

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF EDUCATION.

Prime Sponsors: Senator Keller
Representative Pommer

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Summary of Legislation

The bill makes mid-year adjustments to appropriations to the Department of Education for FY 2009-10. The following table reflects the net change in appropriations contained in this bill.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
State Transfers or Diversions		
State Expenditures		
General Fund	(\$3,401)	
Cash Funds - State Education Fund	(169,941,135)	
- State Public School Fund	(7,677,571)	
- Other various cash funds	(59,239)	
Reappropriated Funds	(103,348)	
Federal Funds	<u>216,383,957</u>	
Total Change	38,599,263	
FTE Position Change	6.0	
Effective Date: Upon the signature of the Governor or upon becoming law without his signature.		
School District Impact: See School District Impact section.		

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Pursuant to Joint Rule 22(b), the Legislative Council Staff does not review bills limited to appropriations measures carrying specific dollar amounts for fiscal impacts. Therefore, Legislative Council Staff did not prepare a Fiscal Note for this bill.

Background Information

Typically, the Joint Budget Committee introduces all supplemental bills (which make mid-year adjustments to appropriations) as a package in early February and the bills are passed by the General Assembly by early March. This bill has been introduced prior to those supplemental bills affecting other departments in order to comply with a unique statutory deadline.

Specifically, S.B. 09-256 included a provision requiring school districts and the State Charter School Institute to create and budget an amount in FY 2009-10, equivalent to about 1.9 percent of total program funding (a total of \$110 million statewide), to a fiscal emergency restricted reserve. The act allows districts to spend the reserved amount on or after January 29, 2010, unless a negative supplemental appropriation requiring a rescission of a portion or all of the reserved amount is enacted and becomes law by such date.

State Expenditures

As indicated in the Fiscal Impact Summary table on page one, the bill increases FY 2009-10 appropriations to the Department of Education by \$38.6 million and 6.0 FTE. The following table provides more information about the types of adjustments that constitute this net increase in funding. The attached Appendix A details these changes by line item and fund source.

Changes to FY 2009-10 Appropriations to the Department of Education			
Description	Total Change	FTE	Fund Source
Reflect the full amount of federal funds available pursuant to the American Recovery and Reinvestment Act (ARRA) of 2009 and the associated Department FTE. These adjustments are intended to reflect the full amount of ARRA funding available to the Department of Education in FY 2009-10. However, both the Department and school districts will have the flexibility to spend a portion of these funds in SFY 2010-11. Eliminate the cash funds (gifts, grants, and donations) appropriation for the Office of Dropout Prevention and Student Re-engagement, as the Governor has allocated ARRA funds for this purpose.	(\$157,772)	(2.0)	Cash Funds - Student Re-engagement Grant Program Fund
	<u>216,775,294</u>	<u>8.0</u>	Federal ARRA Funds
	216,617,522	6.0	Subtotal
Reduce the appropriation for the State's share of districts' total program funding by \$177 million, including a reduction of \$67 million to reflect higher than anticipated local revenues, and a reduction of \$110 million as contemplated in S.B. 09-256.	(300,000)		General Fund
	(165,670,932)		State Education Fund
	<u>(11,361,936)</u>		State Public School Fund
	(177,332,868)		Subtotal
Provide additional funding for the Steamboat school district to correct an over-collection of local revenues in the last two fiscal years.			
	3,684,365		State Public School Fund

Changes to FY 2009-10 Appropriations to the Department of Education			
Description	Total Change	FTE	Fund Source
Reduce the appropriation to more accurately reflect actual expenditures for Facility School Funding based on actual student attendance, school calendars, and average per pupil revenues.	(3,017,769)		State Education Fund
Suspend funding for the Summer School Grant Program and Financial Literacy .	(1,020,133)		State Education Fund
The FY 2009-10 Long Bill included a 1.82 percent reduction in funding for personal services; these reductions were limited to line items with 20.0 or more FTE. The Governor chose to implement furloughs to achieve these savings. This bill adjusts various personal services appropriations to reflect the actual impact of furloughs .	(6,124)		General Fund
	(57,899)		Cash Funds
	(103,348)		Reappropriated Funds
	<u>(391,337)</u>		Federal Funds
	(558,708)		Subtotal
Increase spending authority for the Postsecondary Workforce Readiness Assessments Pilot Program .	184,367		State Education Fund
Make technical corrections to appropriations for categorical programs to ensure compliance with constitutional requirements concerning the total appropriation of state funds for categorical programs and the General Fund portion of such appropriations.	302,723		General Fund
	(337,000)		State Education Fund
	<u>37,000</u>		Comprehensive Health Education Fund
	2,723		Subtotal
Make miscellaneous adjustments concerning appropriations for the Dropout Prevention Activity Grant Program, Regional Service Cooperatives, and Hold-harmless Full-day Kindergarten.	39,764		Cash Funds
Totals	<u>\$38,599,263</u>	6.0	Total Funds
	(3,401)		General Fund
	(177,677,945)	(2.0)	Cash Funds
	(103,348)		Reappropriated Funds
	216,383,957	8.0	Federal Funds

School District Impact

As indicated in the above table, the bill reduces the State share of districts' total program funding by \$177 million, including a reduction of \$67 million to reflect higher than anticipated local revenues, and a reduction of \$110 million as contemplated in S.B. 09-256. However, this state funding adjustment will require a statewide recision from what schools would otherwise receive under the school finance formula of \$130 million (2.3 percent). The actual number of funded pupils and the number of at-risk pupils are higher than anticipated last Spring. As a result, the total cost of

fully funding the existing statutory school finance formula is \$20 million higher than anticipated last Spring. As this bill does not add \$20 million in state funding, the resulting recision will be \$130 million (\$110 million + \$20 million).

Under current law, the Department is required to reduce state aid for each school district and each Institute charter school on a pro rata basis if existing appropriations are insufficient and the General Assembly does not provide additional funds, or if a supplemental appropriation is made to reduce existing appropriations [see Section 22-54-106 (4), C.R.S.]. Thus, this bill will result in a 2.3 percent reduction in total program funding for most school districts. However, due to the existing statutory requirement that each school district receive a minimum amount of *state* aid (\$96.37 per pupil for FY 2009-10), nine school districts will experience either a small recision or no recision (including Clear Creek, Grand - West Grand, Mesa- Debeque, Park, Pitkin - Aspen, Rio Blanco - Meeker, Routt - South Routt, Summit, and Weld - Pawnee).

This bill also eliminates funding for the Summer School Grant Program, thereby eliminating grants for this purpose for FY 2009-10.

Amendments/Appropriation Status

The bill contains the correct appropriations.

Sponsor Amendments

Staff is not aware of any sponsor amendment(s) to be offered.

Points to Consider

None.

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
Summary of Recommended Changes to the Total Appropriations to the Department of Education							
Current FY 2009-10 Appropriation	\$4,686,948,476	\$3,239,416,000	\$814,265,994	\$22,758,378	\$610,508,104	557.3	
Recommended Changes	38,599,263	(3,401)	(177,677,945)	(103,348)	216,383,957	6.0	
New FY 2009-10 Appropriation	\$4,725,547,739	\$3,239,412,599	\$636,588,049	\$22,655,030	\$826,892,061	563.3	

Recommended Changes to the FY 2009-10 Appropriations to the Department in S.B. 09-259 (The Long Bill)							
(1) MANAGEMENT AND ADMINISTRATION							
(A) Administration and Centrally-Appropriated Line Items							
State Board of Education	(3,513)	(3,513)	0	0	0	0.0	Budget adjustment to reflect furloughs.
General Department and Program Administration	431,887	(14,369)	(648)	(3,096)	450,000	6.0	Reflect allocation of ARRA funding (\$450,000 and 6.0 FTE); Budget adjustment to reflect furloughs (-\$18,113).
Office of Professional Services	3,036,406	0	(135)	0	3,036,541	0.0	Reflect allocation of ARRA funding (\$3,036,541); Budget adjustment to reflect furloughs (-\$135).
Division of On-line Learning	(6,273)	0	(6,273)	0	0	0.0	Budget adjustment to reflect furloughs.
Short-term Disability	(1,163)	(296)	(138)	(142)	(587)	0.0	Budget adjustment to reflect furloughs.
S.B. 04-257 Amortization Equalization Disbursement	(15,295)	(4,081)	(1,778)	(1,855)	(7,581)	0.0	Budget adjustment to reflect furloughs.
S.B. 06-235 Supplemental Amortization Equalization Disbursement	(9,558)	(2,549)	(1,111)	(1,160)	(4,738)	0.0	Budget adjustment to reflect furloughs.
Salary Survey and Senior Executive Service	(157,279)	(157,279)	0	0	0	0.0	Technical correction related to School for the Deaf and Blind teacher pay.

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
(B) Information Technology							
Information Technology Services	(21,109)	(21,109)	0	0	0	0.0	Budget adjustment to reflect furloughs.
School Accountability Reports and State Data Reporting System	2,490,065	(9,935)	0	0	2,500,000	0.0	Reflect allocation of ARRA funding (\$2,500,000); Budget adjustment to reflect furloughs (-\$9,935).
(C) Assessments and Data Analyses							
Colorado Student Assessment Program	(32,848)	0	(10,096)	0	(22,752)	0.0	Budget adjustment to reflect furloughs.
Longitudinal Analyses of Student Assessment Results	(5,331)	(5,331)	0	0	0	0.0	Budget adjustment to reflect furloughs.
Preschool to Postsecondary Education Alignment	378,982	0	178,982	0	200,000	0.0	Reflect allocation of ARRA funding (\$200,000); Increase for Postsecondary Workforce Readiness Assessments Pilot Program (\$184,367); Budget adjustment to reflect furloughs (-\$5.385).
(D) State Charter School Institute							
State Charter School Institute Administration, Oversight, and Management	(21,272)	0	0	(21,272)	0	0.0	Budget adjustment to reflect furloughs.
Transfer of Federal Moneys to Institute Charter Schools	(9,221)	0	0	(9,221)	0	0.0	Budget adjustment to reflect furloughs.
Department Implementation of Section 22-30.5-501 et seq., C.R.S.	<u>(8,827)</u>	<u>0</u>	<u>0</u>	<u>(8,827)</u>	<u>0</u>	<u>0.0</u>	Budget adjustment to reflect furloughs.
Subtotal - (1) Management and Administration	6,045,651	(218,462)	158,803	(45,573)	6,150,883	6.0	

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
(2) ASSISTANCE TO PUBLIC SCHOOLS							
(A) Public School Finance							
Administration	15,539	0	0	(34,461)	50,000	0.0	Reflect allocation of ARRA funding (\$50,000); Budget adjustment to reflect furloughs (-\$34,461).
State Share of Districts' Total Program Funding	(177,332,868)	(300,000)	(177,032,868)	0	0	0.0	Reduce state share by \$177 million to reflect higher than anticipated local revenues (\$67 million) and to achieve \$110 million recision contemplated by S.B. 09-256. <u>Excludes</u> the addition of \$19.8 million that districts would otherwise be eligible to receive under the current formula. The General Fund portion of the reduction offsets the impact of technical adjustments for categorical programs; the cash funds portion of the reduction includes \$11,361,936 from the State Public School Fund based on lower fund revenue projections and \$165,670,932 from the
STATE SHARE CORRECTION FOR LOCAL SHARE OVERPAYMENTS IN PRIOR FISCAL YEARS	3,684,365	0	3,684,365	0	0	0.0	Provide additional funding for Steamboat Springs school district to correct an over-collection of local revenues in the last two fiscal years; new line item.
Hold-harmless Full-day Kindergarten Funding	(7,448)	0	(7,448)	0	0	0.0	Reduce based on actual per pupil revenue to more accurately reflect expenditures.

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
(B) Categorical Programs							
(I) District Programs Required by Statute							
Special Education - Children with Disabilities	56,600,357	0	0	0	56,600,357	0.0	Reflect allocation of ARRA funding (\$56,741,275); Budget adjustment to reflect furloughs (-\$140,918).
English Language Proficiency Program	(10,500)	0	0	0	(10,500)	0.0	Budget adjustment to reflect furloughs.
(II) Other Categorical Programs							
Public School Transportation	2,723	2,723	0	0	0	0.0	Technical correction to ensure compliance with constitutional funding and maintenance of effort requirements.
Comprehensive Health Education	0	300,000	(300,000)	0	0	0.0	Technical correction to ensure compliance with constitutional maintenance of effort requirement. Cash funds adjustment includes a \$37,000 increase from the Comprehensive Health Education Fund and a \$337,000 decrease from the State Education Fund.
(C) Grant Programs, Distributions, and Other Assistance							
(I) Health and Nutrition							
Federal Nutrition Programs	1,016,340	(2,325)	0	0	1,018,665	0.0	Reflect allocation of ARRA funding (\$1,034,538); Budget adjustment to reflect furloughs (-\$18,198).
S.B. 97-101 Public School Health Services	(2,073)	0	0	(2,073)	0	0.0	Budget adjustment to reflect furloughs.
(II) Capital Construction							
Division of Public School Capital Construction Assistance	(11,607)	0	(11,607)	0	0	0.0	Budget adjustment to reflect furloughs.
(III) Reading and Literacy							
Federal Title I Reading First Grant	(19,581)	0	0	0	(19,581)	0.0	Budget adjustment to reflect furloughs.
Read-to-Achieve Grant Program	(1,821)	0	(1,821)	0	0	0.0	Budget adjustment to reflect furloughs.
(IV) Professional Development and Instructional Support							
Content Specialists	(13,363)	0	(13,363)	0	0	0.0	Budget adjustment to reflect furloughs.
School Leadership Academy	25,000	0	0	0	25,000	0.0	Reflect allocation of ARRA funding.
Financial Literacy	(36,471)	0	(36,471)	0	0	0.0	Suspend program.

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
(V) Summer and After-school Programs							
Summer School Grant Program	(984,342)	0	(984,342)	0	0	0.0	Suspend program (-\$983,662); Budget adjustment to reflect furloughs (-\$680).
DROPOUT PREVENTION							
ACTIVITY GRANT PROGRAM	86,000	0	86,000	0	0	0.0	Reflect increased spending authority to distribute grant moneys for before- and after-school dropout mitigation programs; new line item.
(VI) Facility Schools							
Facility Schools Unit and Facility Schools Board	(4,054)	0	0	(4,054)	0	0.0	Budget adjustment to reflect furloughs.
Facility School Funding	(3,017,769)	0	(3,017,769)	0	0	0.0	Reduce based on actual student attendance, school calendars, and average per pupil revenues to more accurately reflect expenditures.
(VII) Other Assistance							
Appropriated Sponsored Programs	152,264,742	0	0	(11,671)	152,276,413	0.0	Reflect allocation of ARRA funding (\$152,407,101); Budget adjustment to reflect furloughs (-\$142,359).
School Counselor Corps Grant Program	(1,846)	0	(1,846)	0	0	0.0	Budget adjustment to reflect furloughs.
Regional Service Cooperatives	<u>(40,850)</u>	<u>0</u>	<u>(40,850)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	Reflect likely reversion (-\$38,788); Budget adjustment to reflect furloughs (-\$2,062).
Subtotal - (2) Assistance to Public Schools	32,210,473	398	(177,678,020)	(52,259)	209,940,354	0.0	

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
(3) LIBRARY PROGRAMS							
Administration	(20,969)	(20,013)	(956)	0	0	0.0	Budget adjustment to reflect furloughs.
Federal Library Funding	<u>(38,119)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,119)</u>	<u>0.0</u>	Budget adjustment to reflect furloughs.
Subtotal - (3) Library Programs	(59,088)	(20,013)	(956)	0	(38,119)	0.0	
(4) SCHOOL FOR THE DEAF AND THE BLIND							
(A) School Operations							
Personal Services	239,674	239,674	0	0	0	0.0	Technical correction related to School for the Deaf and Blind teacher pay (\$157,279); Budget adjustment to reflect furloughs (\$82,395).
Early Intervention Services	(4,998)	(4,998)	0	0	0	0.0	Budget adjustment to reflect furloughs.
Medicaid Reimbursements for Public School Health Services	(136)	0	0	(136)	0	0.0	Budget adjustment to reflect furloughs.
(B) Special Purpose							
Grants	<u>(5,380)</u>	<u>0</u>	<u>0</u>	<u>(5,380)</u>	<u>0</u>	<u>0.0</u>	Budget adjustment to reflect furloughs.
Subtotal - (4) Colorado School for the Deaf and the Blind	229,160	234,676	0	(5,516)	0	0.0	
Total Recommended Change to the FY 2009-10 Appropriation in S.B. 09-259	38,426,196	(3,401)	(177,520,173)	(103,348)	216,053,118	6.0	

DEPARTMENT OF EDUCATION / S.B. 10-065

Location of Appropriation in Long Bill	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE	Brief Description
Recommended Changes to the FY 2009-10 Appropriations to the Department in H.B. 09-1319 (Concurrent Enrollment)							
(1) MANAGEMENT AND ADMINISTRATION							
(A) Administration and Centrally-Appropriated Line Items							
Legal Services	3,004	0	0	0	3,004	0.0	Reflect allocation of ARRA funding.
(2) ASSISTANCE TO PUBLIC SCHOOLS							
(A) Public School Finance							
Accelerating Students Through Concurrent Enrollment Program (ASCENT) Administration	19,891	0	0	0	19,891	0.0	Reflect allocation of ARRA funding.
Total Recommended Change to the FY 2009-10 Appropriation in H.B. 09-1319	22,895	0	0	0	22,895	0.0	
Recommended Changes to the FY 2009-10 Appropriations to the Department in H.B. 09-1243 (Office of Drop-out Prevention)							
(2) ASSISTANCE TO PUBLIC SCHOOLS							
(C) Grant Programs, Distributions, and Other Assistance							
(IV) Professional Development and Instructional Support							
Office of Dropout Prevention and Student Reengagement	150,172	0	(157,772)	0	307,944	0.0	Reflect allocation of ARRA funding.
Total Recommended Change to the FY 2009-10 Appropriation in H.B. 09-1243	150,172	0	(157,772)	0	307,944	0.0	