

Schedule 13
Change Request for FY 2010-11 Budget Request Cycle

Decision Item FY 2010-11 Base Reduction Item FY 2010-11 Supplemental FY 2009-10 Budget Amendment FY 2010-11

Request Title: Amendment 23 Required Increase for Categorical Programs
 Department: Education
 Priority Number: DI-01

Dept. Approval by: *[Signature]* Date: 10-13-09
 OSPB Approval: *[Signature]* Date: 10-13-09 *10-14-09*

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	102,874,712	113,619,779	0	113,619,779	113,619,779	1,381,145	115,000,924	0	115,000,924	1,381,145
	FTE	8.6	8.6	0.0	8.6	8.6	0.0	8.6	0.0	8.6	0.0
	GF	74,080,605	69,102,759	0	69,102,759	69,102,759	0	69,102,759	0	69,102,759	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	17,504,937	33,216,623	0	33,216,623	33,216,623	0	34,597,768	0	34,597,768	1,381,145
	RF	0	0	0	0	0	1,381,145	0	0	0	0
	FF	11,289,170	11,300,397	0	11,300,397	11,300,397	0	11,300,397	0	11,300,397	0
(2) Assistance to Public Schools (B) Categorical Programs(I) District Programs Required by Statute	Total	19,901,227	23,421,597	0	23,421,597	23,421,597	520,277	23,941,874	0	23,941,874	520,277
	FTE	4.6	4.6	0.0	4.6	4.6	0.0	4.6	0.0	4.6	0.0
	GF	4,657,644	3,101,598	0	3,101,598	3,101,598	0	3,101,598	0	3,101,598	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	3,954,413	9,019,602	0	9,019,602	9,019,602	520,277	9,539,879	0	9,539,879	520,277
	RF	0	0	0	0	0	0	0	0	0	0
	FF	11,289,170	11,300,397	0	11,300,397	11,300,397	0	11,300,397	0	11,300,397	0
(2) Assistance to Public Schools (B) Categorical Programs(II) Other Categorical Programs, Public School Transportation	Total	45,858,842	49,656,915	0	49,656,915	49,656,915	337,481	49,994,396	0	49,994,396	337,481
	FTE	2.0	2.0	0.0	2.0	2.0	0.0	2.0	0.0	2.0	0.0
	GF	38,079,601	36,919,504	0	36,919,504	36,919,504	0	36,919,504	0	36,919,504	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	7,779,241	12,737,411	0	12,737,411	12,737,411	337,481	13,074,892	0	13,074,892	337,481
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(B) Categorical Programs, (II) Other Categorical Programs, Transfer to the Department of Higher Education for Distribution of State Assistance for Vocational Education	Total	21,672,472	23,189,191	0	23,189,191	23,189,191	106,901	23,296,092	0	23,296,092	106,901
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	18,349,048	17,792,850	0	17,792,850	17,792,850	0	17,792,850	0	17,792,850	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	3,323,424	5,396,341	0	5,396,341	5,396,341	106,901	5,503,242	0	5,503,242	106,901
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Schedule 13
Change Request for FY 2010-11 Budget Request Cycle

Decision Item FY 2010-11 **Base Reduction Item FY 2010-11** **Supplemental FY 2009-10** **Budget Amendment FY 2010-11**

Request Title: Amendment 23 Required Increase for Categorical Programs

Department: Education

Priority Number: DI-01

Dept. Approval by: *[Signature]* Date: 10-13-09

OSPB Approval: Date: 10-13-09

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/ Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
(2) Assistance to Public Schools (B) Categorical Programs (II) Other Categorical Programs, Special Education - Gifted and Talented	Total	8,396,099	9,003,120	0	9,003,120	9,003,120	202,200	9,205,320	0	9,205,320	202,200
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	7,050,000	5,500,000	0	5,500,000	5,500,000	0	5,500,000	0	5,500,000	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	1,345,099	3,503,120	0	3,503,120	3,503,120	202,200	3,705,320	0	3,705,320	202,200
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Assistance to Public Schools (B) Categorical Programs, (II) Other Categorical Programs Expelled and At-risk Student Services Grant Program	Total	6,340,676	7,343,560	0	7,343,560	7,343,560	214,286	7,557,846	0	7,557,846	214,286
	FTE	1.0	1.0	0.0	1.0	1.0	0.0	1.0	0.0	1.0	0.0
	GF	5,844,312	5,788,807	0	5,788,807	5,788,807	0	5,788,807	0	5,788,807	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	496,364	1,554,753	0	1,554,753	1,554,753	214,286	1,769,039	0	1,769,039	214,286
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(2) Assistance to Public Schools (B) Categorical Programs, (II) Other Categorical Programs, Comprehensive Health Education	Total	705,396	1,005,396	0	1,005,396	1,005,396	0	1,005,396	0	1,005,396	0
	FTE	1.0	1.0	0.0	1.0	1.0	0.0	1.0	0.0	1.0	0.0
	GF	100,000	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	605,396	1,005,396	0	1,005,396	1,005,396	0	1,005,396	0	1,005,396	0
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None

Letternote Revised Text:

a) These amounts shall be from the State Education Fund created in Section 17 (4) (a) of Article IX of the State Constitution. Pursuant to Section 17 (3) of Article IX of the Colorado Constitution, appropriations from the State Education Fund are not subject to the limitation on fiscal year spending set forth in Section 20 of Article X of the Colorado Constitution.

d) This amount shall be from federal funds authorized pursuant to Title III of the federal No Child Left Behind Act of 2001.

e) Of this amount, \$12,625,892 shall be from the State Education Fund created in Section 17 (4) (a) of Article IX of the State Constitution, and \$450,000 shall be from the Public School Transportation Fund created in Section 22-51-103 (1), C.R.S. Pursuant to Section 17 (3) of Article IX of the Colorado Constitution, appropriations from the State Education Fund are not subject to the limitation on fiscal year spending set forth in Section 20 of Article X of the Colorado Constitution.

f) Of this amount, \$1,005,396 shall be from the State Education Fund created in Section 17 (4) (a) of Article IX of the State Constitution. Pursuant to Section 17 (3) of Article IX of the Colorado Constitution, appropriations from the State Education Fund are not subject to the limitation on fiscal year spending set forth in Section 20 of Article X of the Colorado Constitution.

Cash or Federal Fund Name and CFRS Fund Number: State Education Fund - 440, State Public School Funds - 113, 20E Transportation Fund, 241 Comprehensive Health Education Fund

Reappropriated Funds Source, by Department and Line Item Name: None affected

Approval by OIT? Yes: No: N/A:

Schedule 13s from Affected Departments: Department of Higher Education

CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Education
Priority Number:	DI-01
Change Request Title:	Amendment 23 Required Increase for Categorical Programs

SELECT ONE (click on box):

- Decision Item FY 2010-11
- Base Reduction Item FY 2010-11
- Supplemental Request FY 2009-10
- Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Education requests a change of -0.4% inflation (*per Legislative Council's September 21, 2009 Denver/Boulder/Greeley Consumer Price Index for calendar year 2009*) plus 1%, which equals a 0.6% increase amounting to a \$1,381,145 cash funds increase (from the State Education Fund) for categorical programs in FY 2010-11, pursuant to Section 17 of Article IX of the Constitution of the State of Colorado.

Additionally, the Department of Education requests a refinance of \$200,000 cash funds that was provided by the Comprehensive Health Cash Fund in FY 2009-10 to now be provided from the State Education Fund in FY 2010-11. There are not sufficient monies in the Comprehensive Health Fund to cover the need in FY 2010-11 as this funding has been allocated from this fund to cover other state needs. This does not change the net cash fund amount of the request or this program in FY 2010-11.

The Department of Higher Education has an associated non-prioritized request for \$106,901 reappropriated funds from the \$1,381,145 cash funds identified for the Department of Education in FY 2011-12.

Background and Appropriation History:

Categorical programs are 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. 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. The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Long Bill Line Item - Categorical Programs	FY 2000-01 Appropriation From State Funds	FY 2009-10 Appropriation From State Funds	Increase in Annual Appropriation of State Funds Since FY 2000-01	Percentage Increase Since FY 2000-01	Percentage of Total Increase to Each Program Since FY 2000-01
Special Education - children with disabilities (Includes Child Find SB 08-255)	71,455,773	127,362,125	55,906,352	78.2%	63.2%
English language proficiency program	2,751,098	12,121,200	9,370,102	340.6%	10.6%
Public school transportation	36,922,230	49,206,915	12,284,685	33.3%	13.9%
Colorado Vocational Act distributions	17,792,850	23,189,191	5,396,341	30.3%	6.1%
Special Education - gifted and talented	5,500,000	9,003,120	3,503,120	63.7%	4.0%
Expelled and at-risk student services grant program	5,290,850	7,343,560	2,052,710	38.8%	2.3%
In-school Suspension	497,957	-	(497,957)	-100.0%	-0.6%
Small attendance center aid	948,140	959,379	11,239	1.2%	0.0%
Comprehensive health education	600,000	1,005,396	405,396	67.6%	0.5%
Total State Funds	141,758,898	230,190,886	88,431,988	62.4%	100.0%
Transfer from DHS for ECEA	55,000	101,812	46,812	NA	NA
Transfer from DHS for ELPA	350,500	-	(350,500)	NA	NA
Audit Recoveries Transportation		450,000	450,000	NA	NA
Total State Funds, Transfers, and Re-appropriated Funds	142,164,398	230,742,698	88,578,300		

General Description of Request:

The Department of Education requests funding for the constitutionally required increase in funding for the categorical programs. The projected inflation rate for 2009 for use in FY 2010-11 is -0.4%. The total state provided funding of \$230,190,886 for FY 2009-10, multiplied by 0.6% provides a net increase in funding of \$1,381,145 in FY 2010-11. This is the last year for the additional 1%, pursuant to Section 17 of Article IX of the Colorado Constitution. Beginning with FY 2011-12, the minimum annual increase will be determined solely on the inflation rate (Denver/Boulder/Greeley Consumer Price Index).

The Department requests the following categorical line item cash funds increase in FY 2010-11 to meet the State’s constitutional requirements:

- English language proficiency program \$520,277
- Public school transportation \$337,481
- Colorado Vocational Act distributions \$106,901
- Special Education - gifted and talented \$202,200
- Expelled and at-risk student services grant program \$214,286
- Total => \$1,381,145

Additionally, the Department of Education requests a refinance of \$200,000 cash funds that was provided by the Comprehensive Health Cash Fund in FY 2009-10 to now be provided from the State Education Fund in FY 2010-11 since there are not sufficient monies in the Comprehensive Health Fund to cover the need in FY 2010-11. The table below identifies this refinance. A corresponding letternote revised text “f” for this refinance is provided on the Schedule 13 which accompanies this narrative. The letternote eliminates the phrase “~~Of this amount, \$200,000 shall be from reserves in the Colorado Comprehensive Health Education Fund created in Section 22-25-109 (1), C.R.S.~~” which was included in FY 2009-10.

	FY 2009-10	Refinance	FY 2010-11
Comprehensive Health Education Fund	\$ 200,000	\$ (200,000)	\$ -
State Education Fund	\$ 805,396	\$ 200,000	\$ 1,005,396
Total =>	\$ 1,005,396	\$ -	\$ 1,005,396

Lastly, there is an associated non-prioritized request for \$106,901 reappropriated funds in the Department of Higher Education’s Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S. line item in FY 2011-12. This share of reappropriated funds is from the \$1,381,145 cash funds identified for the Department of Education in FY 2011-12.

Consequences if Not Funded:

The state would not meet the requirements of section 17 of Article IX of the Colorado Constitution.

Calculations for Request:

Education Summary of Request FY 2010-11 and FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$1,381,145	\$0	\$1,381,145	\$0	\$0	0.0
English language proficiency program	\$520,277	\$0	\$520,277	\$0	\$0	0.0
Public school transportation	\$337,481	\$0	\$337,481	\$0	\$0	0.0
Colorado Vocational Act distributions	\$106,901	\$0	\$106,901	\$0	\$0	0.0
Special Education - gifted and talented	\$202,200	\$0	\$202,200	\$0	\$0	0.0
Expelled and at-risk student services grant program	\$214,286	\$0	\$214,286	\$0	\$0	0.0
Comprehensive health education*	\$0	\$0	\$0	\$0	\$0	0.0

*Includes a \$200,000 change in cash fund sources in FY 2010-11, to be appropriated from State Education Fund rather than the Comprehensive Health Education Fund as described in the letternote revised text of the corresponding Schedule 13 to this narrative.

Higher Education Summary of Request FY 2010-11 and FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$106,901	\$0	\$0	\$106,901	\$0	0.0
Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S.	\$106,901	\$0	\$0	\$106,901	\$0	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2008-09 Expenditures	FY 2008-09 End of Year Cash Balance	FY 2009-10 End of Year Cash Balance Estimate	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate
<u>Comprehensive Health</u>	<u>241</u>	<u>\$200,000</u>	<u>\$236,076</u>	<u>\$36,076</u>		
<u>Transportation Fund</u>	<u>20E</u>	<u>\$450,000</u>	<u>\$828,338</u>	<u>\$510,330</u>	<u>\$450,000</u>	

Cash fund end-of-year cash balance for the State Education Fund (Fund 440) can be found in the Total Program change request "BR1-01".

Categorical Table #1

Categorical Program	Total State & Federal Revenue FY 2007-08	Total Expenditures FY 2007-08	Total Expenditures in Excess of State and Federal Revenue	Proportional Percentage of Total Excess Expenditures	Proportional Allocation of FY 2010-11 Increase of -0.4% Inflation Plus 1%	Adjustments to Calculated Increases Due to ARRA Funding	Proportional Allocation of FY 2010-11 Increase	Percentage of Proportional Allocation of FY 2010-11 Increase
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Exceptional Children's Education Act =>	266,815,209	725,170,152	458,354,943	57.14%	789,153	(789,153)	-	0.0%
English Language Proficiency Act =>	16,652,103	146,175,652	129,523,549	16.15%	223,002	520,277	520,277	37.67%
Transportation =>	45,363,451	182,744,365	137,380,914	17.13%	236,530	551,767	551,767	39.95%
Gifted & Talented =>	7,917,204	34,515,931	26,598,727	3.32%	45,795	106,901	106,901	7.74%
Colorado Vocational Act =>	29,099,731	79,436,592	50,336,861	6.27%	86,665	202,200	202,200	14.64%
Expelled Students =>	5,783,903	5,783,903	0	0.00%	-	-	-	0.0%
Small Attendance Center Aide =>	943,333	943,333	0	0.00%	-	-	-	0.0%
Comprehensive Health Education =>	592,990	592,990	0	0.00%	-	-	-	0.0%
Total of all Categorical Programs as Reported	373,167,924	1,175,362,917	802,194,994	100.00%	1,381,145		1,381,145	100.0%
Total of Categorical Programs Recommended to Receive Increase	104,816,392	448,656,442	802,194,994					

Categorical Table #2

Categorical Program	Total State & Federal Revenue FY2007-08	Total State and Federal Expenditures FY2007-08	Total State & Federal Expenditures in Excess of Revenue	Proportional Percentage of Total Excess Expenditures	Proportional Allocation of FY2009-10 Increase of -0.4% Inflation Plus 1%	Adjustments to Increases Due to Trends in Current Costs and State Board Priorities	Proportional Allocation of FY2010-11 Increase	Percentage of Proportional Allocation of FY2009-10 Increase
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Exceptional Children's Education Act =>	266,815,209	725,170,152	0	0.00%	-	-	-	0.0%
English Language Proficiency Act =>	16,652,103	146,175,652	129,523,549	37.67%	520,277	-	520,277	37.67%
Transportation =>	45,363,451	182,744,365	137,380,914	39.95%	551,767	(214,286)	337,481	24.43%
Gifted & Talented =>	7,917,204	34,515,931	26,598,727	7.74%	106,901	-	106,901	7.74%
Colorado Vocational Act =>	29,099,731	79,436,592	50,336,861	14.64%	202,200	-	202,200	14.64%
Expelled Students =>	5,783,903	5,783,903	0	0.00%	-	214,286	214,286	15.52%
Small Attendance Center Aide =>	943,333	943,333	0	0.00%	-	-	-	0.0%
Comprehensive Health Education =>	592,990	592,990	0	0.00%	-	-	-	0.0%
Total of all Categorical Programs as Reported	373,167,924	1,175,362,917	343,840,051	100.00%	1,381,145	-	1,381,145	100.0%
Total of Categorical Programs Recommended to Receive Increase	104,816,392	448,656,442	343,840,051					

Assumptions for Calculations:

Categorical Table #1 (see page 5) provides information related to state and federal revenue (Column A) used to support categorical programs and the level of expenditures (Column B) reported to the Department of Education by school districts through the automated data exchange – financial collection. Below the title of each column is a letter that will be used to identify the column. The most recent data collected from school districts is for FY 2007-08. Column C indicates the level of support from other sources of revenue within the school districts (school finance formula and other revenue), or the unfunded portion for each categorical program. Column E shows the proportional distribution to each categorical if all programs with excess expenditures received an increase.

However, the Department is not proposing an increase to Exceptional Children’s Education Act due to the significant increase in ARRA funding for IDEA – Part B amounting to \$154,012,026 provided to school districts for use from February 17, 2009 to September 30, 2011 (per Guidance¹). Information on the anticipated year of expenditure of these ARRA funds is provided below. An increase in Exceptional Children’s Education Act was not provided in FY2009-10 and is not proposed for FY 2010-11.

Anticiapted ARRA - IDEA Part B funding by fiscal year	
FY 2008-09	\$ 4,049,117
FY 2009-10	\$ 97,270,753
Remaining for FY 2010-11 and FY 2011-12	\$ 52,692,156
Total	\$ 154,012,026

This allows an opportunity to provide larger increases to the other categorical programs during this timeframe. Beginning in FY 2011-12, the Department will evaluate remaining balances to determine if it is appropriate to include this line item in the

¹ GUIDANCE - Funds for Part B of the Individuals with Disabilities Act – Made Available Under - The American Recovery and Reinvestment Act of 2009 – Revised July 1, 2009, Page 10, A-5.

Link: <http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>

proposed proportional distributions once again. In Categorical Table #2 (see page 7), the Department's proposed distribution, excluding Exceptional Children's Education Act is shown. The distribution was determined by calculating the percentage of excess expenditures for only those programs included in this proposal, then making an adjustment to reduce transportation by 15.52% (\$214,286) and increase the expelled students program by \$214,286 (Column F). Transportation received a significant increase in FY 2009-10. Providing this increase to the expelled students program supports the Departments efforts of reducing the dropout rate and closing the achievement gap. Column G identifies the FY 2010-11 requests for distribution to categorical line items.

Impact on Other Government Agencies: None to other state or federal agencies. Provides increased funding to school districts which qualify for the various programs.

Cost Benefit Analysis: The cost benefit analysis is not applicable to this request. This funding request is a state constitutional requirement.

Implementation Schedule: July 1, 2010

Statutory and Federal Authority: Section 17 of Article IX of the Colorado Constitution

(1) Purpose. In state fiscal year 2001-2002 through state fiscal year 2010-2011, the statewide base per pupil funding, as defined by the Public School Finance Act of 1994, article 54 of title 22, Colorado Revised Statutes on the effective date of this section, for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at least by the rate of inflation plus an additional one percentage point. In state fiscal year 2011-2012, and each fiscal year

thereafter, the statewide base per pupil funding for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at a rate set by the general assembly that is at least equal to the rate of inflation.

(2) Definitions. For purposes of this section: (a) "Categorical programs" include transportation programs, English language proficiency programs, expelled and at-risk student programs, special education programs (including gifted and talented programs), suspended student programs, vocational education programs, small attendance centers, comprehensive health education programs, and other current and future accountable programs specifically identified in statute as a categorical program.

(b) "Inflation" has the same meaning as defined in article X, section 20, subsection (2), paragraph (f) of the Colorado constitution.

(3) Implementation. In state fiscal year 2001-2002 and each fiscal year thereafter, the general assembly may annually appropriate, and school districts may annually expend, monies from the state education fund created in subsection (4) of this section. Such appropriations and expenditures shall not be subject to the statutory limitation on general fund appropriations growth, the limitation on fiscal year spending set forth in article X, section 20 of the Colorado constitution, or any other spending limitation existing in law.

(4) State Education Fund Created. (a) There is hereby created in the department of the treasury the state education fund. Beginning on the effective date of this measure, all state revenues collected from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall be deposited in the state education fund. Revenues generated from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall not be subject to the limitation on fiscal year spending set forth in article X, section 20 of the Colorado constitution. All interest earned on monies in the state education fund shall be deposited in the state education fund and shall be used before any principal is depleted. Monies remaining in the state

education fund at the end of any fiscal year shall remain in the fund and not revert to the general fund.

(b) In state fiscal year 2001-2002, and each fiscal year thereafter, the general assembly may annually appropriate monies from the state education fund. Monies in the state education fund may only be used to comply with subsection (1) of this section and for accountable education reform, for accountable programs to meet state academic standards, for class size reduction, for expanding technology education, for improving student safety, for expanding the availability of preschool and kindergarten programs, for performance incentives for teachers, for accountability reporting, or for public school building capital construction.

(5) Maintenance of Effort. Monies appropriated from the state education fund shall not be used to supplant the level of general fund appropriations existing on the effective date of this section for total program education funding under the Public School Finance Act of 1994, article 54 of title 22, Colorado Revised Statutes, and for categorical programs as defined in subsection (2) of this section. In state fiscal year 2001-2002 through state fiscal year 2010-2011, the general assembly shall, at a minimum, annually increase the general fund appropriation for total program under the "Public School Finance Act of 1994," or any successor act, by an amount not below five percent of the prior year general fund appropriation for total program under the "Public School Finance Act of 1994," or any successor act. This general fund growth requirement shall not apply in any fiscal year in which Colorado personal income grows less than four and one half percent between the two previous calendar years.

Performance Measures:

This requirement will assist the department in fulfilling Objective 5(d) in its Strategic Plan to “Develop a consistent, comprehensive statewide system of Department funding for schools that reflects priority based on student need.”