



# JOINT BUDGET COMMITTEE STAFF FY 2022-23 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Education*  
*School Finance and Categorical Programs*

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2021-22 appropriation represents approximately 17.7 percent of statewide operating appropriations and 34.4 percent of statewide General Fund appropriations.

## FY 2021-22 APPROPRIATION AND 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
<b>TOTAL</b>	<b>\$6,480,110,390</b>	<b>\$4,294,112,839</b>	<b>\$1,517,903,229</b>	<b>\$47,339,278</b>	<b>\$620,755,044</b>	<b>614.4</b>
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

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Other	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$6,824,616,570</b>	<b>\$4,303,007,408</b>	<b>\$1,848,814,387</b>	<b>\$51,068,681</b>	<b>\$621,726,094</b>	<b>625.8</b>
<b>INCREASE/(DECREASE)</b>	\$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 STATE 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%
<b>Total</b>	<b>\$361,362,846</b>	<b>\$374,733,271</b>	<b>\$13,370,425</b>	<b>3.7%</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**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.

**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.

**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.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2021.