of Total Program Funding	\$3,979,778,973	\$4,115,122,505	\$4,121,072,695	\$4,468,539,273	\$4,628,802,222	\$4,224,698,017	\$4,940,237,954
<i>Annual Percent Change</i>	0.7%	3.4%	0.1%	8.4%	3.6%	-8.7%	6.7%
<i>State Share as Percent of Districts' Total Program Funding</i>	63.8%	64.6%	62.2%	63.2%	60.9%	58.4%	61.8%

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

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

CATEGORICAL PROGRAMS

Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program.

However, similar to total program funding, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For example, in calendar year 2020 the percentage change in the Denver-Aurora-Lakewood consumer price index was 2.0 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$6,889,468) for FY 2021-22.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$219.2 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum, constitutionally-required amount, resulting in appropriations that are now \$104.7 million higher than the minimum amount that would have otherwise been required.

The following table details the allocation of the \$219.2 million increase since FY 2000-01 among categorical programs. For details concerning the allocation of the funding increase provided for FY 2020-22.

INCREASES IN STATE FUNDING FOR CATEGORICAL PROGRAMS SINCE FY 2000-01				
LONG BILL LINE ITEM	FY 2000-01 APPROPRIATION	FY 2021-22 APPROPRIATION	TOTAL INCREASE IN ANNUAL APPROPRIATION OF STATE FUNDS SINCE FY 2000-01	
Special Education - Children with Disabilities	\$71,510,773	\$220,154,633	\$148,643,860	207.9%
English Language Proficiency Program	3,101,598	25,257,742	22,156,144	714.3%
Public School Transportation	36,922,227	62,771,962	25,849,735	70.0%
Career and Technical Education Programs	17,792,850	28,244,361	10,451,511	58.7%
Special Education - Gifted and Talented Children	5,500,000	12,994,942	7,494,942	136.3%
Expelled and At-risk Student Services Grant Program	5,788,807	9,493,560	3,704,753	64.0%
Small Attendance Center Aid	948,140	1,314,250	366,110	38.6%
Comprehensive Health Education	600,000	1,131,396	531,396	88.6%
Total	\$142,164,395	\$361,362,846	\$219,198,451	154.2%

SUMMARY: FY 2021-22 APPROPRIATION & FY 2022-23 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION:						
FY 2021-22 Long Bill	5,847,545,486	3,786,903,022	1,401,687,125	38,200,295	620,755,044	608.6
SB 21-268 Public School Finance	496,754,361	483,354,361	11,400,000	2,000,000	0	2.3
Other legislation	135,810,543	23,855,456	104,816,104	7,138,983	0	3.5
TOTAL	\$6,480,110,390	\$4,294,112,839	\$1,517,903,229	\$47,339,278	\$620,755,044	614.4
FY 2022-23 REQUESTED APPROPRIATION:						
FY 2021-22 Appropriation	\$6,480,110,390	4,294,112,839	\$1,517,903,229	\$47,339,278	\$620,755,044	614.4
R1 State share of total program increase	381,244,420	0	381,244,420	0	0	0.0
R2 Categorical programs increase	13,370,425	0	13,370,425	0	0	0.0
R3 Operating expenses for the State Board of Education	124,497	124,497	0	0	0	0.5
R4 Departmental infrastructure	648,145	551,972	96,173	0	0	6.2
R5 CSI mill levy equalization	20,000,000	10,000,000	0	10,000,000	0	0.0
R6 Expanding resources for school improvement	2,000,000	2,000,000	0	0	0	0.0
R7 Empowering parents with information	526,315	526,315	0	0	0	1.8
R8 CSDB teacher salary increase	288,614	288,614	0	0	0	0.0
R9 CCDB dishwashing machine	65,000	65,000	0	0	0	0.0
Non-prioritized requests	74,633	71,935	1,021	1,677	0	0.0
Centrally appropriated line items	1,335,848	127,659	(259,252)	590,030	877,411	0.0
Annualize prior year legislation	(75,169,668)	(4,861,423)	(63,541,629)	(6,860,255)	93,639	2.9
Annualize prior year budget actions	(2,049)	0	0	(2,049)	0	0.0
Other	0	0	0	0	0	0.0
TOTAL	\$6,824,616,570	\$4,303,007,408	\$1,848,814,387	\$51,068,681	\$621,726,094	625.8
INCREASE/(DECREASE)	\$344,506,180	\$8,894,569	\$330,911,158	\$3,729,403	\$971,050	11.4
Percentage Change	5.3%	0.2%	21.8%	7.9%	0.2%	1.9%

R1 STATE SHARE OF TOTAL PROGRAM INCREASE (REQUIRES LEGISLATION): The request includes a net increase of \$381.2 million cash funds (including an increase of \$458.9 million from the State Education Fund that is partially offset by a reduction of \$77.6 million from the State Public School Fund) for the state share of districts' total program funding. Based on the Office of State Planning and Budgeting (OSPB) September 2021 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by \$526 (5.8 percent); and (2) decrease the dollar value of the BSF by \$150.0 million (from \$571.2 million in FY 2021-22 to \$421.2 million in FY 2022-23). The request assumes that the BSF will remain at that level in subsequent years. The Committee should note that the request includes proposal to transfer a total of \$450 million from the General Fund to the State Education Fund in FY 2021-22, intended to support reduction to the BSF for FY 2022-23 through FY 2024-25 with appropriations of \$150 million per year. The Office of State Planning and Budgeting indicates that the request would increase funding for an evidence-informed program as defined in S.B. 21-284 (Evidence-based evaluation for budget).

R2 CATEGORICAL PROGRAMS INCREASE (REQUIRES LEGISLATION): Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2022-23. The request, based on the OSPB-projected inflation rate for CY 2021 (3.7 percent), seeks an increase of \$13.4 million cash funds from the State Education Fund to support the required increase. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. The Committee should note that the request includes \$375,000 that the Governor’s Office is proposing to provide to the State Charter School Institute (CSI) for a new school designed to primarily serve students with disabilities. It is staff’s assumption that specifically providing funding to the CSI as requested would require separate legislation. See Appendix C for a discussion of the Department’s response to a request for information associated with categorical funding.

R2 REQUESTED INCREASES IN <i>STATE</i> FUNDING FOR CATEGORICAL PROGRAMS				
LONG BILL LINE ITEM	FY 2021-22 APPROPRIATION	FY 2022-23 REQUEST	CHANGE IN STATE FUNDING	PERCENT CHANGE
Special Education - Children with Disabilities	\$220,154,633	\$227,859,864	\$7,705,231	3.5%
English Language Proficiency Program	25,257,742	27,548,555	2,290,813	9.1%
Public School Transportation	62,771,962	64,867,777	2,095,815	3.3%
Career and Technical Education Programs	28,244,361	29,519,166	1,274,805	4.5%
Special Education - Gifted and Talented Children	12,994,942	12,994,942	0	0.0%
Expelled and At-risk Student Services Grant Program	9,493,560	9,497,972	4,412	0.0%
Small Attendance Center Aid	1,314,250	1,314,676	426	0.0%
Comprehensive Health Education	1,131,396	1,130,319	(1,077)	-0.1%
Total	\$361,362,846	\$374,733,271	\$13,370,425	3.7%

ISSUE: SCHOOL FINANCE ACT FUNDING PROJECTIONS

Current law requires the General Assembly to provide at least enough funding for school finance in FY 2022-23 to prevent any increase in the budget stabilization factor above the dollar amount from FY 2021-22 (\$571.2 million based on the current FY 2021-22 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the budget stabilization factor at \$571.2 million in FY 2022-23 would require an additional \$152.6 million in state funding above the current FY 2021-22 appropriation. Based on those estimates, any state funding provided above that amount in FY 2022-23 would reduce the budget stabilization factor. The December 2021 revenue forecast(s) will adjust many of the underlying assumptions related to state and local revenues as well as pupil counts.

SUMMARY

- Current law, as enacted in S.B. 21-268, requires the General Assembly to provide sufficient total program funding in FY 2022-23 to prevent the budget stabilization factor (BSF) from growing above the FY 2021-22 dollar amount (\$571.2 million). Based on the Legislative Council Staff September 2021 Revenue Forecast (LCS Forecast), meeting the current law funding requirement for FY 2022-23 would require an increase of \$152.6 million total funds for the state share of total program funding. The General Assembly could choose to support the increase with General Fund and/or cash funds from the State Education Fund (SEF).
- Based on current estimates (which will change with subsequent forecasts and the actual inflation rate for the current calendar year), it appears that the General Assembly could be in a position to provide a significant increase in funding for school finance FY 2022-23, through changes to the formula and/or reducing the BSF. As an upper benchmark, eliminating the budget stabilization factor in FY 2022-23 would require an increase of \$420.8 million General Fund (\$723.8 million total funds) above the current FY 2021-22 appropriation. Continuing to fully fund the existing statutory formula with no BSF would require an additional \$233.1 million General Fund in FY 2023-24 and \$210.4 million in FY 2024-25 based on staff's current projections. Any significant increases in funding using one-time funds would require planning to sustain those changes in subsequent years.
- The projections for each scenario included in this issue brief include assumptions about targeted ending balances for the SEF and the rate at which the General Assembly may wish to spend down one-time funds available in the SEF. Changes to those assumptions would change the annual General Fund impact of each scenario, with faster use of the SEF reducing pressure on the General Fund in the near term but increasing pressure in subsequent years.
- The Governor's budget request for FY 2022-23 includes two proposals directly related to total program funding. First, based revenue estimates from the Office of State Planning and Budgeting, request R1 proposes an increase of \$381.2 million state funds (with no General Fund increase) to reduce the budget stabilization factor by \$150.0 million (to \$421.2 million) in FY 2022-23. Second, the request proposes to transfer \$450.0 million from the General Fund to the State Education Fund in FY 2022-23 to support the buy down of the BSF in FY 2022-23 and set aside the revenues necessary to maintain that reduction (\$150 million per year) through FY 2024-25.

RECOMMENDATION

Based on the current statutory school finance formula, staff's school finance funding projections, and the Governor's proposed budget for FY 2022-23, staff recommends that the Joint Budget Committee discuss public school funding with legislative leadership, the Education Committees, and the Governor's Office. Specifically:

- Staff recommends that the discussions include planning for total program funding over the next several years. Based on currently available data (which may change with subsequent revenue forecasts) and significant balances available in both the General Fund and the State Education Fund, it appears that the General Assembly could have an opportunity to add significant funding for school finance for FY 2022-23 and either support formula changes or reduce the BSF. However, to the extent that one-time funds in the General Fund and State Education Fund facilitate that reduction, the General Assembly would need to plan for ongoing General Fund support to maintain any reductions in subsequent years.
- Staff also recommends that the Committee discuss how the General Assembly should plan for potential changes to the formula (such as those discussed by the Legislative Interim Committee on School Finance) and any associated costs. As the projections in this issue brief are based on current law, staff has not attempted to include any additional costs.

With respect to the FY 2022-23 appropriation, barring changes to current law prior to the figure setting process, staff anticipates making the following specific recommendations *at figure setting*:

- 1 Set the *Long Bill* appropriation for school finance to maintain the budget stabilization factor as a constant dollar amount (\$571.2 million based on the current FY 2021-22 appropriation). Any mid-year changes to the BSF for FY 2021-22 will change that requirement.
- 2 Provide additional total program funding through the school finance bill to reduce the BSF or support improvements to the formula, as revenues allow, in a manner that is sustainable in subsequent years. Based on current revenue conditions, staff expects to recommend that the General Assembly consider providing a significant increase in funding in FY 2022-23.
- 3 Plan to spend down the balance of the SEF over several years to avoid creating a General Fund cliff effect. For example, staff's current projections based on eliminating the BSF would maintain the following ending balances in the SEF: \$400 million at the end of FY 2022-23, \$300 million at the end of FY 2023-24, \$200 million at the end of FY 2024-25, and \$150 million in subsequent years. Staff recommends adjusting the targeted ending balances based on the Committee's goals regarding reducing the BSF to ensure that any General Fund increases are sustainable in subsequent years.

DISCUSSION

BACKGROUND – PROJECTION ASSUMPTIONS

Annual projections of education funding have generally included funding for two program areas: (1) public school finance and (2) categorical programs. Following the passage of Amendment 23³, the

³ See Article IX, Section 17 of the State Constitution.

annual projections of funding for these two areas were straightforward. To reflect current law, staff based the projections on the existing statutory public school finance formula⁴, plus compliance with Amendment 23 requiring annual increases in the "base per pupil funding" component of the statutory formula and in state funding for categorical programs. Staff then calculated the necessary General Fund appropriations based on:

- Anticipated local funding from local property and specific ownership tax revenues.
- Anticipated funding available from the SEF and the State Public School Fund.
- Ensuring compliance with the General Fund maintenance of effort requirement in Amendment 23.

Since 2010, the annual projections have changed in three ways.

- First, the projections incorporate the BSF. Thus, the "current law" amount is no longer generated solely through the statutory school finance formula.
- Second, in light of the uncertainty introduced by the budget stabilization factor, the General Assembly establishes a "current law" requirement for the *following fiscal year* during each legislative session. For example, S.B. 21-268 requires the General Assembly to prevent growth in the budget stabilization factor (as a dollar amount) from FY 2021-22 to FY 2022-23. Thus, under current law (which determines the Long Bill appropriation) the budget stabilization factor may not exceed \$571.2 million in FY 2022-23.
- The presence of the budget stabilization factor provides flexibility in the total amount of funding provided. Thus, the projections have included multiple scenarios to illustrate potential options for funding.

2021 PROJECTION ASSUMPTIONS

As discussed above, S.B. 21-268 set a statutory baseline *for the FY 2022-23 Long Bill appropriation* requiring the budget stabilization factor to remain at or below \$571.2 million, which determines staff's current law scenario for FY 2022-23. Please note that while the current law scenario assumes a flat budget stabilization factor throughout the forecast period, the statute is silent with respect to FY 2023-24 and subsequent years.

Consistent with recent projections, staff's 2021 funding analysis assumes the following:

- The revenue assumptions for the SEF and State Public School Fund are based on the September 2021 LCS revenue forecast. Staff notes that the September 2021 OSPB revenue forecast anticipates somewhat lower SEF and marijuana tax revenues over the forecast period, which would increase the pressure on the General Fund by those amounts. Conversely, the OSPB forecast also anticipates somewhat higher General Fund revenues. Staff will continue to monitor updated revenue forecasts.
- The General Assembly will not change existing appropriations for FY 2021-22 at mid-year. Staff anticipates that mid-year adjustments will be necessary based on actual pupil counts and local revenues but does not currently have data to support any changes and is not predicting the potential actions of the General Assembly for mid-year adjustments.
- The General Assembly will increase state funding for categorical programs by the rate of inflation annually, as required by Amendment 23. Consistent with recent legislative actions, staff assumes the General Assembly will use SEF money to comply with this provision.

⁴ See Article 54 of Title 22, C.R.S.

- The General Assembly will continue to appropriate SEF money to support a variety of programs and functions other than school finance and categorical programs (totaling \$124.1 million in FY 2021-22). The projections do not currently assume large *changes* in those other appropriations. For example, if the General Assembly increased SEF appropriations for categorical programs by more than the anticipated inflationary requirements then that could reduce the amount available for school finance.
- The General Assembly will pace the use of SEF revenues to mitigate potential spikes in General Fund appropriations. For example, the projections in this issue brief (built around an upper benchmark of eliminating the BSF) assume the following SEF ending balances: \$400.0 million in FY 2022-23, \$200.0 million in FY 2023-24, and \$150.0 million in FY 2024-25 and subsequent years.

Finally, staff will update these projections again based on the Legislative Council Staff and Office of State Planning and Budgeting December 2021 revenue forecasts (including adjustments for inflation, SEF revenues, pupil enrollment, and property tax revenues), as well as any mid-year adjustments to appropriations for FY 2021-22.

UNCERTAINTY AND ASSUMPTIONS

The Committee should that school finance projections include some inherent uncertainty, outside of state revenues. Major variables include:

- *Enrollment:* The projections include modest *declines* in enrollment over the next four years (an average of about 0.5 percent per year through FY 2025-26). While legislative staff has anticipated modest declines in this period for years based on demographic trends, current circumstances related to COVID-19 have increased uncertainty. Significant changes in enrollment projections would inherently drive changes in the cost of school finance.
- *Local Revenues:* The current FY 2021-22 appropriation assumes that local revenues will increase by \$33.8 million (1.1 percent) above FY 2020-21 collections. The 2021 projections assume increases of 3.9 percent in FY 2022-23, 5.0 percent in FY 2023-24, 1.9 percent FY 2024-25, and 5.0 percent in FY 2025-26. Staff has attempted to err toward conservative assumptions about local revenues but notes that any change in those projections (up or down) would directly impact the state aid necessary to support a given level of total program funding.
- *Inflation:* Finally, the September 2021 LCS forecast projects an inflation rate of 3.7 percent for calendar year 2021 (driving appropriation requirements for FY 2022-23) but then decreases to 2.4 percent for FY 2023-24 and 2.3 percent for FY 2024-25. Increases or decreases in the inflation rate directly impact the required appropriations for both school finance and categorical programs. The General Assembly will learn the final inflation rate for CY 2021 prior to making appropriations for FY 2022-23.

2021 PROJECTIONS (FY 2021-22 THROUGH FY 2025-26)

The General Assembly faces a menu of options regarding expenditures for total program, ranging from reducing appropriations below FY 2021-22 levels (within constitutional constraints and requiring statutory change) to eliminating the BSF and “fully funding” the formula (if revenues allow it).

Since the creation of the BSF, staff has generally presented five incremental scenarios for total program funding, including: (1) a baseline scenario holding total program constant (with increasing local share allowing for decreases in the state share); (2) a caseload scenario holding statewide average

per pupil funding constant to account for changes in enrollment; (3) an inflation scenario increasing statewide average per pupil funding by the rate of inflation; (4) a current law scenario holding the BSF constant; and (5) a policy option to eliminate the BSF in the budget year.

Staff can still provide data on all of those scenarios upon request. **However, given current revenue forecasts staff has focused the 2021 projections for this document on the final two scenarios: current law - holding the budget stabilization factor constant, and the policy option to eliminate the BSF in FY 2022-23.** Therefore, staff's current projections assume that the final appropriation will fall between the "flat BSF" and "no BSF" options.

TOTAL STATE SHARE REQUIRED

Table 1 below shows the *total state funding* necessary to support each scenario based on the Legislative Council Staff September 2021 Revenue Forecast and staff's adjustments to assumptions for the out years.

- *Current Law (Constant BSF):* Staff's current projections indicate that maintaining the BSF at \$571.2 million through FY 2025-26 requires an average increase in total state funds of \$59.6 million per year. Total state funding would increase by \$152.6 million in FY 2022-23 but then fluctuate in subsequent years because anticipated local revenue increases could cover much of the annual change.
- *Policy Option (Eliminate BSF):* On the upper end, eliminating the BSF in FY 2022-23 would require the state share to increase by \$723.8 million (14.9 percent) in FY 2022-23 to cover both changes in the cost of the formula and eliminate the BSF. The annual *change* in state funding would then be the same as under the first scenario in subsequent years, although total state funding would be \$571.2 million higher each year than under the current law scenario.

TABLE 1: TOTAL STATE SHARE OF TOTAL PROGRAM FUNDING					
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
<i>Projected Pupil Count</i>	888,557	884,324	880,401	875,672	870,970
Local Share of Funding	\$3,140,637,440	\$3,263,910,927	\$3,427,106,474	\$3,492,221,497	\$3,666,832,572
<i>Annual Percent Change</i>	20.9%	3.9%	5.0%	1.9%	5.0%
State Share of Funding - Legislative Council Staff September 2021 Forecast					
<i>Forecast Inflation Rate</i>	2.7%	3.7%	2.4%	2.3%	2.3%
Current Law - Maintain BSF as a Dollar Amount	\$4,848,537,248	\$5,001,110,263	\$5,008,412,382	\$5,100,973,466	\$5,086,797,122
Annual Increase in State Share	<i>n/a</i>	152,573,015	7,302,119	92,561,084	-14,176,344
Statewide Average Per Pupil	8,991	9,346	9,581	9,813	10,050
Budget Stabilization Factor	(571,233,147)	(571,233,147)	(571,233,147)	(571,233,147)	(571,233,147)
Eliminate BSF in FY 2022-23	\$4,848,537,248	\$5,572,343,410	\$5,579,645,529	\$5,672,206,613	\$5,658,030,269
Annual Increase in State Share	<i>n/a</i>	723,806,162	7,302,119	92,561,084	-14,176,344
Statewide Average Per Pupil	8,991	9,992	10,230	10,466	10,706
Budget Stabilization Factor	(571,233,147)	0	0	0	0

GENERAL FUND IMPACT

Based on the assumptions discussed above (primarily stepping down the SEF balance each year), the General Assembly could maintain a flat budget stabilization factor and actually *reduce* the General Fund appropriation by \$150.3 million *below the current FY 2021-22 appropriation*. The Committee should note that staff would not recommend this set of assumptions (SEF ending balances) for the constant BSF scenario. Staff would not currently recommend reducing the General Fund appropriation for FY 2022-23.

As an upper benchmark, eliminating the BSF in FY 2022-23 (or making an equivalent increase through changes to the formula) would require an increase of \$420.9 million in FY 2022-23 (above the current FY 2021-22 appropriation) but smaller annual increases in subsequent years. The following table shows the changes in General Fund allowed/required through FY 2025-26 under each of the benchmark scenarios.

TABLE 2: PROJECTION OF GENERAL FUND NEED FOR PUBLIC SCHOOL FINANCE (SEPTEMBER 2021 LCS FORECAST WITH \$150 MILLION MINIMUM SEF BALANCE)				
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Base Appropriation	\$4,040,848,829	\$4,461,732,804	\$4,694,787,883	\$4,905,171,145
Current Law - Constant BSF	(150,349,172)	233,055,079	260,383,262	(99,991,914)
Eliminate BSF in FY 2022-23	420,883,975	233,055,079	210,383,262	8,086
Adjusted GF Appropriation to Eliminate BSF	\$4,461,732,804	\$4,694,787,883	\$4,905,171,145	\$4,905,179,231
Total Annual GF Change	\$420,883,975	\$233,055,079	\$210,383,262	\$8,086
Total Annual Percent Change	10.4%	5.2%	4.5%	0.0%
State Education Fund Ending Balance	\$400,000,000	\$200,000,000	\$150,000,000	\$150,000,000

Staff will update projections and scenarios as new information is available.

SUSTAINABILITY AND THE GENERAL FUND

Given the prevalence of one-time funding in both the General Fund and the SEF, the General Assembly will need to consider the sustainability of any path forward for school finance in order to avoid creating a “cliff effect” for the General Fund.

- In addition to the annual *change* in General Fund appropriations, any planning should consider the *total amount of General Fund* required under a given scenario.
- For example, as shown in Table 2 above, eliminating the BSF would require a total of \$4.9 billion General Fund in FY 2024-25, which represents an increase of \$864.3 million above the current FY 2021-22 appropriation. While the *annual increases* in FY 2023-24 and FY 2024-25 look manageable relative to General Fund increases in many years, a key question for the General Assembly is whether \$4.9 billion (or the amount required under any given scenario) will be available for this purpose in FY 2024-25 and beyond.

A second lens on sustainability could consider the proportion of statewide General Fund appropriations dedicated to school finance (as has been a topic of conversation among education stakeholders in prior years). Again as an illustrative example, the following graph shows total school finance appropriations from the General Fund and SEF for FY 2014-15 through the projections for FY 2023-24 if the BSF were eliminated in FY 2022-23. The graph also shows those appropriations as a percentage of total statewide operating appropriations from the General Fund and SEF for each year, including the projections for FY 2022-23 and FY 2023-24. As shown in the graph, school finance has fluctuated between 34.4 and 38.7 percent of total statewide General Fund and SEF appropriations over that period but would remain in that range through FY 2023-24 under this scenario based on current projections of appropriations.

Total program funding has made up between 34 and 39 percent of total General Fund and SEF appropriations each year. Current projections indicate that would continue even with the elimination of the BSF.



Finally, should the General Assembly elect to prioritize a significant increase for school finance (through either formula changes or a large reduction in the BSF), it could consider managing the available one-time funds in the General Fund to make the change more sustainable. For example, the General Assembly could consider using a “Mitigating Cliff Effects Fund” as discussed in the JBC Staff “ARPA Coronavirus State Fiscal Recovery Funds – Status Update” memorandum dated November 17, 2021. Designating an additional portion of one-time funds to be spent over multiple years might allow annual General Fund revenues to “catch up” to the obligations required by a significant increase for school finance if the State prioritized the use of those funds.

STAFF CONCLUSIONS AND POINTS TO CONSIDER

Staff offers two key conclusions based on the projections outlined above:

- As previously noted, many of the estimates included in these projections may change based on the December 2021 revenue forecasts, which will include updated estimates of local revenues, enrollment, and inflation. If estimates of enrollment and/or inflation increase significantly then total program before the application of the BSF will become more expensive. Conversely, reduced projections of either variable would decrease the cost of total program. Similarly, significant changes in anticipated revenues for the State Education Fund and the State Public School Fund would also affect the General Fund necessary under any given scenario.
- With that (significant) caveat noted, these projections indicate that the General Assembly may be in a position to significantly increase school finance funding in FY 2022-23 and that such a reduction could be sustainable in subsequent years, depending on competing priorities for the use of General Fund and planning to mitigate the impact of one-time funding.

GOVERNOR'S FY 2022-23 BUDGET REQUEST

Relative to the current FY 2021-22 appropriation, the Governor's budget request proposes an increase of \$381.2 million in state funding for school finance in FY 2022-23, with no increase in General Fund *appropriations* although the proposal includes a *transfer* of \$450.0 million to the SEF to be spent over a three year period through FY 2024-25. Combined with an estimated increase of \$94.4 million in local revenues, the Governor's proposal provides an increase of \$475.6 million for total program and would reduce the BSF by \$150.0 million based on the Governor's Office's projections of pupil counts and total program funding. The Committee should note that both the proposed transfer and the change to the BSF require statutory change. Adjustments to the budget stabilization factor generally take place through the annual school finance bill and the transfer to the State Education Fund would also require statutory change.

The following table shows the Governor's FY 2022-23 request relative to the current FY 2021-22 appropriation. Staff notes that the Governor's Office has assumed a modest *increase* in enrollment (funded pupil count) for FY 2022-23, increasing the cost of total program funding before the BSF relative to staff's projections above. The General Assembly will have access to revised enrollment estimates prior to making decisions for the FY 2022-23 appropriation.

TABLE 4: FY 2019-20 GOVERNOR'S REQUEST			
	FY 2021-22 APPROPRIATION	REQUESTED CHANGE (FY 2022-23 R1)	TOTAL FY 2022-23 REQUEST
Funded Pupil Count	888,557	889	889,446
Total Program Funding Before Budget Stabilization Factor	\$8,560,407,834	\$325,612,233	\$8,886,020,067
Local Share	\$3,140,627,102	\$94,367,814	\$3,234,994,916
State Share			
General Fund	\$4,040,848,829	\$0	\$4,040,848,829
State Education Fund	614,390,325	458,885,045	1,073,275,370
State Public School Fund	<u>193,298,094</u>	<u>(77,640,626)</u>	<u>115,657,468</u>
Subtotal - State Share	\$4,848,537,248	\$381,244,419	\$5,229,781,667
Total Program Funding After Budget Stabilization Factor	\$7,989,164,350	\$475,612,233	\$8,464,776,583
Budget Stabilization Factor	(\$571,243,484)	\$150,000,000	(\$421,243,484)
State Education Fund Ending Balance (OSPB Sept. 2021 Forecast)	\$767,583,245	\$51,767,305	\$819,350,550

POINTS TO CONSIDER FOR GOVERNOR'S REQUEST

As discussed above, staff's current projections indicate that the General Assembly may be able to make a significant reduction in the BSF for FY 2022-23. Staff understands that the Governor's proposed transfer to the SEF is intended to set aside the funds to cover the requested BSF reduction for three years (making the \$150 million reduction in FY 2022-23 and then sustaining it for the following two years).

Staff is not inclined to recommend the proposed transfer to the SEF. While this mechanism would secure the funding for future years, unless the General Assembly intends to make periodic transfers to sustain it, it will still result in a need for an increase of \$150 million General Fund once the transferred money is depleted. Staff also notes that transferring the money to the SEF avoids the 15.0 percent General Fund statutory reserve requirement. While reducing the reserve requirement may

assist with balancing, staff notes that the proposal would still have a \$450 million General Fund impact in FY 2022-23 and would increase appropriations (that would be classified as SEF) by \$150 million per year for the next three years. Staff expects to recommend making direct appropriations from the General Fund rather than making a transfer to the SEF.

ENROLLMENT CONSIDERATIONS FOR FY 2021-22 AND BEYOND

Based on preliminary data, statewide K-12 enrollment is significantly lower than anticipated in FY 2021-22, raising questions about enrollment and associated funding requirements in future years. While the FY 2021-22 appropriation assumed that many students that were not enrolled in FY 2020-21 would return, preliminary counts indicate that has not been the case. In addition, the at-risk student count is lower than anticipated in the current year, with early data indicating that reliance on free and reduced price lunch forms may (again) be causing an undercount of the at-risk population. In addition, the number of English language learners identified statewide is lower in FY 2020-21 and lower than anticipated in the current appropriation.

SUMMARY

- Continuing trends from FY 2020-21, preliminary data indicate that statewide K-12 enrollment remains below FY 2019-20 levels. Depending the metric used (headcount vs. student full-time equivalents), enrollment is either slightly above or slightly below the count from FY 2020-21 but still well below the pre-pandemic count from FY 2019-20. The appropriation for FY 2021-22 assumed that enrollment would rebound in FY 2021-22 but that does not appear to have happened.
- The statutory system to average enrollment during declines continues to mitigate much of the impact on the funded pupil count and total program funding. However, the persistence of decreased counts may raise questions about whether the State should continue to fund districts based on historic counts for an extended period of time (with averaging periods of up to five years under current law).
- In addition, counts of at-risk students and English language learners (ELL) are both lower than anticipated and lower than in either FY 2019-20 or FY 2020-21. It appears that a continued reliance on free and reduced price lunch (FRL) forms may be driving a continued undercount of at-risk students with free lunch available to all students. Staff has no explanation for the decrease in ELL students.

RECOMMENDATION

Staff recommends that the Committee discuss enrollment and student count information with the Department at its upcoming hearing, including potential impacts for the current year (FY 2021-22) and future years. Specifically, staff recommends that the discussions include:

- Statewide student enrollment (both the student count and the funded pupil count), including the potential ongoing impact of the COVID-19 pandemic, and the impact of the statutory “averaging” system on enrollment and school finance costs going forward.
- At-risk student counts, the potential continued impact of universal free lunch (at least in the current year), and options to mitigate undercounts of at-risk students.
- Declining English language learner (ELL) counts as they relate to both categorical funding and the new ELL factor in the school finance formula.

In addition, staff recommends that the General Assembly move forward with an alternative mechanism to identify and count at-risk students (other than FRL forms), such as the proposal under consideration by the Legislative Interim Committee on School Finance.

DISCUSSION

Colorado's statewide enrollment has been relatively flat for several years as a result of demographic factors, and legislative staff had anticipated modest declines in enrollment beginning in approximately FY 2022-23 even before the impact of the COVID-19 pandemic. However, current circumstances, largely related to the pandemic, have added uncertainty to the system. Staff is aware of ongoing issues or concerns related to: (1) total enrollment and the funded pupil count; (2) counts of at-risk students; and (3) counts of English language learners. The following sections briefly outline those issues.

TOTAL ENROLLMENT/FUNDED PUPIL COUNT

As the Committee is aware, enrollment (the number of actual students) fell by approximately 30,000 students from FY 2019-20 to FY 2020-21. Because of the statutory averaging system, the funded pupil count fell by only about 5,000 students, mitigating much of the impact of the sudden decline in enrollment for FY 2020-21.

- The current FY 2021-22 appropriation anticipated that most of those students would return to the system this year. The appropriation still anticipated a modest decline in the funded pupil count because of the role of averaging - but expected the actual student count to rebound to closer to FY 2019-20 levels.
- However, based on preliminary data, that has not happened. Depending on the exact measure used (e.g., headcount vs. student full-time equivalents), enrollment appears to be relatively flat (slightly up under one metric and slightly down under the other metric). The data are preliminary and the details are not yet ready for presentation to the Committee – but staff recommends that the Committee request updates for the Department's hearing.
- Based on the available data, it is unclear whether the “missing” students this year are the same individual students as last year. However, it appears to be clear that there was not a large (net) influx of students back into the system.

Staff Considerations: The enrollment situation raises questions for the FY 2021-22 mid-year adjustment and for projections for FY 2022-23 and beyond, particularly related to averaging. The current (statutory) system of averaging considers each district's enrollment over the past five years and then selects the averaging window (from two to five years) that is most favorable to the school district (resulting in the highest funded pupil count/funding). The system mitigates the impact of declining enrollment, including sudden changes such as the districts saw in FY 2020-21. This results in the “phantom students” discussed by the General Assembly over the past several years. Staff offers the following points for the Committee's consideration:

- Staff agrees that the averaging system operated as intended in FY 2020-21 (and the current year) to mitigate a sudden and unanticipated change in enrollment that would otherwise have created an equally sudden change in funding for many school districts.
- In addition, the system avoids wild fluctuations in enrollment and funding that would make district planning more difficult. Funding did not suddenly drop in FY 2020-21 and would have increased dramatically this year if the students had come back as anticipated.
- However, if enrollment remains down then the General Assembly may wish to consider changing the averaging system to reduce the number of “phantom students” funded in FY 2022-23 and

beyond. Staff recommends maintaining a system to smooth out sudden fluctuations in the data but would not recommend maintaining the current system if enrollment is unlikely to rebound to previous levels in the near term.

AT-RISK STUDENTS

As the Committee discussed at length during the FY 2020-21 mid-year adjustment process for school finance (S.B. 21-053), the pandemic has also had unforeseen impacts on the counting of at-risk students (current law counts students eligible for free or reduced price lunch under the federal school lunch program as at-risk in the school finance formula). Students may be counted as at-risk through either direct certification through involvement in other programs such as the Supplemental Nutrition Assistance Program (SNAP) or through the submission of application forms for free or reduced price lunch (FRL forms).

While the original FY 2020-21 appropriation anticipated a large increase in at-risk students from FY 2019-20 to FY 2020-21 as a result of the economic impacts of COVID-19, the number of students actually counted *decreased* below FY 2019-20. Based on an assumption that the system was undercounting at-risk students largely because universal free lunch was removing the incentive for parents to fill out the FRL application forms, the General Assembly provided \$14.7 million in supplemental funding outside of the school finance formula to mitigate that impact in FY 2020-21.

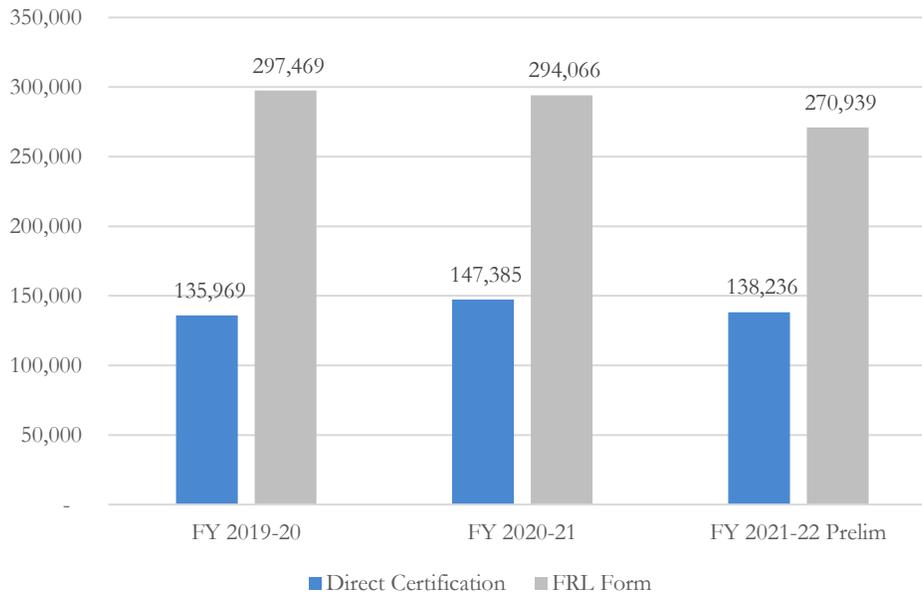
For the purposes of this briefing (considering FY 2021-22 and FY 2022-23), the preliminary data for the current year indicate that the at-risk count is even lower in FY 2021-22 than it was in FY 2020-21 and even farther below the pre-pandemic levels from FY 2019-20.

While economic improvement and decreasing unemployment rates may have reduced the *actual* number of at-risk students this year relative to FY 2020-21, staff believes it is highly unlikely that the actual number of at-risk students is well below pre-pandemic FY 2019-20 levels. Universal free lunch is still in place for the current year as a result of federal action, and staff and the Department both agree that the FRL forms appear to be the major driver.

That conclusion is based in part on the fact that the number of direct certification students has fluctuated as one might expect (increasing from FY 2019-20 to FY 2020-21 and then receding to some extent in FY 2021-22) while the FRL form population has *decreased in both years* (described in the bullet points below and shown in the graphic on the following page).

- The direct certified at-risk count increased from 135,969 in FY 2019-20 to 147,385 in FY 2020-21, while the form-based count *decreased* from 297,469 in FY 2019-20 to 294,066 in FY 2020-21.
- Based on preliminary data, the direct certified count decreased by about 9,000 students from FY 2020-21 to FY 2021-22 – but remains above the FY 2019-20 level. Conversely, the FRL form-based count appears to have decreased by approximately 23,000 students below the FY 2020-21 count and more than 25,000 students below the count from FY 2019-20. Based on that information, staff suspects that the current system is undercounting at-risk students that would qualify through FRL forms in the current year.
- It is staff's understanding that the larger drop in counts tied to FRL forms this year is because the FY 2020-21 count was able to “grandfather” students that submitted forms in FY 2019-20 (without universal free lunch in place). Those students rolling off of the counts in FY 2021-22 appears to explain much of the decrease in the current year.

At-risk student counts remain below FY 2019-20 levels, with FRL forms driving the decrease.



Staff Considerations: Staff recommends that the Committee discuss the at-risk count issue with the Department at the upcoming hearing, including potential adjustments for the current year as well as potential strategies going forward.

- Staff expects to recommend that the Committee take measures to mitigate the apparent undercount of at-risk students as part of the mid-year adjustment for FY 2021-22. For example, staff is considering a metric that would assume that the count for FRL forms would move in tandem with the direct certification count and apply the same percentage change since FY 2019-20.
- Given the ongoing challenges with at-risk student counts, as well as interest in sustaining universal free lunch for K-12 students, staff strongly recommends that the General Assembly move forward with a new system to identify and count at-risk students. Decoupling at-risk funding from FRL forms would allow the General Assembly to consider options related to nutrition programs and funding entirely on their own merits, without concern about collateral and unintended consequences for school finance funding associated with at-risk students. As is discussed in the following issue brief, the Legislative Interim Committee on School Finance is considering a proposal to do so.

ENGLISH LANGUAGE LEARNER (ELL) COUNTS

Preliminary data for FY 2021-22 also indicate a decrease of approximately 5,000 (7.7 percent) ELL students below the count from FY 2020-21. With ELL students identified for funding through both the English Language Proficiency Act (ELPA) categorical program and the new ELL factor in the school finance formula, the decreasing number of students would reduce total program funding (before the application of the BSF) and could reduce ELL costs for school districts.

Staff does not have an explanation for the decline in ELL students statewide. Staff recommends that the Committee discuss the issue with the Department at its hearing.

SCHOOL FINANCE INTERIM COMMITTEE POTENTIAL LEGISLATION

The Legislative Interim Committee on School Finance has approved the drafting of four bills for consideration as interim committee bills for the 2022 Session. This issue brief provides a short summary of those bill concepts and potential budgetary impacts, particularly in relation to school finance funding projections included in this document.

DISCUSSION

The Legislative Interim Committee has authorized drafting of four legislative proposals as potential interim committee bills related to: (1) the identification and counting of at-risk students; (2) special education funding; (3) mill levy override matching for districts with lower property wealth; and (4) the management of school trust assets and the Public School (Permanent) Fund. Bill drafts are not yet available and the Interim Committee has not taken any final action on introduction of the proposals. The Committee expects to discuss the proposals again at its next meeting in January.

AT-RISK STUDENTS

First, the Interim Committee approved drafting a bill focused on the identification, counting, and funding of at-risk students. As approved for drafting, the proposal would:

- Establish a new definition of at-risk students, incorporating data from the poverty study commissioned by the Interim Committee (currently being conducted by the Urban Institute). The new definition may include student, family, and community characteristics beyond family income (as compared to the current definition which focuses solely on family income).
- Outline methods for identifying and counting students for funding purposes and include data and system requirements for school districts and state agencies to carry out those methods.
- Establish a timeline for the transition from the current at-risk definition (eligible for free and reduced price lunch) to the new definition.
- Outline accountability measures for the use of at-risk funding and explore the connection of at-risk funding to student outcomes.

Staff notes that changing the at-risk definition and counting process will inherently change distributions under the school finance formula. Without information on the new definition, legislative staff are unable to estimate any potential changes in cost. However, as discussed in the previous issue brief, staff continues to recommend decoupling at-risk funding from FRL forms.

SPECIAL EDUCATION FUNDING

Second, the Interim Committee approved drafting a bill to adjust current law related to special education funding. The proposal would:

- Increase the state share of special education funding.
- Require that the statutory tiers identifying disability categories for special education funding be reviewed and updated.

Increasing the state share of special education funding would inherently increase costs. Based on the most recent data available from the Department (and included in request R2), special education

appropriations in FY 2020-21 fell \$78.4 million short of fully funding the current statutory formula. In addition, school districts' total costs for special education programs and services are well beyond the amounts specified in statute, with much of the additional cost absorbed by total program funding.

Based on long standing practice, staff assumes that any additional funding for special education will come from either the General Fund or the State Education Fund. Any change would therefore reduce the amounts in those funds that would be available for other uses (such as school finance).

MILL LEVY OVERRIDE MATCHING

Third, the Committee approved drafting a bill to create a mill levy override match fund that would provide state matching funds for low property wealth school districts with mill levy overrides. The match fund would:

- Provide state support for a formula related to a districts' total program, ensuring that each mill of override effort would raise an amount equal to a target percentage of the district's total program funding.
- Provide matching funds on a per pupil basis.
- Incorporate local assessed value, local income, and potentially other thresholds.

As the Joint Budget Committee has discussed for several years, many districts' increasing reliance on mill levy overrides to support operations and programming created distortions in the funding system and raised questions about the equity of the system where low property wealth districts would have to levy prohibitively high tax rates to provide comparable amounts of money. At the request of the Interim Committee, a group within the Colorado Association of School Executives (CASE) is developing a proposal for consideration by the Interim Committee (with technical support from Legislative Council Staff and JBC Staff).

Staff agrees that this is an important source of inequity in our current system of funding and that solutions such as the proposal discussed by the CASE working group would improve equity for students in low property wealth school districts that simply do not have the tax base to raise significant funds through overrides. Therefore, staff continues to recommend that the General Assembly address that inequity through legislation such as the proposal under discussion by CASE and the Interim Committee.

Any proposal to match local overrides would inherently increase costs to the state. Identifying a sustainable funding source has been a focus of discussions related to override matching for the past several years.

SCHOOL TRUST ASSETS

Finally, the Interim Committee authorized drafting of a bill seeking to improve financial outcomes for school trust assets and the Permanent Fund. As approved, the bill would address the ongoing viability and sustainability of the Permanent Fund, modernize the distribution formula for Permanent Fund proceeds, and create more flexible investment strategies through a new asset allocation model.

Staff assumes that the intent of this bill is to *generate* additional revenue in the form of interest and earnings on the Permanent Fund. Staff is not currently aware of additional costs associated with the bill.

APPENDIX A
NUMBERS PAGES
(DIGITAL ONLY)

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

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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DEPARTMENT OF EDUCATION Dr. Katy Anthes, Commissioner

(2) ASSISTANCE TO PUBLIC SCHOOLS

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

(A) Public School Finance

Administration	<u>2,216,317</u>	<u>1,865,358</u>	<u>1,879,526</u>	<u>1,929,516</u>
FTE	17.3	0.0	17.4	17.4
General Fund	0	0	1,792,031	1,839,176
Cash Funds	492,981	79,384	87,495	90,340
Reappropriated Funds	1,723,336	1,785,974	0	0
Financial Transparency System Maintenance	<u>600,000</u>	<u>412,000</u> 1.0	<u>88,120</u> 1.0	<u>88,120</u> 1.0
Cash Funds	600,000	412,000	88,120	88,120
School Finance Audit Payments	<u>0</u>	<u>2,195,726</u>	<u>1,000,000</u>	<u>1,000,000</u>
Cash Funds	0	2,195,726	1,000,000	1,000,000
State Share of Districts' Total Program Funding	<u>4,628,802,222</u>	<u>4,224,698,017</u>	<u>4,848,537,248</u>	<u>5,229,781,668</u> *
General Fund	3,643,099,781	3,752,935,919	3,175,564,630	3,175,564,630
General Fund Exempt	523,323,333	0	865,284,199	865,284,199
Cash Funds	462,379,108	471,762,098	807,688,419	1,188,932,839
District Per Pupil Reimbursements for Juveniles Held in Jail	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Cash Funds	0	0	10,000	10,000

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
At-risk Supplemental Aid	<u>4,521,650</u>	<u>4,453,645</u>	<u>4,844,358</u>	<u>4,844,358</u>	
Cash Funds	4,521,650	4,453,645	4,844,358	4,844,358	
At-risk Per Pupil Additional Funding	<u>5,000,000</u>	<u>4,999,999</u>	<u>5,000,000</u>	<u>5,000,000</u>	
Cash Funds	5,000,000	4,999,999	5,000,000	5,000,000	
Additional Funding for Rural Districts and Institute					
Charter Schools	<u>19,999,939</u>	<u>24,979,636</u>	<u>30,000,000</u>	<u>35,000,000</u>	
General Fund	19,999,939	0	0	0	
Cash Funds	0	24,979,636	30,000,000	35,000,000	
Additional Funding Pursuant to Sec. 22-54-143 (3)(a), C.R.S.	<u>0</u>	<u>14,710,777</u>	<u>0</u>	<u>0</u>	
General Fund	0	14,710,777	0	0	
Additional Funding Pursuant to Sec. 22-54-143 (3)(b), C.R.S.	<u>0</u>	<u>4,578,464</u>	<u>0</u>	<u>0</u>	
General Fund	0	4,578,464	0	0	
Additional Funding Pursuant to Section 22-54-143 (6), C.R.S.	<u>0</u>	<u>569,849</u>	<u>0</u>	<u>0</u>	
General Fund	0	569,849	0	0	
Federal CARES Act Funds	<u>510,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	510,000,000	0	0	0	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL - (A) Public School Finance	5,171,140,128	4,283,463,471	4,891,359,252	5,277,653,662	7.9%
<i>FTE</i>	17.3	1.0	18.4	18.4	0.0%
General Fund	3,663,099,720	3,772,795,009	3,177,356,661	3,177,403,806	0.0%
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	0.0%
Cash Funds	472,993,739	508,882,488	848,718,392	1,234,965,657	45.5%
Reappropriated Funds	1,723,336	1,785,974	0	0	0.0%
Federal Funds	510,000,000	0	0	0	0.0%

(B) Categorical Programs

(I) District Programs Required by Statute

Special Education - Children with Disabilities	<u>385,392,725</u>	<u>379,353,728</u>	<u>376,612,241</u>	<u>384,621,454</u> *	
<i>FTE</i>	101.9	63.0	63.0	63.0	
General Fund	93,572,347	93,572,347	93,572,347	93,572,347	
Cash Funds	109,128,264	112,650,811	126,582,286	134,287,517	
Reappropriated Funds	0	0	191,090	191,090	
Federal Funds	182,692,114	173,130,570	156,266,518	156,570,500	
English Language Proficiency Program	<u>32,524,069</u>	<u>33,922,573</u>	<u>36,522,049</u>	<u>38,822,962</u> *	
<i>FTE</i>	3.9	4.6	4.6	4.6	
General Fund	3,101,598	3,101,598	3,101,598	3,101,598	
Cash Funds	19,892,838	21,003,951	22,156,144	24,446,957	
Federal Funds	9,529,633	9,817,024	11,264,307	11,274,407	
SUBTOTAL -	417,916,794	413,276,301	413,134,290	423,444,416	2.5%
<i>FTE</i>	105.8	67.6	67.6	67.6	(0.0%)
General Fund	96,673,945	96,673,945	96,673,945	96,673,945	0.0%
Cash Funds	129,021,102	133,654,762	148,738,430	158,734,474	6.7%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	192,221,747	182,947,594	167,530,825	167,844,907	0.2%

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(II) Other Categorical Programs					
Public School Transportation	<u>62,394,372</u>	<u>64,437,123</u>	<u>63,221,962</u>	<u>65,324,665</u>	*
FTE	2.0	2.0	2.0	2.0	
General Fund	36,922,227	36,922,227	36,922,227	36,922,227	
Cash Funds	25,472,145	27,514,896	26,299,735	28,402,438	
Transfer to the Department of Higher Education for Distribution of State Assistance for Career and Technical Education					
	<u>27,238,323</u>	<u>27,778,242</u>	<u>28,244,361</u>	<u>29,519,166</u>	*
General Fund	17,792,850	17,792,850	17,792,850	17,792,850	
Cash Funds	9,445,473	9,985,392	10,451,511	11,726,316	
Special Education Programs for Gifted and Talented Children					
	<u>12,306,962</u>	<u>12,579,102</u>	<u>12,994,942</u>	<u>13,005,107</u>	*
FTE	1.9	2.0	1.5	1.5	
General Fund	5,500,000	5,500,000	5,500,000	5,500,000	
Cash Funds	6,806,962	7,079,102	7,494,942	7,505,107	
Expelled and At-risk Student Services Grant Program					
	<u>9,295,189</u>	<u>9,432,827</u>	<u>9,493,560</u>	<u>9,503,131</u>	*
FTE	2.2	1.0	1.0	1.0	
General Fund	5,721,884	5,774,762	5,788,807	5,788,807	
Cash Funds	3,573,305	3,658,065	3,704,753	3,714,324	
Small Attendance Center Aid					
	<u>1,314,250</u>	<u>1,314,250</u>	<u>1,314,250</u>	<u>1,314,676</u>	*
General Fund	787,645	787,645	787,645	787,645	
Cash Funds	526,605	526,605	526,605	527,031	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Comprehensive Health Education	<u>1,103,367</u>	<u>1,110,209</u>	<u>1,131,396</u>	<u>1,137,074</u> *	
FTE	1.6	1.0	1.0	1.0	
General Fund	300,000	300,000	300,000	300,000	
Cash Funds	803,367	810,209	831,396	837,074	
SUBTOTAL -	113,652,463	116,651,753	116,400,471	119,803,819	2.9%
<i>FTE</i>	<u>7.7</u>	<u>6.0</u>	<u>5.5</u>	<u>5.5</u>	0.0%
General Fund	67,024,606	67,077,484	67,091,529	67,091,529	0.0%
Cash Funds	46,627,857	49,574,269	49,308,942	52,712,290	6.9%
SUBTOTAL - (B) Categorical Programs	531,569,257	529,928,054	529,534,761	543,248,235	2.6%
<i>FTE</i>	<u>113.5</u>	<u>73.6</u>	<u>73.1</u>	<u>73.1</u>	(0.0%)
General Fund	163,698,551	163,751,429	163,765,474	163,765,474	0.0%
Cash Funds	175,648,959	183,229,031	198,047,372	211,446,764	6.8%
Reappropriated Funds	0	0	191,090	191,090	0.0%
Federal Funds	192,221,747	182,947,594	167,530,825	167,844,907	0.2%
(C) Grant Programs, Distributions, and Other Assistance					
(I) Health and Nutrition					
Federal Nutrition Programs	<u>174,646,153</u>	<u>267,566,737</u>	<u>156,678,691</u>	<u>156,726,079</u>	
FTE	17.0	9.0	9.0	9.0	
General Fund	94,370	64,492	97,831	99,803	
Federal Funds	174,551,783	267,502,245	156,580,860	156,626,276	
State Match for School Lunch Program	<u>2,472,644</u> 0.0	<u>2,472,644</u> 0.0	<u>2,472,644</u> 0.0	<u>2,472,644</u> 0.0	
Cash Funds	2,472,644	2,472,644	2,472,644	2,472,644	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Child Nutrition School Lunch Protection Program	<u>1,992,819</u>	<u>22,527</u> 0.0	<u>2,328,105</u>	<u>2,328,105</u>	
General Fund	1,936,254	8,575	1,477,374	1,477,374	
Cash Funds	56,565	13,952	850,731	850,731	
Start Smart Nutrition Program	<u>715,296</u>	<u>4,855</u>	<u>1,150,000</u>	<u>1,150,000</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	1,150,000	1,150,000	
Reappropriated Funds	715,296	4,855	0	0	
Local School Food Purchasing Programs	<u>165,866</u>	<u>0</u>	<u>675,255</u>	<u>675,255</u>	
FTE	0.2	0.0	0.4	0.4	
General Fund	165,866	0	675,255	675,255	
Menstrual Hygiene Product Accessibility Grant Program	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	100,000	100,000	
S.B. 97-101 Public School Health Services	<u>140,162</u>	<u>120,651</u>	<u>180,709</u>	<u>182,686</u>	
FTE	1.0	1.4	1.4	1.4	
Reappropriated Funds	140,162	120,651	180,709	182,686	
Behavioral Health Care Professional Matching Grant Program	<u>14,774,525</u>	<u>11,948,026</u>	<u>14,948,029</u>	<u>14,959,590</u>	
FTE	3.5	5.0	5.0	5.0	
Cash Funds	14,774,525	11,948,026	14,948,029	14,959,590	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Mental Health Education Resource Bank and Technical Assistance					
FTE	<u>80,128</u>	<u>46,291</u>	<u>46,709</u>	<u>46,709</u>	
General Fund	1.0	0.6	0.6	0.6	
	80,128	46,291	46,709	46,709	
K-5 Social and Emotional Health Pilot Program					
FTE	<u>30,711</u>	<u>0</u>	<u>2,500,000</u>	<u>2,500,000</u>	
General Fund	0.2	0.0	1.0	1.0	
Cash Funds	0	0	0	0	
	30,711	0	2,500,000	2,500,000	
Start Smart Nutrition Program Fund					
General Fund	<u>900,000</u>	<u>900,000</u>	<u>0</u>	<u>0</u>	
	900,000	900,000	0	0	
Breakfast After the Bell					
FTE	<u>19,585</u>	<u>7,007</u>	<u>0</u>	<u>0</u>	
General Fund	0.1	0.0	0.0	0.0	
Reappropriated Funds	19,585	7,007	0	0	
Federal Funds	0	0	0	0	
	0	0	0	0	
SUBTOTAL -	195,937,889	283,088,738	181,080,142	181,141,068	0.0%
<i>FTE</i>	<u>23.0</u>	<u>16.0</u>	<u>17.4</u>	<u>17.4</u>	<u>(0.0%)</u>
General Fund	3,196,203	1,026,365	2,397,169	2,399,141	0.1%
Cash Funds	17,334,445	14,434,622	21,921,404	21,932,965	0.1%
Reappropriated Funds	855,458	125,506	180,709	182,686	1.1%
Federal Funds	174,551,783	267,502,245	156,580,860	156,626,276	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(II) Capital Construction					
Division of Public School Capital Construction Assistance	<u>1,266,735</u>	<u>1,271,992</u>	<u>1,475,538</u>	<u>1,595,013</u> *	
FTE	15.1	15.0	15.0	16.0	
Cash Funds	1,266,735	1,271,992	1,475,538	1,595,013	
Public School Capital Construction Assistance Board -					
Lease Payments	<u>77,004,203</u>	<u>85,681,220</u>	<u>125,000,000</u>	<u>125,000,000</u>	
Cash Funds	77,004,203	85,681,220	125,000,000	125,000,000	
Public School Capital Construction Assistance Board -					
Cash Grants	<u>96,407,010</u>	<u>95,725,932</u>	<u>160,000,000</u>	<u>100,000,000</u>	
Cash Funds	96,407,010	95,725,932	160,000,000	100,000,000	
Financial Assistance Priority Assessment	<u>125,400</u>	<u>130,800</u>	<u>135,000</u>	<u>135,000</u>	
Cash Funds	125,400	130,800	135,000	135,000	
State Aid for Charter School Facilities	<u>28,607,290</u>	<u>31,820,759</u>	<u>31,526,047</u>	<u>31,526,047</u>	
Cash Funds	28,607,290	31,820,759	31,526,047	31,526,047	
Full-day Kindergarten Implementation Grants	<u>24,801,942</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	24,801,942	0	0	0	
SUBTOTAL -	228,212,580	214,630,703	318,136,585	258,256,060	(18.8%)
FTE	<u>15.1</u>	<u>15.0</u>	<u>15.0</u>	<u>16.0</u>	6.7%
General Fund	0	0	0	0	0.0%
Cash Funds	228,212,580	214,630,703	318,136,585	258,256,060	(18.8%)

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(III) Reading and Literacy					
Early Literacy Program Administration and Technical Support	<u>1,284,609</u>	<u>1,303,390</u>	<u>1,801,522</u>	<u>1,764,695</u>	
FTE	10.6	8.8	8.8	8.8	
Cash Funds	1,284,609	1,303,390	1,801,522	1,764,695	
Early Literacy Competitive Grant Program	<u>7,460,927</u>	<u>6,351,797</u>	<u>7,500,000</u>	<u>7,500,000</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	7,460,927	6,351,797	7,500,000	7,500,000	
Early Literacy Program Evidence Based Training Provided to Teachers	<u>18,965</u>	<u>611,091</u>	<u>2,702,557</u> 3.5	<u>2,702,557</u> 3.5	
Cash Funds	18,965	611,091	2,702,557	2,702,557	
Early Literacy Program External Evaluation	<u>741,404</u>	<u>749,916</u> 0.0	<u>750,000</u>	<u>750,000</u>	
Cash Funds	741,404	749,916	750,000	750,000	
Early Literacy Program Public Information Campaign	<u>192,617</u>	<u>472,490</u>	<u>500,001</u>	<u>501,607</u>	
FTE	0.4	0.5	0.5	0.5	
Cash Funds	192,617	472,490	500,001	501,607	
Early Literacy Program Per Pupil Intervention Funding	<u>26,209,350</u>	<u>26,236,554</u>	<u>26,261,551</u>	<u>26,261,551</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	26,209,350	26,236,554	26,261,551	26,261,551	
Early Literacy Assessment Tool Program	<u>2,403,625</u>	<u>2,216,170</u>	<u>2,997,072</u>	<u>2,997,072</u>	
Cash Funds	2,403,625	2,216,170	2,997,072	2,997,072	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Adult Education and Literacy Grant Program	<u>859,141</u>	<u>889,892</u>	<u>5,970,740</u>	<u>973,273</u>	
FTE	0.8	1.0	1.0	1.0	
General Fund	859,141	889,892	970,740	973,273	
Cash Funds	0	0	5,000,000	0	
SUBTOTAL -	39,170,638	38,831,300	48,483,443	43,450,755	(10.4%)
<i>FTE</i>	<u>11.8</u>	<u>10.3</u>	<u>13.8</u>	<u>13.8</u>	0.0%
General Fund	859,141	889,892	970,740	973,273	0.3%
Cash Funds	38,311,497	37,941,408	47,512,703	42,477,482	(10.6%)

(IV) Professional Development and Instructional Support

Content Specialists	<u>508,293</u>	<u>503,225</u>	<u>667,267</u>	<u>546,536</u>	
FTE	3.5	5.1	5.1	5.0	
General Fund	19,534	0	136,403	0	
Cash Funds	488,759	503,225	530,864	546,536	
School Bullying Prevention and Education Cash Fund	<u>2,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
General Fund	0	0	1,000,000	1,000,000	
Cash Funds	2,000,000	1,000,000	1,000,000	1,000,000	
Office of Dropout Prevention and Student Reengagement	<u>2,938,024</u>	<u>2,988,928</u>	<u>3,048,556</u>	<u>3,054,709</u>	
FTE	2.3	2.8	2.2	2.2	
General Fund	966,083	985,862	1,042,468	1,044,938	
Cash Funds	1,971,941	2,003,066	2,006,088	2,009,771	
Federal Funds	0	0	0	0	
Ninth Grade Success Grant Program	<u>789,320</u>	<u>0</u>	<u>800,000</u>	<u>800,000</u>	
FTE	0.3	0.0	0.6	0.6	
General Fund	789,320	0	800,000	800,000	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
High School Innovative Learning Pilot Program	<u>0</u>	<u>0</u>	<u>220,115</u>	<u>0</u>	
FTE	0.0	0.0	0.3	0.0	
General Fund	0	0	220,115	0	
Quality Teacher Recruitment Program	<u>40,000</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	
General Fund	0	0	3,000,000	3,000,000	
Cash Funds	40,000	0	0	0	
Teacher Recruitment and Preparation Program	<u>0</u>	<u>0</u>	<u>45,546</u>	<u>0</u>	
FTE	0.0	0.0	0.5	0.0	
General Fund	0	0	45,546	0	
Financial Assistance through Educator Recruitment and Retention Program	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>	
General Fund	0	0	5,000,000	0	
Colorado High-impact Tutoring Program	<u>0</u>	<u>0</u>	<u>4,981,720</u>	<u>0</u>	
FTE	0.0	0.0	1.1	0.0	
General Fund	0	0	4,981,720	0	
English Language Learners Technical Assistance	<u>378,500</u>	<u>401,932</u>	<u>388,934</u>	<u>400,617</u>	
FTE	3.4	5.0	5.0	5.0	
General Fund	323,626	346,248	333,250	342,017	
Cash Funds	54,874	55,684	55,684	58,600	
Working Group for Identification of and Educational Support for Students with Dyslexia	<u>67,246</u>	<u>26,700</u>	<u>40,616</u>	<u>40,616</u>	
General Fund	67,246	26,700	40,616	40,616	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Dyslexia Markers Pilot Program	<u>11,520</u>	<u>97,438</u>	<u>127,973</u>	<u>127,973</u>	
General Fund	11,520	97,438	127,973	127,973	
School Leadership Pilot Program	<u>64,560</u>	<u>179,446</u>	<u>751,616</u>	<u>0</u>	
FTE	0.8	1.0	1.0	0.0	
General Fund	64,560	179,446	751,616	0	
School Transformation Grant Program	<u>4,308,481</u>	<u>4,229,392</u>	<u>4,435,997</u>	<u>6,450,371</u> *	
FTE	2.5	3.0	3.0	3.0	
General Fund	2,314,027	2,225,091	2,431,222	4,442,123	
Cash Funds	1,994,454	2,004,301	2,004,775	2,008,248	
Local Accountability System Grant Program	<u>474,765</u>	<u>1,615</u>	<u>0</u>	<u>493,907</u>	
FTE	0.4	0.4	0.0	0.4	
General Fund	474,765	1,615	0	493,907	
Computer Science Education Grants	<u>924,400</u>	<u>449,376</u>	<u>801,658</u>	<u>805,681</u>	
FTE	1.0	0.4	0.4	0.4	
General Fund	0	0	250,000	250,000	
Cash Funds	924,400	449,376	551,658	555,681	
Accelerated College Opportunity Exam Fee Grant Program	<u>511,179</u>	<u>280,341</u>	<u>561,461</u>	<u>562,238</u>	
FTE	0.4	0.4	0.4	0.4	
General Fund	511,179	280,341	561,461	562,238	
Educator Perception	<u>62,500</u>	<u>19,200</u>	<u>128,500</u>	<u>25,000</u>	
General Fund	62,500	19,200	128,500	25,000	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
English Language Learners Professional Development and Student Support Program	<u>27,000,000</u>	<u>27,000,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	27,000,000	27,000,000	0	0	
Stipends for Nationally Board Certified Teachers	<u>2,100,396</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	2,100,396	0	0	0	
Grow Your Own Educator Program	<u>17,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.3	0.0	0.0	0.0	
General Fund	17,852	0	0	0	
Retaining Teachers Fund	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	3,000,000	0	0	0	
Career Counseling Professional Development Program	<u>804,727</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	804,727	0	0	0	
Transfer to the Department of Higher Education for Rural Teacher Recruitment, Retention, and Professional Development	<u>240,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	240,000	0	0	0	
English Language Proficiency Act Excellence Awards Program	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	500,000	0	0	0	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Advanced Placement Incentives Pilot Program	<u>259,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.3	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	259,721	0	0	0	
Comprehensive Quality Physical Education Instruction Pilot Program	<u>53,429</u>	<u>315,841</u>	<u>0</u>	<u>0</u>	
FTE	0.4	0.0	0.0	0.0	
Cash Funds	53,429	315,841	0	0	
SUBTOTAL -	47,054,913	37,493,434	26,999,959	18,307,648	(32.2%)
FTE	<u>15.6</u>	<u>18.1</u>	<u>19.6</u>	<u>17.0</u>	<u>(13.3%)</u>
General Fund	9,426,939	4,161,941	20,850,890	12,128,812	(41.8%)
Cash Funds	37,627,974	33,331,493	6,149,069	6,178,836	0.5%
Federal Funds	0	0	0	0	0.0%
(V) Facility Schools					
Facility Schools Unit and Facility Schools Board	<u>305,051</u>	<u>309,480</u>	<u>322,570</u>	<u>341,558</u>	
FTE	2.0	3.0	3.0	3.0	
Reappropriated Funds	305,051	309,480	322,570	341,558	
Facility School Funding	<u>12,114,129</u>	<u>10,449,317</u>	<u>17,365,125</u>	<u>17,365,125</u>	
Cash Funds	12,114,129	10,449,317	17,365,125	17,365,125	
Additional Funding for Facility Schools	<u>0</u>	<u>0</u>	<u>5,700,000</u>	<u>0</u>	
General Fund	0	0	5,700,000	0	
Facility School Work Group	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	
General Fund	0	0	500,000	0	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL -	12,419,180	10,758,797	23,887,695	17,706,683	(25.9%)
<i>FTE</i>	<u>2.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>0.0%</u>
General Fund	0	0	6,200,000	0	(100.0%)
Cash Funds	12,114,129	10,449,317	17,365,125	17,365,125	0.0%
Reappropriated Funds	305,051	309,480	322,570	341,558	5.9%
(VI) Other Assistance					
Appropriated Sponsored Programs	<u>739,557,171</u>	<u>333,687,054</u>	<u>268,754,705</u>	<u>268,994,931</u>	
<i>FTE</i>	67.1	62.1	62.1	62.1	
Cash Funds	2,302,154	2,226,457	2,750,987	2,753,111	
Reappropriated Funds	0	0	651,922	651,922	
Federal Funds	737,255,017	331,460,597	265,351,796	265,589,898	
School Counselor Corps Grant Program	<u>10,171,390</u>	<u>9,999,848</u>	<u>12,250,000</u>	<u>12,260,970</u>	
<i>FTE</i>	2.1	2.0	2.0	2.0	
General Fund	250,000	0	250,000	250,000	
Cash Funds	9,921,390	9,999,848	12,000,000	12,010,970	
BOCES Funding per Section 22-5-122, C.R.S.	<u>3,282,209</u>	<u>3,258,753</u>	<u>3,318,280</u>	<u>3,320,784</u>	
<i>FTE</i>	0.8	1.0	1.0	1.0	
Cash Funds	3,282,209	3,258,753	3,318,280	3,320,784	
Contingency Reserve Fund	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	1,000,000	1,000,000	
Supplemental On-line Education Services	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,220,000</u>	<u>1,220,000</u>	
Cash Funds	1,220,000	1,220,000	1,220,000	1,220,000	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Interstate Compact on Educational Opportunity for Military Children	<u>21,668</u>	<u>21,308</u>	<u>21,298</u>	<u>21,298</u>	
Cash Funds	21,668	21,308	21,298	21,298	
Educator Recruitment and Retention Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	5,000,000	
Teacher Recruitment Education and Preparation Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,737,458</u>	
FTE	0.0	0.0	0.0	0.4	
General Fund	0	0	0	1,737,458	
College and Career Readiness	<u>229,007</u>	<u>226,504</u>	<u>226,622</u>	<u>232,731</u>	
FTE	2.0	1.9	2.4	2.4	
General Fund	229,007	226,504	226,622	232,731	
Workforce Diploma Pilot Program	<u>1,012,201</u>	<u>208,585</u>	<u>212,222</u>	<u>212,878</u>	
FTE	0.2	0.2	0.2	0.2	
General Fund	1,012,201	208,585	212,222	212,878	
Concurrent Enrollment Expansion and Innovation Grant Program	<u>1,499,850</u>	<u>1,411,710</u>	<u>3,226,896</u>	<u>1,476,896</u>	
FTE	0.2	0.5	0.0	0.0	
Cash Funds	1,499,850	1,411,710	3,226,896	1,476,896	
High Impact Tutoring Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,980,098</u>	
FTE	0.0	0.0	0.0	1.2	
General Fund	0	0	0	4,980,098	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Part C Early Intervention Activities Conducted by					
Administrative Units	<u>0</u>	<u>0</u>	<u>6,888,983</u>	<u>0</u>	
Reappropriated Funds	0	0	6,888,983	0	
John W. Buckner Automatic Enrollment in Advanced					
Courses Grant Program	<u>50,000</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	
FTE	0.2	0.0	0.3	0.3	
General Fund	50,000	0	250,000	250,000	
Early Childhood Program Transition	<u>0</u>	<u>0</u>	<u>96,867</u>	<u>98,787</u>	
FTE	0.0	0.0	0.9	1.0	
General Fund	0	0	96,867	98,787	
High School Innovative Learning Pilot Program	<u>129,293</u>	<u>115,632</u>	<u>127,095</u>	<u>417,247</u>	
FTE	0.2	0.6	0.3	0.6	
General Fund	129,293	115,632	127,095	417,247	
Parents Encouraging Parents Conferences	<u>39,947</u>	<u>0</u>	<u>68,000</u>	<u>68,000</u>	
General Fund	39,947	0	68,000	68,000	
Career Development Success Program	<u>5,000,000</u>	<u>4,500,000</u>	<u>6,270,000</u>	<u>4,520,000</u>	
General Fund	5,000,000	4,500,000	4,520,000	4,520,000	
Cash Funds	0	0	1,750,000	0	
Local Accountability System Grant Program	<u>0</u>	<u>0</u>	<u>493,907</u>	<u>0</u>	
FTE	0.0	0.0	0.4	0.0	
General Fund	0	0	493,907	0	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Connecting Colorado Students Grant Program Fund	0	<u>20,000,000</u> 0.3	0	0	
General Fund	0	20,000,000	0	0	
SUBTOTAL -	762,212,736	374,649,394	304,424,875	305,812,078	0.5%
<i>FTE</i>	<u>72.8</u>	<u>68.6</u>	<u>69.6</u>	<u>71.2</u>	<u>2.3%</u>
General Fund	6,710,448	25,050,721	6,244,713	17,767,199	184.5%
Cash Funds	18,247,271	18,138,076	25,287,461	21,803,059	(13.8%)
Reappropriated Funds	0	0	7,540,905	651,922	(91.4%)
Federal Funds	737,255,017	331,460,597	265,351,796	265,589,898	0.1%
SUBTOTAL - (C) Grant Programs, Distributions, and Other Assistance	1,285,007,936	959,452,366	903,012,699	824,674,292	(8.7%)
<i>FTE</i>	<u>140.3</u>	<u>131.0</u>	<u>138.4</u>	<u>138.4</u>	<u>0.0%</u>
General Fund	20,192,731	31,128,919	36,663,512	33,268,425	(9.3%)
Cash Funds	351,847,896	328,925,619	436,372,347	368,013,527	(15.7%)
Reappropriated Funds	1,160,509	434,986	8,044,184	1,176,166	(85.4%)
Federal Funds	911,806,800	598,962,842	421,932,656	422,216,174	0.1%
(D) Indirect Cost Assessment					
Indirect Cost Assessment	<u>2,756,885</u>	0	<u>3,595,113</u>	<u>3,627,060</u>	
Cash Funds	25,000	0	25,000	25,000	
Reappropriated Funds	55,571	0	55,571	55,571	
Federal Funds	2,676,314	0	3,514,542	3,546,489	
SUBTOTAL - (D) Indirect Cost Assessment	2,756,885	0	3,595,113	3,627,060	0.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	25,000	0	25,000	25,000	0.0%
Reappropriated Funds	55,571	0	55,571	55,571	0.0%
Federal Funds	2,676,314	0	3,514,542	3,546,489	0.9%

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
TOTAL - (2) Assistance to Public Schools	6,990,474,206	5,772,843,891	6,327,501,825	6,649,203,249	5.1%
<i>FTE</i>	<u>271.1</u>	<u>205.6</u>	<u>229.9</u>	<u>229.9</u>	<u>0.0%</u>
General Fund	3,846,991,002	3,967,675,357	3,377,785,647	3,374,437,705	(0.1%)
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	0.0%
Cash Funds	1,000,515,594	1,021,037,138	1,483,163,111	1,814,450,948	22.3%
Reappropriated Funds	2,939,416	2,220,960	8,290,845	1,422,827	(82.8%)
Federal Funds	1,616,704,861	781,910,436	592,978,023	593,607,570	0.1%
TOTAL - Department of Education	6,990,474,206	5,772,843,891	6,327,501,825	6,649,203,249	5.1%
<i>FTE</i>	<u>271.1</u>	<u>205.6</u>	<u>229.9</u>	<u>229.9</u>	<u>0.0%</u>
General Fund	3,846,991,002	3,967,675,357	3,377,785,647	3,374,437,705	(0.1%)
General Fund Exempt	523,323,333	0	865,284,199	865,284,199	0.0%
Cash Funds	1,000,515,594	1,021,037,138	1,483,163,111	1,814,450,948	22.3%
Reappropriated Funds	2,939,416	2,220,960	8,290,845	1,422,827	(82.8%)
Federal Funds	1,616,704,861	781,910,436	592,978,023	593,607,570	0.1%

NOTE: An asterisk (*) indicates that the FY 2022-23 request for a line item is affected by one or more decision items.

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2021 Long Bill (S.B. 21-205) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/SB21-205>. The Long Bill footnotes relevant to this document are listed below.

- 6 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding — It is the General Assembly's intent that a portion of the amount appropriated for this line item, not to exceed \$250,000 for fiscal year 2021-22, shall be transferred to the Legislative Council for the purpose of funding the biennial cost of living analysis pursuant to Section 22-54-104 (5)(c)(III)(B), C.R.S.

COMMENT: Legislative Council Staff has contracted with Corona Insights for the analysis and will certify the new cost of living factors during the 2022 Session. The new cost of living factors will affect the FY 2022-23 and FY 2023-24 budget cycles.

- 7 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding — Pursuant to Section 22-35-108 (2)(a), C.R.S., the purpose of this footnote is to specify what portion of this appropriation is intended to be available for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program for FY 2021-22. It is the General Assembly's intent that the Department of Education be authorized to utilize up to \$4,065,000 of this appropriation to fund qualified students designated as ASCENT Program participants. This amount is calculated based on an estimated 500 FTE participants funded at a rate of \$8,130 per FTE pursuant to Section 22-54-104 (4.7), C.R.S.

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

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

Similar to students participating in multi-district online programs and the Colorado Preschool Program, ASCENT students are counted and funded through the School Finance Act formula. However, the ASCENT program is subject to available appropriations. As funding

for ASCENT is calculated as part of school districts' total program funding, state funding for ASCENT students is included within the State Share of Districts' Total Program Funding line item. This footnote thus provides the mechanism for the General Assembly to limit the appropriation for ASCENT.

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

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

The Department's FY 2022-23 budget request assumes a continuation level of ASCENT participation (500 slots) in FY 2022-23, with no change from the FY 2021-22 appropriation.

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2021-22 Report):

https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

The requests for information relevant to this document are listed below.

- 2 Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S. -- The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year 2020-21 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year 2019-20 and actual district expenditures for each program in fiscal year 2019-20. The information for special education programs for gifted and talented children is requested to include a comparison of the state funding distributed to

each district or administrative unit for each program in fiscal year 2019-20 and actual district expenditures in fiscal year 2019-20.

COMMENT: The Department provided the requested information, which is summarized below.

Background Information: Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs (in aggregate) annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. The General Assembly determines on an annual basis how to finance this increase and how to allocate the required increase among the various categorical programs. The annual Long Bill includes at least the minimum required increase in state funding for categorical programs. Thus, the Joint Budget Committee makes a recommendation to the General Assembly each year concerning the allocation of these funds. This request for information is intended to provide the Committee with data to inform this decision.

Please note that pursuant to S.B. 07-199 [Section 22-55-107 (3), C.R.S.], the House and Senate Education Committees may submit to the Joint Budget Committee a joint recommendation regarding the allocation of the required state funding increase for categorical programs for the next budget year. The Joint Budget Committee is required to consider such a recommendation when developing the Long Bill for the following budget year. The Education Committees have not submitted any such recommendations to date.

Statutory Reimbursement Formula: State funding is provided through a statutory formula for five categorical programs. Table A provides a comparison of the state funding available and the maximum statutory reimbursement for each of these programs for FY 2020-21. Based on this comparison, state funding for English language proficiency programs (including both categorical funding and \$27.0 million appropriated to the English Language Learners Professional Development and Student Support Program) was the least adequate in FY 2020-21, covering 42.6 percent of the maximum appropriation for that year. The Committee should note that the \$27.0 million appropriated to the English Language Learners Professional Development and Student Support Program was eliminated for FY 2021-22 with the addition of the ELL factor to the school finance formula. However, that program was still funded in FY 2020-21 and is therefore included in the comparison shown here.

TABLE A: MAXIMUM AMOUNT OF STATE FUNDS DISTRICTS WERE STATUTORILY ELIGIBLE TO RECEIVE FOR FY 2020-21

LONG BILL LINE ITEM	DESCRIPTION OF WHAT DETERMINES MAXIMUM STATE FUNDING	TOTAL STATE FUNDS	MAXIMUM STATE FUNDING	PERCENT OF MAXIMUM COVERED BY STATE FUNDS	ESTIMATED INCREASE REQUIRED TO FUND STATUTORY MAXIMUM
District Programs Required by Statute					
Special Education - Children With Disabilities ^a	Driven by the number of children requiring special education services, characteristics of the children eligible for such services, and the cost of such services	\$203,571,977	\$281,993,000	72.2%	\$78,421,023
English Language Proficiency Program ^b	Driven by the number of eligible students and statewide average per pupil operating revenue	51,105,538	119,947,606	42.6%	68,842,068
Other Categorical Programs (with specified statutory reimbursement levels)					
Public School Transportation	Driven by total miles traveled and total transportation-related costs (excluding capital outlay expenses)	62,556,983	106,367,732	58.8%	43,810,749
Colorado Vocational Distributions Act	Driven by the number of students participating in vocational education programs and the costs of such services per FTE in relation to each districts per pupil operating revenue	27,978,242	34,918,861	80.1%	6,940,619
Small Attendance Center Aid	Driven by the number of eligible schools, such schools' enrollment, and eligible districts' per pupil funding	1,314,250	1,469,977	89.4%	155,727
TOTAL					\$198,170,186

^a The estimated increase to fund the statutory maximum for special education for children with disabilities is based on the following: \$135,601,250 (\$1,250 for each student with disabilities); \$144,396,000 (assuming districts received \$6,000 per student for 100 percent of the 24,066 students with specified disabilities, rather than for 43.8 percent of these students); \$4,000,000 for high cost grants; and \$500,000 for "educational orphans." Staff has not attempted to estimate the costs of "fully funding" the high cost grant program.

^b The State funds provided for the English Language Proficiency Program in FY 2020-21 include \$24,105,538 provided through the English Language Proficiency Program categorical program and \$27,000,000 distributed through the English Language Learners Professional Development and Student Support program which is outside of the categorical program but offsets districts' costs to provide services to English language learners.

Percent of Actual Expenditures Covered by State and Federal Funds: Table A compares available state funding to the amount of state funding that districts are eligible to receive pursuant to state statute. However, these statutory formulas are generally designed to cover only a portion of districts' costs. One should also consider a comparison of actual district expenditures on categorical programs to the amount of state and federal funding available for categorical programs.

Table B provides a comparison of actual district expenditures for categorical programs to available state and federal funding. Based on the availability and relevance of district expenditure data, the table excludes data for three programs: Expelled and At-risk Student Services Grant Program, Small Attendance Center Aid, and Comprehensive Health Education. The data are derived from the Department's response to this request for information.

This analysis indicates that districts spent \$1.3 billion in FY 2019-20 on five categorical programs, over and above state and federal funding made available for these programs – the equivalent of 17.4 percent of districts' total program funding for FY 2019-20. Districts spent the largest portion of their total program funding to provide special education services to children with disabilities (\$746.4 million), followed by English language proficiency programs (\$233.8 million) and public school transportation services (\$213.4 million). In percentage terms, state and federal revenues covered the lowest portion of actual expenditures for English language proficiency programs (20.1 percent), followed closely by transportation (22.7 percent) and career and technical education (24.1 percent).

TABLE B: CATEGORICAL PROGRAM REVENUES AND EXPENDITURES: FY 2019-20

LONG BILL LINE ITEM	(a) STATE FUNDS	(b) FEDERAL FUNDS	(c) = (a) + (b) TOTAL STATE AND FEDERAL FUNDS	(d) TOTAL DISTRICT EXPENDITURES	(e) = (c)/(d) STATE/FEDERAL SHARE OF EXPENDITURES	(f) = (d) - (c) LOCAL SHARE OF EXPENDITURES
District Programs Required by Statute						
Special Education - Children with Disabilities ^a	\$245,101,951	\$157,249,720	\$402,351,671	\$1,148,781,907	35.0%	\$746,430,236
English Language Proficiency Program ^b	49,993,765	8,659,502	58,653,267	292,424,544	20.1%	233,771,277
Other Categorical Programs						
Public School Transportation	62,556,983	0	62,556,983	275,971,759	22.7%	213,414,776
Career and Technical Education	26,991,809	5,815,068	32,806,877	136,037,967	24.1%	103,231,090
Special Education - Gifted and Talented Children	11,875,758	0	11,875,758	38,456,780	30.9%	26,581,022
TOTAL						\$1,323,428,401

^a State funding includes Public School Finance Act funding for preschool children with disabilities.

^b State funding includes money provided through the English Language Learners Professional Development and Student Support Program.

1 Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program — The Department is requested to provide to the Joint Budget Committee, on or before November 1, 2021, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2020-21: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; and (d) the state and local shares of total program funding that are attributable to the Program.

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

<https://www.cde.state.co.us/cpp/2021cpplegreport>

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

The number of school districts participating in the CPP has increased from 32 in FY 1988-89 to 174 (of 178) in FY 2020-21; the State Charter School Institute also participates in the CPP. The four school districts that did not participate in FY 2020-21 are small, rural districts, including Las Animas – Branson, Otero – Manzanola, Otero – Swink, and Washington – Lone Star.

Total Number of Slots: The number of state-funded half-day preschool program “slots” is limited in statute. Since the program began operating in January 1989, the General Assembly has expanded the target population has been expanded and has increased the maximum number of children that may be served from 2,000 to 29,360, with the most recent addition of 1,000 slots in FY 2018-19 (from 28,360 in FY 2017-18 to 29,360 under current law).

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

Comparison to Kindergarten Enrollment: For FY 2020-21, participating districts and the State Charter School Institute received funding to serve a total of 29,360 pupils. For comparison purposes, the number of pupils in public kindergarten programs statewide was 57,790. Thus, on a statewide basis, the total number of CPP slots authorized for FY 2020-21 represented 50.8 percent of the public school kindergarten students (though the number of kindergarten students in FY 2020-21 is thought to have been reduced as a result of the COVID-19 pandemic).

To put this ratio in perspective, please note that the proportion of the funded pupil count considered “at-risk” in FY 2020-21 based on the School Finance Act formula (which counts the number of children eligible for the federal free lunch program or whose dominant language is not English) was 35.5 percent. If every district had received CPP slots in proportion to its at-risk population entering kindergarten programs the following year (using the number of children in kindergarten programs in FY 2020-21 as a proxy), a total of 20,515 CPP slots would have been necessary. This analysis implies that the State has provided for 8,845 more slots than would have been necessary to provide half-day preschool to all at-risk children under the School Finance Act definition. However, it is important to note that the School Finance Act definition is more restrictive than the criteria for CPP, which recognizes a number of risk factors beyond income and English language learner status. In addition, the number of kindergarten students and the at-risk student count in FY 2020-21 were both negatively impacted by the COVID-19 pandemic, making a comparison in FY 2020-21 particularly challenging.

The following table uses the School Finance Act definition of “at-risk” for purposes of estimating the shortfall (or surplus) of CPP *preschool* slots for fiscal years FY 2007-08 through FY 2020-21.

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

HISTORIC COMPARISON OF STATEWIDE CPP/ECARE SLOTS AND ESTIMATED AT-RISK POPULATION					
FISCAL YEAR	(a) NUMBER OF AUTHORIZED CPP HALF-DAY PRESCHOOL SLOTS	(b) NUMBER OF CHILDREN IN KINDERGARTEN FUNDED THROUGH SCHOOL FINANCE ACT	(c) = a/b RATIO	(d) PERCENT OF CHILDREN CONSIDERED AT-RISK UNDER SCHOOL FINANCE FORMULA	(e) = (b*d)-a NUMBER OF ADDITIONAL SLOTS REQUIRED TO SERVE CHILDREN "AT-RISK" PER FORMULA
2020-21 ^c	29,360	57,790	50.80%	35.50%	-8,845

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

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

^c For FY 2019-20 and FY 2020-21, the total number of slots remained at 29,360. However, with the enactment of H.B. 19-1262 (State Funding for Full-day Kindergarten), all of the slots are now specifically dedicated to preschool students.

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

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

LARGE DISTRICT USAGE OF CPP AND ECARE SLOTS IN FY 2020-21					
	(a)	(b)	(c) = a/b	(d)	(e) = (b*d)-a
LARGER DISTRICTS (WITH 1,000+ KINDERGARTEN PUPILS)	TOTAL CPP/ECARE PRESCHOOL FUNDED SLOTS (FY 20-21)	KINDERGARTEN FUNDED STUDENTS (FY 20-21)	RATIO	PERCENT OF PUPILS "AT-RISK" PER SCHOOL FINANCE FORMULA (FY 20-21)	GAP BETWEEN NUMBER OF AT-RISK 4-YEAR-OLDS AND CPP PRESCHOOL SLOTS
Denver	6,420	6,261	102.54%	54.75%	(2,992)
Arapahoe - Aurora	2,190	2,544	86.08%	68.04%	(459)
Jefferson	1,678	5,254	31.94%	26.46%	(288)
Pueblo - Pueblo City	1,445	1,015	142.36%	75.45%	(679)
El Paso - Colorado Springs	1,014	1,557	65.13%	50.28%	(231)
Arapahoe - Cherry Creek	711	3,330	21.35%	24.65%	110
Adams - Northglenn	703	2,182	32.22%	34.59%	52
Weld - Greeley	613	1,675	36.60%	57.98%	358
Mesa - Mesa Valley	585	1,519	38.51%	44.36%	89
Adams - Brighton	533	1,372	38.85%	26.71%	(167)
Boulder - St. Vrain	530	2,023	26.20%	25.88%	(6)
Boulder - Boulder	479	1,529	31.33%	17.70%	(208)
Larimer - Poudre	453	1,914	23.67%	20.02%	(70)
Douglas	289	4,016	7.20%	9.09%	76
Larimer - Thompson	208	1,048	19.85%	27.24%	77
El Paso - District 49	125	1,387	9.01%	34.50%	354
El Paso - Academy	78	1,644	4.74%	12.55%	128

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

Participation of Children Under Age Four: Since FYU 2002-03, all districts have been allowed to serve eligible three-year-old children through CPP as long as the child lacks overall learning readiness that is attributable to at least three significant family risk factors. In FY 2020-21, 143 of 174 (82.2 percent) participating school districts chose to use CPP slots to serve children under age four; the State Charter School Institute also uses slots to serve younger children. This was unchanged from FY 2019-20.

These districts used 6,866 CPP slots (23.4 percent of CPP preschool slots) to serve a total of 5,205 children under the age of four.⁵ This compares to 8,531 slots in FY 2019-20.

Number of Children Allowed to Use Two Slots: Districts may apply to the Department to use two CPP slots to provide an eligible child with a full-day, rather than half-day, preschool program. A total of 99 school districts and the State Charter School Institute used 5,774 additional CPP

⁵ This figure includes 1,661 slots that were used to provide full-day preschool services for three-year-olds, and 448 slots that were used to serve children younger than age three under a pilot waiver.

slots to serve children through a full-day program (a total of 11,548 slots to serve 5,774 students).

State and Local Funding: The CPP is funded through the School Finance Act by allowing districts to count each participating child as a half-day pupil. Thus, the program has always been financed with both state and local funds. The amount of funding that each district receives per participant is based on the statutory formula that determines per pupil funding. The Department provided details concerning the portion of each participating district's total program funding that was earmarked for CPP in FY 2020-21.

Statewide, \$102.2 million of districts' total program funding was earmarked for CPP/ECARE (1.4 percent of total program funding), including \$57.6 million in state funding (56.4 percent of total CPP funding).

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

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

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2022-23 budget request, the FY 2020-21 Annual Performance Report and the FY 2021-22 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/department-performance-plans>