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Line Item Descriptions FY 09-10 BUDGET REQUEST

(1) MANAGEMENT AND ADMINISTRATION

(A) ADMINISTRATION AND CENTRALLY-APPROPRIATED LINE ITEMS

STATE BOARD OF EDUCATION

This line item was established in the FY 2008-09 Long Bill to reflect funding that directly supports the State Board of Education. Previously, this funding was consolidated with “General Department and Program Administration” funding.

GENERAL DEPARTMENT AND PROGRAM ADMINISTRATION

This line item provides funding and staff for, for the management and administration of a variety of education- and library-related programs, and for general department administration, including support for human resources, budgeting, accounting, and information management. This line item supports both personal services and operating expenses. Sources of cash funds for this line item include general education development (GED) program fees, indirect cost recoveries, and transfers from various cash- and federally-funded line items in other sections of the budget.

This consolidated line item was established in FY 1987-88 to facilitate a \$2.5 million reduction in General Fund appropriations for the administration of the Department and library programs. This reduction ultimately resulted in the elimination of 35.0 FTE (a 25 percent reduction). From FY 2000-01 through FY 2003-04, base General Fund appropriations for staff supported through this line item were reduced by another \$1.8 million. As a result, the number of FTE supported by General Fund decreased by another 31.5 FTE (39 percent). Of the total 31.5 General Fund-supported FTE reduction, 12.0 FTE were eliminated and 19.5 FTE were transferred to various cash and federal fund sources. Positions that were eliminated include senior consultants on regional service teams, staff at the Talking Book Library, staff responsible for institutional library programs, staff in the Commissioner's Office, management services staff who supported data and human resource functions, and staff responsible for some special education-related functions.

When compared to Department staffing levels that existed in FY 1984-85, current staffing levels are considerably lower. Specifically, 69.5 FTE now perform general Department and program administration functions, compared to 84.7 FTE in FY 1984-85 (an 18 percent reduction); and 12.5 FTE now support library programs, compared to 26.31 in FY 1984-85 (a 52 percent reduction).

In FY 2006-07, the General Assembly added General Fund appropriations to support a total of 4.5 FTE currently reflected in this line item:

- Restored 1.0 FTE Auditor for the School Finance Unit that was eliminated by the Department in FY 2002-03 to manage reductions in administrative funding

Line Item Descriptions FY 09-10 BUDGET REQUEST

- Added 1.0 FTE Principal Consultant for the School Finance Unit to improve the unit's ability to assist school districts with accounting, data submission, and reporting requirements
- Added 1.0 FTE for the Accounting Unit to address workload increases
- Added 1.0 FTE for the Colorado Preschool and Kindergarten Program (H.B. 06-1375)
- Added 0.5 FTE to administer the Special Education High-Cost Grant Program (H.B. 06-1375)

OFFICE OF PROFESSIONAL SERVICES

This office is responsible for administration of the Colorado Educator Licensure Act. This Office is funded entirely through fees paid by educators seeking licenses, endorsements, and authorizations. Pursuant to Section 22-60.5-112, C.R.S., the State Board of Education is to annually adjust fees charged for licensing purposes, if necessary, so that the revenue generated approximates the direct and indirect costs of administering the Colorado Educator Licensing Act. Fee revenues are deposited into the Educator Licensure Cash Fund.

DIVISION OF ON-LINE LEARNING

Senate Bill 07-215 changed the oversight, structure, and funding of public school on-line education. This act required the State Board of Education to establish quality standards for on-line programs, and it created the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. The act also created a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and to provide policy recommendations. The act created the On-line Education Cash Fund, and it transferred to this cash fund \$830,000 of audit recoveries credited to the State Public School Fund. The act requires the General Assembly to annually appropriate moneys from this fund to support the Division of On-line Learning. The act appropriated \$418,861 from this fund and 3.5 FTE to the Department for FY 2007-08. Thus, the bill essentially provided for two years of funding for the new division, but it did not provide an ongoing source of revenue to support the required activities after FY 2008-09.

HEALTH, LIFE, AND DENTAL

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

SHORT-TERM DISABILITY

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums.

Line Item Descriptions FY 09-10 BUDGET REQUEST

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA).

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA).

SALARY SURVEY AND SENIOR EXECUTIVE SERVICE

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions.

PERFORMANCE-BASED PAY AWARDS

This line item funds awards relating to employee performance.

WORKERS' COMPENSATION

This line item is used to pay the Department's estimated share for inclusion in the state's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration.

LEGAL SERVICES

This line item provides funding for the Department to purchase legal services from the Department of Law.

ADMINISTRATIVE LAW JUDGE SERVICES

This line item provides funding for the Department to purchase services from the Department of Personnel and Administration, Administrative Hearings Division.

Line Item Descriptions FY 09-10 BUDGET REQUEST

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

LEASED SPACE

This line item was established by HB08-1388. It is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex. This line item is different from Capital Complex Leased Space in that it only applies to the leased space associated with FTE required for expanding the number of preschool slots and for providing technical assistance for full-day kindergarten programs.

CAPITOL COMPLEX LEASED SPACE

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex.

REPRINTING AND DISTRIBUTING LAWS CONCERNING EDUCATION

Pursuant to Section 22-2-112 (1) (i), C.R.S., the Department is required to "cause to be reprinted annually laws enacted by the general assembly concerning education...and to furnish copies thereof to interested persons." All publishing costs are to be paid out of the State Public School Fund. The Department's practice for a number of years has been to reflect this as an expenditure of rental income earned on state education trust lands that is credited to the State Public School Fund.

EMERITUS RETIREMENT

This line item provides supplemental retirement payments to eligible K-12 and higher education teachers, as required pursuant to Section 22-64-119, C.R.S.

Line Item Descriptions FY 09-10 BUDGET REQUEST

FEASIBILITY STUDY CONCERNING CREATION AND OPERATION OF STATE RESIDENTIAL SCHOOLS

This line item was established by SB09-256. It provides funding to the commissioner of education to study the feasibility of operating one or more state schools to serve students who are in need of greater academic support and who may be at risk of academic failure, as required pursuant to Section 22-2-137, C.R.S.

(B) INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY SERVICES

This line item was established in the FY 2008-09 Long Bill to reflect funding that directly supports information technology services. Previously, this funding was consolidated with “General Department and Program Administration” funding.

SCHOOL ACCOUNTABILITY REPORTS AND STATE DATA REPORTING SYSTEM

Senate Bill 00-186 required the Department of Education to establish a state data reporting system, including computer capabilities and procedures, to produce school report cards (later renamed school accountability reports). The act established the format of the school accountability reports and specified how the school academic performance and school improvement grades and the designations of school improvement would be calculated. The Department is required to annually deliver school accountability reports to each school by January 15 of each year, providing a sufficient number of copies for each student enrolled in the school and each teacher in the school. The Department is also to establish and maintain a web site that provides access to each school's accountability report (plus reports for the previous three years).

PURCHASE OF SERVICES FROM COMPUTER CENTER

This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology.

MULTIUSE NETWORK PAYMENTS

This line item is used to pay the Department's share of the statewide multi-use network.

Line Item Descriptions FY 09-10 BUDGET REQUEST

INFORMATION TECHNOLOGY ASSET MAINTENANCE

This line item provides funding for the Department to implement an asset management plan to achieve and maintain a standard information technology environment.

DISASTER RECOVERY

This line item provides funding for the equipment, disks, and tapes necessary to implement a disaster recovery plan. In FY 2001-02 and FY 2002-03, funding for this line item was reduced by \$7,464 (27.5 percent). Funding is currently used for: equipment and supplies; offsite tape rotation; and server lease payments.

(C) ASSESSMENTS AND DATA ANALYSES

COLORADO STUDENT ASSESSMENT PROGRAM

Pursuant to H.B. 93-1313 and subsequent legislation, the Department developed educational model content standards in twelve subject areas and, each year since 1997, has administered student assessments in several subject areas and grades. The costs associated with administering the assessments include initial and ongoing development of the exams, printing and mailing of the exams, teacher training related to exam administration, scoring of the exam, and reporting exam scores. The total cost of assessments thus directly relates to the number of subject areas and grade levels assessed each year. In the current school year, the Department will administer all 23 assessments currently required by statute, as well as the ACT. Please note that the federal *No Child Left Behind Act*, passed by Congress in December 2001, required Colorado to implement four new assessments: mathematics assessments for third grade and fourth grade students; a science assessment for third, fourth or fifth grade students (Colorado chose fifth grade); and a science assessment for tenth, eleventh, or twelfth grade students (Colorado chose tenth grade). Pursuant to H.B. 03-1306 [Section 22-7-409 (1) (g), C.R.S.], the Department was required to develop and administer these four new assessments if the State received sufficient moneys from the federal government through the *No Child Left Behind Act*. The following table provides a summary of the assessments administered pursuant to state law, and those now required by federal law.

FEDERAL GRANT FOR STATE ASSESSMENTS AND RELATED ACTIVITIES

Beginning with the FY 2002-03 Long Bill, the General Assembly has reflected federal funds anticipated to be available to Colorado annually pursuant to the federal *No Child Left Behind Act*, passed by Congress in December 2001. This funding is provided to states to cover the costs of developing additional statewide assessments and standards as required by the federal legislation. If a state has already developed the required assessments and standards, it may use the federal funds for other activities related to ensuring that schools and local educational agencies are held accountable for results, such as the following:

Line Item Descriptions FY 09-10 BUDGET REQUEST

- Developing challenging state academic content and student academic achievement standards and aligned assessments in academic subjects for which standards and assessments are not required by the federal legislation;
- Developing or improving assessments of English language proficiency necessary to comply with other provisions of the federal legislation;
- Ensuring the continued validity and reliability of state assessments;
- Refining State assessments to ensure their continued alignment with the state's academic content standards and to improve the alignment of curricula and instructional materials;
- Developing multiple measures to increase the reliability and validity of state assessment systems;
- Strengthening the capacity of local educational agencies and schools to provide all students the opportunity to increase educational achievement, including carrying out professional development activities aligned with state student academic achievement standards and assessments;
- Expanding the range of accommodations available to students with limited English proficiency and students with disabilities to improve the rates of inclusion of such students, including professional development activities aligned with state academic achievement standards and assessments; and
- Improving the dissemination of information on student achievement and school performance to parents and the community, including the development of information and reporting systems designed to identify best educational practices based on scientifically based research or to assist in linking records of student achievement, length of enrollment, and graduation over time.

LONGITUDINAL ANALYSES OF STUDENT ASSESSMENT RESULTS

Since 2000, the General Assembly has passed several bills^s concerning longitudinal analyses of student assessment results, and the provision of diagnostic information to districts and schools for the purpose of improving instruction. The Department has accomplished the following tasks to date:

- The Department has implemented a state data reporting system, which stores individual student assessment results.
- The Department has developed a process for assigning individual student identifiers to all students in public schools, including preschool children participating in the Colorado Preschool and Kindergarten Program and disabled preschool children receiving special education services. In addition, pursuant to S.B. 06-24, the Department has worked with the Colorado Commission on Higher Education to ensure that these unique identifiers will be used by Colorado higher education institutions.
- As required by Section 22-7-604, C.R.S., the Department now assigns each school an annual academic growth rating based on the proportion of students who make gains from one year to the next (i.e., comparing students' scale scores from one year to the next).
- As required by Section 22-7-604.3, C.R.S., the Department has developed a "mixed effects statistical model" to diagnostically calculate individual students' academic growth. The Department has calculated what constitutes sufficient academic growth for each student for each school year (i.e., how much growth needs to occur for that student to become proficient by at least 10th grade). In

Line Item Descriptions FY 09-10 BUDGET REQUEST

addition, just last school year, the Department provided districts and charter schools with electronic diagnostic growth information for each student enrolled in each school, based on assessment results.

Most recently, H.B. 07-1048 directed the Governor to appoint, and the Department of Education to convene, a new technical advisory panel to assist the Department in developing a longitudinal growth model to measure the academic growth of students. The act established new requirements and a timeline for development and implementation of the model, and it required the Department to calculate adequate longitudinal growth for each student and each school beginning July 1, 2007, and by July 1 each year thereafter. The panel was to develop a new method to identify schools that demonstrate the highest rate of academic growth for purposes of the Governor's Distinguished Improvement Awards. The Technical Advisory Panel has submitted a report to the State Board concerning the recommended statistical model, and the State Board anticipates promulgating rules related to the growth model on March 13, 2007.

PRESCHOOL TO POSTSECONDARY EDUCATION ALIGNMENT

This line item was established by SB08-212. This legislative made findings concerning the importance of aligning education standards and assessments from preschool through postsecondary and workforce readiness. It directs the state board of education to adopt a description of school readiness and standards for preschool through elementary and secondary education. It further directs the state board to adopt assessments that are aligned with the school readiness description. This line item provides funding for these purposes as required pursuant to Section 22-7-10, C.R.S.

POSTSECONDARY AND WORKFORCE READINESS ASSESSMENTS PILOT PROGRAM

This line item was established by SB08-212. A pilot program is to be created to collect data concerning postsecondary and workforce planning, preparation, and readiness assessments from vendors and from school district boards of education, boards of cooperative services, and district and institute charter schools that volunteer to participate in the pilot program. This line item provides funding for this purpose as required pursuant to Section 22-7-1007, C.R.S.

(D) STATE CHARTER SCHOOL INSTITUTE

STATE CHARTER SCHOOL INSTITUTE ADMINISTRATION, OVERSIGHT, AND MANAGEMENT

House Bill 04-1362 created the State Charter School Institute as an independent agency in the Department of Education. The Institute is allowed to authorize "institute charter schools" located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools. The act also created a board to oversee the operations of the Institute, and permits the Institute to hire staff and contract for services. The act directs the Department to withhold a portion of the State Share of Districts'

Line Item Descriptions FY 09-10 BUDGET REQUEST

Total Program funding from the school district where an institute charter school is located and to forward the withheld amount to the Institute. The act permits the Department to retain up to 2.0 percent of the amount withheld from the State Share "as reimbursement for the reasonable and necessary costs to the department to implement the provisions of [Section 22-30.5-501 et seq., C.R.S.]" (See Section 22-30.5-513 (4) (a), C.R.S.). The act also permits the Institute to retain up to 3.0 percent of the amount withheld from the State Share for the "actual costs incurred by the institute in providing necessary administration, oversight, and management services" to institute charter schools (see Sections 22-30.5-513 (2) (b) and (4) (a), C.R.S.).

House Bill 04-1362 did not include provisions requiring the Institute to establish funds and accounts for budgeting and accounting purposes (similar requirements for school districts are included in Article 45 of Title 22, C.R.S.). Absent these requirements, the accounting staff at the Department (who perform all accounting duties on behalf of the Institute) use the State Charter School Institute Fund for purposes of accounting for all of the funds that flow through or are spent by the Institute. This fund was originally created for purposes of accounting for gifts, grants, or donations received by the Institute. Moneys in this fund are subject to available appropriations. Department staff indicated that pursuant to Section 22-54-114 (1), C.R.S., they are authorized to forward the State Share moneys to Institute charter schools without a separate appropriation. However, Department staff believe that spending authority is required out of the State Charter School Institute Fund for the Institute to incur administrative expenses and for the Institute to forward any categorical funding to Institute charter schools. Since FY 2006-07, the Long Bill has included four line items to allow the Department to forward funds as necessary to the Institute and its schools, and to track Department-level expenditures related to the Institute. While this structure is not ideal, it appears to be functional given the current circumstances. Each of the line items is discussed below, along with recommended funding levels for FY 2008-09.

DIRECT ADMINISTRATIVE AND SUPPORT SERVICES PROVIDED BY THE DEPARTMENT TO THE STATE CHARTER SCHOOL INSTITUTE

This line item provides spending authority to the Institute to spend up to 3.0 percent of the amount withheld from the State Share of Districts' Total Program Funding line item. Moneys are used to provide the necessary administration, oversight, and management services to Institute charter schools.

The line item provides for the Department to receive funds from the Institute out of the above line item. House Bill 04-1362 authorized the Institute to "contract with any boards of cooperative services .. or with any other qualified individual or public or private entity or organization, including a school district, for the provision of administrative or other support services directly to the institute or for the benefit of institute charter schools" (see Section 22-30.5- 505 (6) (a), C.R.S.). The Department currently performs a number of duties on behalf of the Institute, including accounting, payroll, purchasing, human resources, contracts, etc. This line item thus allows the Department to receive and expend moneys from the Institute, out of the above line item, for this purpose.

Line Item Descriptions FY 09-10 BUDGET REQUEST

OTHER TRANSFERS TO INSTITUTE CHARTER SCHOOLS

This line item was intended to provide spending authority to the Department to forward categorical funding, as appropriate, to Institute charter schools.

TRANSFERS OF FEDERAL MONEYS TO INSTITUTE CHARTER SCHOOLS

This line item was created by the 2009 Long bill. It reflects the total federal dollars received by the State Charter School Institute for pass-through to its Institute Charter Schools. Further, the line also reflects the total FTE supported with these federal moneys.

DEPARTMENT IMPLEMENTATION OF SECTION 22-30.5-501 ET SEQ., C.R.S.

This line item is intended to provide spending authority to the Department to spend up to 2.0 percent of the amount withheld from the State Share for performing Department-level duties associated with the implementation of H.B. 04-1362.

(2) ASSISTANCE TO PUBLIC SCHOOLS

(A) PUBLIC SCHOOL FINANCE

ADMINISTRATION

This line item provides funding for staff responsible for administration of the School Finance Act and the Colorado Preschool and Kindergarten Program, as well as auditing school districts to ensure compliance with the federal school lunch programs, public school transportation, and English language proficiency programs, as required by pursuant to Section 22-2-112, C.R.S. and Section 22-2-113, C.R.S.

ACCELERATING STUDENTS THROUGH CONCURRENT ENROLLMENT (ASCENT) PROGRAM

This line item was established by HB09-1319. This line item provides funding to a school district, a board of cooperative services (BOCES), a district charter school, or an institute charter school to partner with an institution of higher education to offer college courses to qualified high school students, as required by pursuant to Section 22-35, C.R.S.

DECLINING ENROLLMENT STUDY

This line item was established by HB08-1388. This line item provides funding for a statute that directs the department to contract with a private person or entity to conduct a study to evaluate how declining pupil enrollment in districts statewide impacts the students that remain in the districts with declining enrollment and to recommend possible remedies to any negative impacts the declining enrollment may have on students, as required pursuant to Section 22-54-132, C.R.S.

STATE SHARE OF DISTRICTS' TOTAL PROGRAM FUNDING

The primary source of funding for public schools in Colorado is provided pursuant to the Public School Finance Act of 1994, which establishes a per pupil-based formula for determining the "total program" funding level for each school district. The formula provides the same *base* amount of funding per pupil for every district. Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in base per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount must increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2008-09, base per pupil funding will need to increase from \$5,087.61 to \$5,250.41 (3.2 percent), based on an actual inflation rate of 2.2 percent in CY 2007. The formula increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. The formula also provides additional funding for districts with students who may be at risk of failing or dropping out of school. Thus, actual per pupil funding varies for each district. Legislative Council staff project that, on average, districts will receive per pupil funding of \$6,881.06 in FY 2008-09 (an increase of 3.3 percent). Each individual district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding. Local property and specific ownership taxes provide the first source of revenue for districts' total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed (taxable) value of property in each district. Specific ownership taxes are paid on motor vehicles. State funds are then appropriated to fund the balance of districts' total program funding. For FY 2008-09, Legislative Council staff project that local property taxes and specific ownership taxes will increase by 2.6 percent.

MILITARY DEPENDENT SUPPLEMENTAL PUPIL ENROLLMENT

Pursuant to H.B. 07-1232 (Section 22-54-128, C.R.S.), certain school districts are eligible for additional state funding based on mid-year increases in enrollment. Specifically, for FY 2007-08 through 2010-11, any school district may apply for military dependent supplemental pupil enrollment aid for new pupils who are dependents of full-time active duty members of the U.S. military or are dependents of a member of the U.S. military reserve forces who has been called to active duty. If the number of these new pupils as of February 1 is at least 25 or represents at least a one percent increase, eligible districts may receive one-half of the district's per pupil revenues for each of these new pupils. Districts are required to apply for such additional funding, and the Department is required to submit a request to the General Assembly by March 1 for a supplemental appropriation in an amount that will fully fund the aggregate

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amount of the military dependent supplemental pupil enrollment aid allowed. The General Assembly "shall appropriate, subject to available appropriations," the amount authorized for military dependent supplemental pupil enrollment aid. In the event that the amount appropriated by the General Assembly is less than the amount of aid authorized for each eligible district, the Department is required to distribute available funding proportionately.

ADDITIONAL STATE AID RELATED TO LOCALLY NEGOTIATED BUSINESS INCENTIVE AGREEMENTS

Since 1990 (SB90-118), school districts have had the authority to negotiate incentive agreements with new or expanded businesses as a means of promoting economic development (see Section 22-32-110 (1) (ff) and (gg), C.R.S.). State law allows school districts, as well as cities and counties, to negotiate with taxpayers to forgive up to 50 percent of the property taxes levied on personal property attributable to a new or expanded business facility. A school district that negotiates such an agreement is eligible for additional state aid equal to the property tax revenues which are foregone as part of the agreement (see Section 22-54-106 (8), C.R.S.). The state "backfill" for foregone property tax revenues for any single facility is limited to ten years. Pursuant to S.B. 03-248, however, local school boards have not been allowed to enter into any new business incentive agreements since May 22, 2003.

The annual cost of backfilling for locally-negotiated business incentive agreements has ranged from \$67,250 in FY 1994-95 to \$2,785,645 in FY 2002-03. However, in FY 2002-03, the appropriation fell \$784,157 short of funding the required state aid associated with these agreements. The Department was thus required to reduce the state aid for all districts by the amount of the shortfall. Similar recisions were required in FY 2001-02 (\$244,237), and in FY 2003-04 (\$393). Pursuant to S.B. 05-200, however, a statewide recision is no longer necessary when the appropriation falls short. Instead, the shortfall only affects those districts that are receiving additional state aid as a result of an incentive agreement. The FY 2005-06 appropriation of \$1,140,015 fell short by \$757,126 (39.9 percent), the FY 2006-07 appropriation of \$904,942 fell short by \$845,430 (48.3 percent), and the FY 2007-08 appropriation of \$0 is anticipated to fall short by \$450,112 (100 percent).

HOLD-HARMLESS FULL-DAY KINDERGARTEN FUNDING

This line item was established by HB08-1388. This line item provides funding to school districts for students enrolled in full-day kindergarten, as required pursuant to Section 22-54-130, C.R.S.

(B) 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, Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase *total*

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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, based on the actual inflation rate for calendar year 2007 (2.2 percent), the General Assembly is required to increase state funding for categorical programs by at least \$6.7 million (3.2 percent) for FY 2008-09.

The General Assembly determines on an annual basis how to finance the required increase, and how to allocate the required increase among the various categorical programs.

(I) DISTRICT PROGRAMS REQUIRED BY STATUTE

SPECIAL EDUCATION – CHILDREN WITH DISABILITIES

Pursuant to the federal *Individuals with Disabilities Education Act* and the state *Exceptional Children's Educational Act* [Article 20 of Title 22, C.R.S.], school districts are required to provide free educational services to children, ages three to 21, who by reason of one or more conditions are unable to receive reasonable benefit from ordinary educational services. Districts are also required to provide free educational services to children "whose presence in the ordinary educational program is detrimental to the education of others and who must therefore receive modified or supplementary assistance and services in order to function and learn". Services provided must be individualized and appropriate for the specific needs of the child, and, to the extent possible, be provided in the least restrictive environment. Federal and state law require administrative units (usually a school district or a board of cooperative service) to provide all necessary services to children identified as having a disability regardless of the cost or other district needs and priorities. In addition to total program funds districts receive to provide educational services to children with disabilities (including three- and four-year-old children); districts are statutorily eligible to receive reimbursement for additional costs incurred in providing educational services to school-age children with disabilities. These reimbursements are subject to available appropriations. For FY 2006-07, the Department allocated the following amounts to administrative units and state-operated programs:

State Funding \$ 115,953,326
Federal IDEA, Part B Grant 124,738,515
Federal IDEA, Part B, Section 619 Grant (Preschool) 3,726,919
Total: SFY 2006-07 244,418,760

Federal funds are generally allocated based on the total number of elementary and secondary students within the boundaries of each administrative unit, with a portion of the funding allocated based on the number of children living in poverty. Pursuant to H.B. 06-1375, the Department allocated *state funds* among units as follows for FY 2006-07:

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- Administrative units received \$1,250 for each child with a disability who was reported on the December 2005 (prior year) special education count. [\$103.9 million for FY 2006-07]
- Administrative units received an additional \$6,000 per student for a percentage of the children reported on the December 2005 count with the following disabilities: significant limited intellectual disability, significant identifiable emotional disability, hearing disability, vision disability, deaf-blind, autism, traumatic brain injury, and multiple disabilities. The percentage is determined by the appropriation. [\$9.6 million for FY 2006-07]
- Administrative units received grants for reimbursement of high costs incurred in providing special education services to a child in the preceding fiscal year. For FY 2006-07, "high costs" were considered those exceeding \$40,000. These grants were distributed based on recommendations from the Colorado Special Education Fiscal Advisory Committee, taking into consideration the magnitude of the high costs incurred by a unit in relation to its budget. [\$2.0 million for FY 2006-07]
- A total of \$402,000 was allocated to reimburse administrative units for excess costs paid to eligible facilities within the unit's boundaries for students with disabilities: (a) for whom parental rights have been relinquished or terminated; (b) the parents of whom are incarcerated or cannot be located; (c) the parents of whom reside out of the state but the Department of Human Services has placed such children within the administrative unit; or (d) who are legally emancipated.

ENGLISH LANGUAGE PROFICIENCY PROGRAM

Pursuant to the federal *No Child Left Behind Act* [Title III - Language Instruction for Limited English Proficient and Immigrant Students], the federal *Civil Rights Act of 1964* [Title VI], and the English Language Proficiency Act [Article 24 of Title 22, C.R.S.], districts are required to identify and provide programs for students whose dominant language is not English. The Department previously provided data detailing the number of students eligible for state funding as well as the number receiving English language learner (ELL) services who are not eligible for state funding, by grade level. This data indicated that the largest numbers of students are receiving ELL services in preschool through third grade (46 percent).

Some federal funding is available for such programs (an estimated \$11.3 million for FY 2007-08), and the State provides assistance to districts through two mechanisms. First, districts receive "at risk" funding through the School Finance Act for students whose dominant language is not English. Second, districts receive funding through the English Language Proficiency Act (ELPA) for students whose dominant language is not English. This ELPA funding, however, is limited to a maximum of two years per student. For FY 2006-07, the Department of Education distributed \$6.1 million in state ELPA funding to 143 school districts for 71,582 eligible students. Nearly two-thirds of state funding is provided for students in kindergarten through third grade.

The Department is required to allocate state funding in two parts:

- Three-quarters of the amount appropriated is to be used to provide funding to districts serving students who: (a) speak languages other than English and do not comprehend or speak English; or (b) students who comprehend or speak limited English, but whose

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predominant language is not English. Annual per eligible student funding for these types of students may not exceed \$400 or 20 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

- The remaining 25 percent of the appropriated is to be distributed to districts that serve students whose dominant language is difficult to determine as they speak and comprehend limited English and at least one other language. Annual per eligible student funding for these types of students may not exceed \$200 or 10 percent of the state average per pupil operating revenues for the preceding year, whichever is greater.

(II) OTHER CATEGORICAL PROGRAMS

PUBLIC SCHOOL TRANSPORTATION

Pursuant to Section 22-32-113, C.R.S., a school district may provide transportation for students to and from school. However, a school district must provide transportation for students who fall under the federal *Individuals with Disabilities Education Act* or Section 504 of the federal *Rehabilitation Act of 1973*, as well as homeless students. The Department indicates that with the exception of one district (San Juan - Silverton), all districts provide transportation services. Statewide, over 40 percent of students are transported. School districts employ a fleet of over 6,200 buses and small vehicles traveling approximately 50.4 million miles each year.

State funding is provided to reimburse school districts for a portion of the costs incurred to transport students. Pursuant to Section 22-51-104, C.R.S., and subject to available appropriations, each district is eligible to receive reimbursement equal to \$0.3787 per-mile-traveled plus 33.87 percent of its total transportation-related costs (excluding capital outlay expenses) in excess of the per-mile traveled reimbursement. Districts are authorized to generate additional local revenues to support their transportation programs via an additional mill levy or a transportation user fee. While voter approval is required to levy additional taxes, as of FY 2005-06, a district is allowed to impose a user fee without prior voter approval. Six districts have received voter approval to levy separate mills to generate additional local revenues¹⁷, but no district has imposed a separate user fee. In years when the appropriation does not fully fund the maximum allowable reimbursement, the Department prorates reimbursements accordingly.

TRANSFER TO THE DEPARTMENT OF HIGHER EDUCATION FOR DISTRIBUTION OF STATE ASSISTANCE FOR VOCATIONAL EDUCATION

The State Board for Community Colleges and Occupational Education is responsible for approving vocational education programs, as well as distributing state funds to school districts with students enrolled in approved vocational education programs. The Colorado Commission on Higher Education indicates that roughly 93 percent of school districts provide vocational educational opportunities to their students.

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The state funds appropriated pursuant to the Colorado Vocational Act are distributed to school districts to partially reimburse related personnel, books and supplies, and equipment for approved programs. Specifically, state funding is available to a district if its approved vocational education program cost per full-time equivalent student exceeds 70 percent of the district's per pupil operating revenues for the same fiscal year. A district is eligible to receive reimbursement for 80 percent of the first \$1,250 in "excess costs" incurred, and 50 percent of any excess costs above \$1,250. Each participating district is required to estimate program costs and enrollments at the beginning of each school year, and actual cost data at the end of the school year. Districts receive funding quarterly based on such estimated figures. Any difference between a district's estimated and actual costs is added or subtracted from the first quarterly payment in the following fiscal year. If the appropriation is insufficient to fully fund the amount districts are eligible to receive, the Department of Higher Education prorates distributions accordingly.

SPECIAL EDUCATION – GIFTED AND TALENTED CHILDREN

The state *Exceptional Children's Educational Act* defines gifted students as those whose "abilities, talents, and potential for accomplishments are so outstanding that they require special provisions to meet their educational needs" [see Section 22- 20-103 (3.7), C.R.S.]. Unlike providing educational services for children with disabilities, Colorado school districts are not required to provide special educational services for gifted and talented children. Pursuant to Section 22-20-104.5, C.R.S., however, each administrative unit is required to adopt and implement a program to identify and serve gifted children; the plan is to be implemented "to the extent that funds are provided for the implementation". Funding that is provided by the state for gifted and talented programs are to supplement, not supplant, programs for students with disabilities.

For FY 2006-07, the Department allocated \$7.5 million to administrative units. State distributions may be used for teacher salaries, staff training and development, and activities, materials and equipment associated with the education of gifted students. In order to receive funding, a district or board of cooperative service must submit a complete and thorough plan for gifted and talented education programming. The Department has established a formula for distributing funds that allocates funds on a per-student basis, while ensuring that each administrative unit receives the same base amount of funding each year (based on FY 2002-03 funding levels). Another \$500,000 will be used to support ten gifted education regional consultants and professional development.

EXPELLED AND AT-RISK STUDENT SERVICES GRANT PROGRAM

This program, first funded in FY 1997- 98, provides grants to school districts, to boards of cooperative services, to charter schools, alternative schools within school districts, to nonpublic, nonparochial schools, and to pilot schools (established pursuant to Section 22-38-101 et seq., C.R.S.) for the provision of educational services to expelled students and to students at risk of being suspended or expelled. The Department evaluates grant applications received, and the State Board of Education approves annual grant awards. The Department places strong emphasis on research-validated programs and strategies, and programs are required to show significant district support for program sustain ability after grant funding ends. The Board is required to award at least 45 percent of the moneys

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to applicants who provide educational services to students from more than one school district. The Department awards grants on a rolling basis (i.e., when one grant is completed, the funding is reallocated to fund a new award).

SMALL ATTENDANCE CENTER AID

Pursuant to Section 22-54-122, C.R.S., school districts that operate a school with fewer than 200 pupils that is located twenty or more miles from any similar school in the same district are eligible to receive additional state funding to offset the unique costs associated with operating such schools. The amount of additional state aid that a district is eligible to receive is based on the number of eligible schools it operates, the number of pupils in each eligible school, and the district's per pupil funding. Similar to other categorical programs, whether a school district eligible for Small Attendance Center Aid actually receives the maximum reimbursement allowable is subject to appropriation:

The general assembly shall appropriate annually an amount for small attendance center aid to be distributed pursuant to the formula in subsection (2) of this section. In the event the amount of money appropriated by the general assembly is less than the amount of aid authorized by this section to all districts, the amount to be distributed to each school district shall be in the same proportion as the amount that the appropriation bears to the total amount of aid for all districts. [Section 22-54-122 (3), C.R.S.]

However, the amounts appropriated annually since FY 1998-99 have provided adequate funding to reimburse eligible districts for the full amount statutorily allowed.

COMPREHENSIVE HEALTH EDUCATION

The *Colorado Comprehensive Health Education Act of 1990* encourages every school district to provide a pre K-12th grade planned, sequential health education program. The program stresses parental and community involvement, and parents have the right to exempt students from any or all of the health education program. This line item provides funding for the Department to allocate funds among school districts and BOCES seeking funding for a local comprehensive health education program. The Department of Education is to work with the Department of Public Health and Environment to review applications for state funding, and the State Board of Education is to allocate available funds. Grants to implement a pre K-12th grade comprehensive health education program are available in three year cycles. The next application period begins this spring.

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(C) GRANT PROGRAMS, DISTRIBUTIONS, AND OTHER ASSISTANCE

(I) HEALTH AND NUTRITION

FEDERAL NUTRITION PROGRAMS

Effective with FY 2008-09 this line item reflects all federal funding that is available for nutrition programs (an estimated \$96 million for FY 2008-09), along with the staff that are supported by a portion of that funding (7.1 FTE). Previously, these amounts were included in the "Appropriated Sponsored Programs" line item. In addition, 0.9 FTE responsible for administering nutrition programs were transferred from the General Department and Program Administration line item.

STATE MATCH FOR SCHOOL LUNCH PROGRAM

The National School Lunch Program, which is administered by the Food and Nutrition Service of the U.S. Department of Agriculture, was created in 1946. The program allows public or private non-profit schools and public or private nonprofit residential child care facilities to receive cash subsidies and donated commodities from the U.S.D.A. for each meal they serve. Participating schools and facilities must serve meals that meet certain federal requirements and they must offer free or reduced price lunches and after school snacks to eligible children. Specifically, meals must be free to children whose families are at or below 130 percent¹⁸ of the federal poverty level, and offered at a reduced price (up to \$0.40 per meal) to those with families between 130 percent and 185 percent of the federal poverty level. Children from families with incomes above 185 percent of the federal poverty level must pay full price, but their meals are still subsidized to some extent.

For FFY 2007-08, participating schools and facilities receive:

- \$2.47 for each free lunch;
- \$0.68 for each free snack;
- \$2.07 for each reduced price lunch;
- \$0.34 for each reduced price snack;
- \$0.23 for each full price lunch; and
- \$0.06 for each full price snack.

Schools with a high percentage of low-income children may also qualify for higher reimbursement rates. In addition, participating schools and facilities are entitled to receive commodity foods for each meal served. Participation in the federal program has increased steadily since 1946. In Colorado, school districts and child care facilities received about \$83.4 million to serve 364,556 children in FFY 2006-07.

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Under federal law, states must comply with maintenance of effort (MOE) requirement in order to receive a portion of federal funds available through the National School Lunch Program. Colorado must comply with a \$2,472,644 MOE requirement or risk losing about \$11 million of the federal funds available through the program annually. Prior to FY 2001-02, a portion (approximately 80 percent) of Colorado's MOE was met by counting "unrecovered indirect costs". Specifically, school districts in Colorado have not historically recovered the maximum allowable amount of federal funds to cover the indirect costs of operating a school lunch program. Federal funds that could have been used for indirect expenses have instead been spent directly on districts' school lunch programs.

Pursuant to S.B. 01-129, the General Assembly is now required to appropriate by separate line item an amount to comply with the MOE requirement for National School Lunch Program [see Section 22-54-123, C.R.S.]. The state matching funds are allocated by the Department among participating school districts. Districts may only use funds provided by this line item for the school lunch program, and districts that have previously used their own general fund moneys to subsidize school lunch service are not allowed to use moneys received from this line item to supplant that level of subsidy. Senate Bill 01-129 included an appropriation of \$2,472,644 from the State Public School Fund for FY 2001-02, and the General Assembly has appropriated the same amount annually in subsequent fiscal years. Subsequently, the federal government has indicated that states are required to meet the MOE requirement each school year as a condition of the state's receipt of federal "general cash assistance" funds, and the intent of this requirement is that a minimum amount of state revenues be provided to supplement the federal funds provided to schools to support the overall aim of the National School Lunch Program (which is to provide lunches to children in school). States are required to "ensure that State revenues and State revenues only, can be shown to have been transferred into the school food service accounts of participating schools, or that school food service expenses have been borne by State revenues where these are to be counted in meeting the revenue match".

CHILD NUTRITION SCHOOL LUNCH PROTECTION PROGRAM

This line item was established by SB08-123. This line item provides funding for the creation of the child nutrition school lunch protection program and child nutrition school lunch protection program fund to eliminate the reduced price paid by children for reduced-cost lunches in kindergarten through second grade, as required pursuant to Section 22-82.9, C.R.S. This bill authorizes multi-district online programs operating in learning centers to participate in the program.

SCHOOL BREAKFAST PROGRAM

The federal school breakfast program, administered by the Food and Nutrition Service of the U.S. Department of Agriculture, began as a pilot program in 1966 and was made permanent in 1975. Similar to the federal School Lunch Program, public or private non-profit schools and public or private non-profit residential child care facilities may participate in the program. Participating schools and facilities receive federal subsidies for every meal they serve. Participating schools and facilities must serve breakfasts that meet certain federal requirements and they must offer free or reduced price breakfasts to eligible children. Specifically, meals must be free to

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children whose families are at or below 130 percent of the federal poverty level, and offered at a reduced price (up to \$0.30) to those with families between 130 percent and 185 percent of the federal poverty level. Children from families with incomes above 185 percent of the federal poverty level must pay full price, but their meals are still subsidized to some extent. For FFY 2007-08, participating schools and facilities receive:

- \$1.35 for each free breakfast;
- \$1.05 for each reduced price breakfast; and
- \$0.24 for each full price breakfast.

Schools may also qualify for higher "severe need" reimbursements (up to \$0.24 higher) if a specified percentage of their breakfasts are free or reduced price. Participation in the federal program has increased steadily since 1970. In Colorado, school districts and child care facilities received about \$18.6 million to serve 90,710 children in FFY 2006-07.

Pursuant to H.B. 02-1349, as amended by S.B. 03-183 [Section 22-54-123.5, C.R.S.], the General Assembly, may appropriate by separate line item an amount to assist school districts and Institute charter schools that are providing a school breakfast program through participation in the federal School Breakfast Program. The Department of Education is required to allocate the state funds among participating school districts, and school districts are required to use the state moneys to create, expand, or enhance the school breakfast program in each low-performing school of the receiving district with the goal of improving the academic performance of the students attending such schools.

SMART START NUTRITION PROGRAM FUND **START SMART NUTRITION PROGRAM**

Senate Bill 07-59 created the Smart Start Nutrition Program to eliminate the amount paid by students participating in the federal School Breakfast Program who are eligible for reduced-price meals (Section 22-82.7-101 et seq., C.R.S.). Other objectives of the program include increasing the number of students who consume a nutritious breakfast each day, decreasing statewide health care costs by improving the health of school-age children, and lessening students' risk of obesity by providing nutritious breakfast options. This act requires the General Assembly to annually appropriate at least \$700,000, but not more than \$1,500,000, to the newly created Smart Start Nutrition Program Fund for such purpose. The Department is authorized to spend up to one percent of moneys appropriated from the Fund to cover associated administrative costs. The act included an appropriation of \$700,000 General Fund to the Smart Start Nutrition Program Fund, along with a commensurate amount of cash funds exempt spending authority out of such fund.

S.B. 97-101 PUBLIC SCHOOL HEALTH SERVICES

Pursuant to Section 25.5-5-318, C.R.S. (S.B. 97-101), school districts, boards of cooperative services (BOCES), and state K-12 educational institutions are authorized to be reimbursed through Medicaid for health care services provided to Medicaid eligible students. In order to do so, districts and BOCES must certify local expenditures on health care services in order to claim and receive federal Medicaid funding. Districts are required to use the Medicaid funds received to provide student health care services. Each district is required to develop a local services plan that identifies the types of health services needed by students and the services it plans to provide. Districts spend the Medicaid funds for a variety of health-related purposes. The majority of funds are spent: providing nursing and other health clinic services; providing mental health services; providing speech, language, and vision services; providing physical and occupational therapy services; for health-related materials, equipment, and supplies; and conducting health insurance outreach activities (for Medicaid and CHP+).

The Department of Health Care Policy and Financing is responsible for the Medicaid billing aspects of the program, including developing regulations and administrative guidelines for submitting claims and contracting with individual districts. The Department of Education is responsible for providing technical assistance to districts in meeting administrative requirements and developing local service plans. Up to ten percent of the federal Medicaid funds that districts "earn" may be used to cover administrative costs incurred by the Department of Health Care Policy and Financing (DHCPF) and the Department of Education, and the remainder is paid directly to districts and BOCES for the provision of health care services.

The appropriations to DHCPF for this program reflect both the federal Medicaid funds (reflected as federal funds) and the local certified matching funds (reflected as cash funds exempt). The total funds appropriated to DHCPF cover the administrative costs incurred by the DHCPF and the Department of Education, as well as actual costs of health care claims. The appropriation to the Department of Education, however, only reflects the federal Medicaid funds that are used by the Department of Education to administer the program.

(II) CAPITAL CONSTRUCTION

SCHOOL CAPITAL CONSTRUCTION EXPENDITURES RESERVE FUND

Giardino Lawsuit Settlement Requirements. Pursuant to S.B. 00-181, the General Assembly is required to appropriate a total of \$190.0 million from the General Fund over an eleven-year period to assist school districts with capital improvements. The \$190.0 million is to be split between two funds. A total of \$105.0 million is to be appropriated to the *School Capital Construction Expenditures Reserve Fund*²¹ (the Reserve Fund) for capital expenditures of school districts that: (a) address immediate safety hazards or health concerns; (b) relieve excessive operating costs created by insufficient maintenance or construction spending; or (c) relieve conditions that detract

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from an effective learning environment. The remaining \$85.0 million is to be appropriated to the *School Construction and Renovation Fund* (SCRF) to provide matching grants to districts for qualified capital construction projects.

Please note that S.B. 00-181 does not require any of the above appropriations in any fiscal year in which the General Fund revenues do not exceed certain annual obligations by more than \$80.0 million. Specifically, S.B. 00-181 included the following provision:

"(c) Notwithstanding the provisions of paragraph (b) of this subsection (4), in any fiscal year 2000-01 through 2010-11, no appropriation shall be made in such fiscal year if general fund revenues for the applicable fiscal year do not exceed general fund obligations and the moneys required to be allocated to the highway users tax fund pursuant to section 39-26-123 (2) C.R.S., for the applicable fiscal year by more than eighty million dollars as determined by the general assembly as of the time any conference committee report is adopted on the general appropriation bill enacted for the applicable fiscal year.

(d) For purposes of paragraph (c) of this subsection (4), "general fund obligations" include:

(I) General fund appropriations required by permanent statute or constitutional provision;

(II) General fund appropriations up to the limitation established by paragraph (a) of subsection (1) of this section and general fund appropriations that are exceptions to said limitation;

(III) The general fund transfer to the capital construction fund provided in section 24-75-302 (2) including any additional transfers necessary to fund capital construction priorities for the applicable fiscal year;

(IV) Any transfer to the controlled maintenance trust fund pursuant to the provisions of section 24-75-302.5;

(V) Any refunds required to be made by section 20 of article x of the state constitution; and

(VI) The reserve required to be maintained pursuant to paragraph (d) of subsection (1) of this section."

Thus, the General Assembly is not required to make the scheduled General Fund appropriation if revenues are not projected to be sufficient to fund:

(1) the operating budget (the full six percent allowable increase);

(2) obligations included within "rebates and expenditures" (such as the state contribution to local fire and police pension plans);

(3) General Fund transfers to the Capital Construction Fund and the Controlled Maintenance Trust Fund (including any transfers necessary for FY 2008-09 projects);

(4) TABOR refunds;

(5) the four percent statutory reserve; plus,

(6) \$80 million.

Subsequently, the General Assembly has chosen to waive this provision in certain years, and it passed legislation last Session to allow the General Assembly to appropriate General Fund moneys for the Giardino lawsuit settlement even if General Fund revenues are not projected to exceed the above-described threshold i.e., through the Long Bill rather than requiring a statutory change). The deadline for the adoption of the conference committee report on the FY 2008-09 Long Bill is April 11. Thus, this threshold should be applied on a prospective basis

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based on the March 2008 Legislative Council Staff revenue forecast. *Moneys Made Available To Date*. Due to revenue shortfalls, the General Assembly was not statutorily obligated to appropriate General Fund moneys for school capital construction, as delineated in S.B. 00-181, from FY 2001-02 through FY 2005-06. However, the General Assembly elected to waive this provision for certain fiscal years. It has also appropriated moneys from the State Education Fund for capital construction purposes. In addition, lottery proceeds have been available for capital construction needs in each of the last five fiscal years.

SCHOOL CONSTRUCTION AND RENOVATION FUND

Any General Fund appropriation to the School Construction and Renovation Fund would be used by the Department to provide matching grants to school districts for capital construction projects that have been prioritized based on statutory criteria.

DIVISION OF PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE

This line item was established by HB08-1335. This line item funds the creation of the division of public school capital construction assistance as a type 2 agency within the department of education. The function of this division is to provide professional and technical support to the public school capital construction assistance board so that financial assistance can be provided for public schools in an equitable, efficient, and effective manner, as required pursuant to Section 22-43.7-105, C.R.S.

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD – LEASE PAYMENTS

This line item was established by HB08-1335. This line item provides funds for public school capital construction assistance board lease payments, as required pursuant to Section 22-43.7-110, C.R.S.

FINANCIAL ASSISTANCE PRIORITY ASSESSMENT

This line item was established by HB08-1335. This line item provides funds for the board of education to conduct, or contract for, a financial assistance priority assessment of public school facilities throughout the state. The assessment of each public school facility capital construction project is to be based on the condition of the facility, air and water quality in the facility, facility space requirements, the ability to accommodate educational technology, facility site requirements, and facility demographics, as required pursuant to Section 22-43.7-108, C.R.S.

FULL-DAY KINDERGARTEN FACILITY CAPITAL CONSTRUCTION FUND

This line item was established by HB08-1388. This line item provides funding for grants or matching grants to any school district or institute charter school that is undertaking a capital construction project to renovate a facility, rent a facility, or provide a temporary auxiliary facility that will be used in conjunction with providing a full- day kindergarten program, as required pursuant to Section 22-43.7-201, C.R.S.

CHARTER SCHOOL CAPITAL CONSTRUCTION

Senate Bill 01-129 created a new program to distribute State Education Fund moneys to charter schools for capital construction, providing that certain "qualified" charter schools will receive a flat amount of funding per pupil for capital construction expenditures. The amount that each charter school received per pupil was originally calculated as 130 percent of the minimum per pupil capital reserve amount that each district is required to budget; for FY 2001-02, qualified charter schools received \$322 per pupil. Thus, the amount of funding required for charter school capital construction was originally required to increase each year based on the number of qualified charter schools, the number of pupils attending such schools, and inflationary increases in the minimum per pupil capital reserve amount.

Subsequently, the General Assembly adopted legislation which modified this program in two significant ways. First, the amount appropriated for the program is now specified in statute.

Pursuant to Section 22-54-124 (3) (a) (III) (A), C.R.S., the General Assembly shall appropriate \$5.0 million from the State Education Fund for FY 2007-08 and subsequent fiscal years. This provision includes a legislative declaration indicating that this is a permissible use of the moneys in the State Education Fund since these moneys are being used for "*public school building capital construction*".

Second, any charter school with capital construction costs is eligible to receive funding (except any charter that operates within a state facility). Moneys appropriated each year are allocated among charter schools on a per pupil basis, except that any charter school operating in a school district facility that does not have ongoing financial obligations to repay the outstanding costs of new construction undertaken for the charter school's benefit receives one-half the amount per pupil that other charter schools received. [See Section 22-54-124, C.R.S.]

STATE CHARTER SCHOOL INSTITUTE CAPITAL CONSTRUCTION ASSISTANCE

This line item was established by SB09-089. This line item provides funding to the Institute Charter School Capital Construction Assistance Fund. This fund consists of one percent of the per pupil funding calculated for each institute charter school and assists charter schools in meeting capital construction needs, as required pursuant to Section 22-30.5-513, C.R.S.

(III) READING AND LITERACY

FEDERAL TITLE I READING FIRST GRANT

The Reading First grant program was established through the *No Child Left Behind Act*, passed by Congress in December 2001 [Title I-B, Subpart 1]. States are eligible to receive federal funds annually to help school districts identify and adopt "scientifically based" reading programs for children in kindergarten through third grade. Up to 10 percent of federal funds are available as target or incentive grants to states that increase the number of students reading at a "proficient" level. States are required to distribute at least 80 percent of their funds to districts, giving priority to high-poverty areas with a high percentage of students in kindergarten through third grade reading below grade level. States are allowed to use remaining funds for a number of related activities, including: teacher preparation, professional development, and licensure and certification (65 percent); technical assistance to help districts implement Reading First (25 percent); and administration, planning, and reporting (10 percent).

Colorado was one of the first three states to have its plan related to Reading First approved, and the State received \$9.0 million for the first year of the program. The majority of these funds (\$8.2 million) was not spent in FY 2002-03 and was "rolled forward" to FY 2003-04. Pursuant to federal law, the funds are awarded competitively to local programs that show they will enhance young children's language and cognitive development by providing high-quality instruction and ongoing professional development based on scientifically based research. Colorado Reading First has served 54 districts and 82 schools across the state. The first set of grants were awarded to 32 schools ("cohort 1") beginning in the summer of 2003. Eleven of these schools received funding for a fourth year in FY 2006-07. The Department awarded grants to 50 schools ("cohort 2") beginning in the summer of 2005.

The Department notes that some schools (21 in FY 2003-04 and 38 in FY 2004-05) have received both federal Reading First grants and Read-to-Achieve grants. The Department indicates that these high poverty schools were able to use Read-to-Achieve funds to provide additional intensive instruction (e.g., before and after school programs) for their students most at risk of failure, and to use Reading First funds to provide ongoing professional development and coaching supports for each K-3 teacher as well as special services providers.

The Department indicates that in addition to providing assistance to districts to establish reading programs based on scientifically based reading research for students in kindergarten through third grade classrooms, these federal funds are being used for the following purposes:

- To focus on providing significantly *increased teacher professional development* to ensure that all teachers, including special education teachers, have the skills they need to effectively teach reading; and

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- To provide assistance to districts in selecting appropriate *screening and diagnostic assessments* and preparing classroom teachers to effectively screen, identify and overcome reading barriers facing their students.

This line item is included in the Long Bill for informational purposes.

READ-TO-ACHIEVE GRANT PROGRAM

Senate Bill 00-71 and S.B. 00-124 established the Read-to- Achieve Grant Program, and the program was recently modified through S.B. 07-192. Pursuant to Section 22-7-901 et seq., C.R.S., schools may apply for grants through the program to fund intensive reading programs for students in kindergarten through third-grade (including students between the third- and fourth-grades) whose literacy and comprehension skills are below grade level. Schools may utilize the funds for in-class support and assistance, one-on-one school day pull-out programs, after school tutoring programs, or summer programs. Schools may request grant funds for up to three years. However, schools are required to demonstrate that at least 65 percent of the pupils who completed the one year instructional cycle of the intensive reading program reached their achievement goals or demonstrated that they are on pace to achieve grade level proficiency on the statewide reading assessment.

The primary source of funds for the program is the Tobacco Litigation Settlement Cash Fund. This program currently receives five percent of the annual amount of settlement moneys received by the State, up to a maximum of \$8.0 million. The Department is authorized to use up to three percent of moneys in the Read-to-Achieve Cash Fund for the expenses incurred by the Read-to-Achieve Board in administering the program. These costs include expenditures associated with 1.0 FTE, an external evaluator, tobacco oversight costs, outside consultants (who conduct site visits and provide technical assistance), networking days, travel, temporary services, postage, printing/reproduction, supplies, and materials.

FAMILY LITERACY EDUCATION FUND **FAMILY LITERACY EDUCATION GRANT PROGRAM**

Pursuant to Section 22-2-127, C.R.S. (H.B. 04-1360), the State Board of Education is required to create, maintain, and make available to school districts a resource bank of materials pertaining to financial literacy. The Department is required to provide technical assistance related to curriculum design upon the request of a school district or a charter school. This provision includes a legislative declaration that the creation of a financial literacy resource bank is "an important element of an *accountable program to meet state academic standards*" and may therefore receive funding from the State Education Fund. The Department is also authorized to accept and expend any gifts, grants, or donations for purposes of implementing this provision, which are to be credited to the Financial Literacy Cash Fund. Initially, the Department added links through its webpage to various materials and information sources related to financial literacy resources, curriculum instruction and assessment materials.

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Beginning in FY 2005-06, the Department distributed a request for proposals allowing schools and districts to submit proposals for designing and implementing financial literacy curriculum and instruction.

In FY 2005-06, six schools and districts received grants ranging from \$5,234 to \$8,044. In FY 2006- 2007, four schools and districts received grants of \$10,000 each. The Department has not yet distributed funds for FY 2007-08. The Department sought feedback from previous grantees and financial groups in the state, and learned that while financial literacy curriculum materials are readily available at low or no cost, teachers lack a clear understanding of how to implement financial literacy tenets into existing curriculum structures. The Department determined that what educators value most is model curriculum that integrates these financial literacy concepts into the curriculum design in a meaningful way. Teachers also need technical support on how to teach using these integrated materials.

The Department plans to convene focused groups of financial literacy institutions and educators of business, economics, and math to study this issue and design model curriculum. The graduation guidelines council and Colorado Department of Higher Education will also be included in these planning conversations. The Department will use feedback from these various groups to determine and outline next steps for technical assistance. A school district may be engaged to develop and implement model curriculum that integrates financial literacy into their existing curricula for all students and provide these materials to others in the state.

In FY 2008-09, the Department plans to disseminate and provide technical assistance for the implementation of model financial literacy curriculum. This approach is consistent with the Department's "Forward Thinking" goal to design, detail and disseminate model curricula in the area of financial literacy. The Department indicates that pilot programs would continue and be expanded that would help to find ways to integrate financial literacy into existing curriculum at various grade levels. The artifacts that are developed would be available to districts and schools across the state.

(IV) PROFESSIONAL DEVELOPMENT AND INSTRUCTIONAL SUPPORT

CLOSING THE ACHIEVEMENT GAP

In 2001, the House of Representatives adopted H.J.R. 01-1014 (Dean/Matsunaka) stating that, "... closing the learning gap is an important goal of Colorado's education reform program...", and urging the State Board of Education and the Department of Education "to take all appropriate steps to make closing the learning gap a central element of educational accountability in Colorado". In 2003, the General Assembly passed S.B. 03-254 (Spence/Evans) [Section 22-7-611, C.R.S.] created the "Closing the Achievement Gap Program" to provide extensive assistance to eligible schools that are at risk of being converted into an independent charter school. Eligible schools include those that have received an academic performance rating of "unsatisfactory" or are identified by the State Board of Education as having a significant achievement gap. By April 1 of the school year proceeding the year in which an eligible school intends to participate in the program, the Department is required to prepare and distribute an outline of different strategies that schools may implement to improve academic achievement. *Subject to available appropriations*, the Department is to make assistance

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available to participating eligible schools. The assistance could consist of information, personnel, and program and technical support. The bill also established the "Closing the Achievement Gap Commission" and the "Closing the Achievement Gap Cash Fund", which is to consist of gifts, grants, and donations received by the Department. The Legislative Council Staff fiscal note for this bill indicated that the program would be supported by gifts, grants, and donations.

Recent Funding Requests. The State Board of Education has talked about seeking funding for purposes of addressing the achievement gap for a number of years, and approved related funding requests three times from November 2001 through January 2007. Only one of these requests was included as part of the Governor's official budget request, as described below:

FY 2002-03: The State Board and the Governor requested \$6,000,000 State Education Fund for the following purposes: \$300,000 for state data reporting system changes; \$800,000 for longitudinal analyses of student assessment data; \$400,000 for eight consultants to provide technical assistance to schools and districts related to closing the learning gap; and \$4.5 million to provide grants of \$50,000 to 90 schools identified as having significant gaps in achievement between groups of students. The General Assembly did not appropriate the moneys requested.

FY 2003-04: The State Board approved a budget request that included \$1.0 million from the State Education Fund for closing the achievement gap. This request was not included as part of the Governor's budget request.

FY 2006-07: On January 9, 2007, the State Board approved a budget request for \$1,462,500 General Fund to identify schools with significant achievement gaps and to support teams of experts to work with individual schools and communities to close the gap. This proposal was based on costs of \$20,000 to \$25,000 per school, for 60 to 65 schools. This request was not included as part of the Governor's budget request. To date, the General Assembly has not appropriated any moneys specifically for purposes of addressing the achievement gap, and staff is not aware of any gifts, grants, or donations that have been credited to the Closing the Achievement Gap Cash Fund.

Through *Decision Item #3 for FY 2008-09*, the State Board of Education and the Governor requested and were approved \$1.8 million General Fund for an initiative to address achievement gaps associated with race and income.

The Department proposed inviting those districts in the highest quartile with respect to achievement gaps to apply for Department assistance. Department intervention is intended to be available each year to an estimated six school districts as a pilot program. Participating districts would receive three types of assistance, estimated to cost \$300,000 per year, per district:

- A "gap consultant", who would be hired by each school district, be located in the district, and be part of the district's administrative team. [\$75,000 to \$100,000 per year, per district]

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- Software tools and hardware platform for monitoring progress for each district, including "formative" assessments. [\$100,000 per year, per district]
- Staff development and on-site coaching for both teachers and instructional leaders in each district. [\$100,000 per year, per district]

The Department anticipates issuing a request for program proposals by June 1, 2008, requiring districts to submit proposals by June 30, and reviewing proposals and making funding available to selected districts by August 1.

The Department anticipates requesting a continuation of this funding in subsequent fiscal years.

The Department indicates that this initiative is anticipated to ultimately increase the number of students who graduate from high school, which could increase students' earnings (thereby benefitting the State's economy) and reduce the number of crimes committed.

CONTENT SPECIALISTS

In 2001, the House of Representatives adopted H.J.R. 01-1014 (Dean/Matsunaka) stating that, "... closing the learning gap is an important goal of Colorado's education reform program...", and urging the State Board of Education and the Department of Education "to take all appropriate steps to make closing the learning gap a central element of educational accountability in Colorado".

In 2003, the General Assembly passed S.B. 03-254 (Spence/Evans) [Section 22-7-611, C.R.S.] created the "Closing the Achievement Gap Program" to provide extensive assistance to eligible schools that are at risk of being converted into an independent charter school. Eligible schools include those that have received an academic performance rating of "unsatisfactory" or are identified by the State Board of Education as having a significant achievement gap. By April 1 of the school year proceeding the year in which an eligible school intends to participate in the program, the Department is required to prepare and distribute an outline of different strategies that schools may implement to improve academic achievement. *Subject to available appropriations*, the Department is to make assistance available to participating eligible schools. The assistance could consist of information, personnel, and program and technical support. The bill also established the "Closing the Achievement Gap Commission" and the "Closing the Achievement Gap Cash Fund", which is to consist of gifts, grants, and donations received by the Department. The Legislative Council Staff fiscal note for this bill indicated that the program would be supported by gifts, grants, and donations.

Recently, the Department's Decision Item #4 for FY 2008-09 was approved and allowed the Department to hire five "content specialists" to provide leadership, guidance, and support for schools and school districts in specific content areas to positively impact student achievement. The Department indicates that it has been able to find the resources to support literacy, but is in great need of individuals specializing in five areas:

- mathematics

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- science
- social studies (history, geography, civics, and economics)
- arts (visual arts and music)
- achievement gaps

The individuals hired must understand how content knowledge is represented by standards, how standards are assessed, and the linkages between standards assessment and classroom practice and student achievement. Further, these individuals will need to evidence an understanding of assessment and data analysis and how these indices reflect the knowledge and skills of children. Similar to the Department's request related to closing the achievement gap, the Department indicates that this initiative is anticipated to ultimately increase the number of students who graduate from high school. This, in turn, could increase students' earnings (thereby benefitting the State's economy) and reduce the number of crimes committed.

Office of Dropout Prevention and Student Re-engagement

This line item was established by HB09-1243. This line item provides funding for the Student Re-engagement Grant Program Fund. This fund is allowed to receive gifts, grants, and donations for implementation of the Student Re-engagement Grant Program. The program creates the Office of Dropout Prevention and Student Re-engagement to collaborate with local education providers to reduce the student dropout rate and increase the student graduation and completion rates. Pursuant to Section 22-14, C.R.S., the department is allowed to use up to 3% of the amount annually appropriated from the fund to offset the costs of implementing the program.

SCHOOL LEADERSHIP ACADEMY PROGRAM

This line item was established by HB08-1386. This legislation creates the school leadership academy program to provide comprehensive leadership and professional training to qualified persons for leadership positions in public schools. Further, it creates the school leadership academy board within the department and requires that the department receive at least \$50,000 in gifts, grants, or donations prior to implementing the program. It authorizes the program as a permissible recipient of funding from the state education fund. This line item provides spending authority for the program when the gifts, grants and donations requirement is fulfilled, pursuant to Section 22-13, C.R.S.

TEACHER QUALITY RECRUITMENT RETENTION

This line item was established by HB08-1384. This legislation requires the department to administer a biennial teaching and learning conditions survey to all teachers to be used for planning and designing future programs. Pursuant to Section 22-2-503, C.R.S. and Section 22-2-504, C.R.S., this line item provides funding for the payment of stipends to a teacher who is employed by a school district, a board of cooperative services, or a charter school and who holds a national board for professional teaching standards

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certification. The legislation further requires the department to contract with an outside source to conduct two studies concerning the effectiveness of the annual stipends awarded to teachers who hold a national board for professional teaching standards certification. It also creates an exchange teacher interim authorization for participants in nationally recognized exchange programs who are certified or licensed to teach in another country.

NATIONAL CREDENTIAL FEE ASSISTANCE

This program, initially established through H.B. 02-1349, requires the Department to assist individuals seeking a national credential by paying a portion of the fees charged for such credential [see Section 22-60.5-112.5, C.R.S.]. The amount of fee assistance is to be equal to the amount of the national credential fee received by the applying teacher through a federal assistance program. Procedurally, individuals apply for federal fee assistance first. If the federal application is approved, the National Board for Teaching Standards submits a request to the Department for a matching amount of state funds. The General Assembly is to annually appropriate, if available, moneys in the State Education Fund for such purpose. This provision includes a legislative declaration that providing national credential fee assistance to teachers who obtain a national credential from an approved professional organization constitutes a *performance incentive for teachers* and such teachers may therefore receive funding from the State Education Fund.

The General Assembly appropriated \$60,000 from the State Education Fund for this purpose for FY 2002-03. Through S.B. 03-248, the General Assembly made this program subject to available appropriations. Funding was restored in FY 2005-06, and was increased to \$100,000 for FY 2006-07 and to \$125,000 for FY 2007-08. Data available from the National Board for Professional Teaching Standards (NBTS) indicates that as of the end of the 2006-07 school year, there were a total of 332 National Board Certified teachers in Colorado.

SCIENCE AND TECHNOLOGY EDUCATION FUND **SCIENCE AND TECHNOLOGY CENTER GRANT PROGRAM**

Section 22-81-203, C.R.S. provides for the creation of the science and technology education center grant program to provide development and operating moneys in the form of matching funds for existing or proposed nonprofit science and technology education centers. At a minimum, each science and technology education center that receives a grant shall provide science and technology education activities to students enrolled in public schools in the state and materials and educational workshops to teachers employed by school districts. Any science and technology education center that receives a grant may also provide science and technology education activities, materials, and educational workshops to other persons within the state.

BOARDS OF COOPERATIVE SERVICES

Public school districts and postsecondary institutions are authorized to establish boards of cooperative services (BOCES) for the purpose of offering shared instructional and administrative programs such as data processing, curriculum development, special education, and staff development to member school districts [see Section 22-5-101, et seq., C.R.S.]. Services performed under the direction of the BOCES are financed by member contributions. In addition, BOCES are eligible to receive state funds under three different statutory provisions, as described below.

First, pursuant to Sections 22-5-114 and 115, C.R.S., certain BOCES' are eligible to receive a basic state grant of at least²⁵ \$10,000 annually to fund professional educator development in standards-based education. A BOCES is entitled to such a grant upon approval by the State Board of Education, and if it:

- (a) serves school districts with a combined total enrollment of not less than 4,000 students; and
- (b) serves school districts in two or more counties or serves multiple school districts located in the same county.

If the amount appropriated is not sufficient to award each eligible BOCES a \$10,000 (or greater) grant, the State Board it to reduce grant awards proportionately.

The second source of state funding potentially available to BOCES is provided pursuant to Section 22-5-118, C.R.S., which states that in addition to the basic state grant (described above), a BOCES may receive state moneys by submitting to the Department of Education a plan to increase efficiencies and economies in providing education and support services to the board's participating school districts. Any amount appropriated for such purpose is to be divided equally based on the total number of students enrolled in the member school districts of the participating boards and distributed based on the number of students participating in the funded education or support services program from each member school district of each participating board. This provision allows, but does not require, the General Assembly to appropriate moneys to the Department for this purpose in addition to any moneys appropriated for the basic grants described above. It does not appear that the Department has ever requested additional funding for the purposes identified in Section 22-5- 118, C.R.S.

Third, pursuant to H.B. 02-1053 [Section 22-2-122 (3), C.R.S.], the Department is required to annually allocate to those BOCES that provide a wide range of services to their member school districts or school districts with student populations of less than 4,000 students, an amount equal to one percent "of the amount appropriated to all education grant programs for that fiscal year", or \$250,000, whichever is less. BOCES receiving such funding are required to use the moneys to assist member school districts and schools in applying for grants from education grant programs. For FY 2006-07, the Department allocated \$116,547 to 15 eligible BOCES, including \$62,852 from the Expelled and At-risk Student Services Grant Program, \$43,696 from appropriations for the Read-to-Achieve Grant Program, and \$10,000 from the Summer School Grant Program.

CIVIC EDUCATION

Pursuant to Section, 22-1-104 (6), C.R.S. (S.B. 05-200), the Department is required to assist school districts in developing and promoting civic education programs (*emphasis added*):

"(a) In an effort to strengthen the teaching of civic education in all public schools of the state in accordance with the requirements of this section, the department of education shall assist the school districts of the state in developing and promoting programs for elementary and secondary students that address the state model content standards for civics and promote best practices in civic education.

(b) It is the intent of the general assembly that the objectives specified in this subsection

(6) are to be funded through the state education fund created in section 17 (4) of article IX of the state constitution. The general assembly hereby finds that the development, promotion, and maintenance by the school districts of the state of programs for elementary and secondary students that address the state model content standards for civics and promote best practices in civic education *assist these students in meeting state academic standards* and may therefore be funded from moneys in the state education fund."

For the last three fiscal years, the General Assembly has appropriated \$200,000 from the State Education Fund for this purpose.

In FY 2005-06 and FY 2006-07, the Department used this funding to support a professional development initiative on teaching and learning civic content and skills in Colorado classrooms. The initiative focused on selected promising practices, including: discussion of public issues; study of law, U.S. government, civics, and democracy; simulations of democratic practices and procedures; and collaborating with the community to provide civic learning, particularly through authentic interactions with policymakers. In addition, for teachers, the initiative provided professional development and assistance with linking civics and literacy. In FY 2007-08, the Department plans to: (1) provide professional exchange programming and support for teachers who participated in previous years; (2) replicate and refine the seminar and classroom coaching program in two new sites; and (3) develop and support a statewide study group focused on government courses that reflect best practice. The Department anticipates serving approximately 130 new teachers and continuing programming for 40 teachers who participated during the previous two years. In addition, the Department plans to conduct a review of research and best practices in civic education and disseminate findings and recommendations to the field.

In FY 2008-09, the Department plans to align activities with the Department's "Forward Thinking" goals, and engage in the following activities:

- Enhance professional development involving best practices in civic education;
- In order to design and implement a more consistent and comprehensive statewide system of support to the civic education community, provide support to help schools and districts build the capacity needed to achieve ambitious student outcomes;

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- Review and refine the civics model content standards to reflect 21st Century skills, college, and workforce readiness; and
- Design, detail, and disseminate model civics curricula and related assessment tools that districts may voluntarily use and that are aligned with research, proven to deliver results, and supported through competent providers of technical support.

FINANCIAL LITERACY

Pursuant to Section 22-2-127, C.R.S. (H.B. 04-1360), the State Board of Education is required to create, maintain, and make available to school districts a resource bank of materials pertaining to financial literacy. The Department is required to provide technical assistance related to curriculum design upon the request of a school district or a charter school. This provision includes a legislative declaration that the creation of a financial literacy resource bank is "an important element of an *accountable program to meet state academic standards*" and may therefore receive funding from the State Education Fund. The Department is also authorized to accept and expend any gifts, grants, or donations for purposes of implementing this provision, which are to be credited to the Financial Literacy Cash Fund.

Initially, the Department added links through its webpage to various materials and information sources related to financial literacy resources, curriculum instruction and assessment materials. Beginning in FY 2005-06, the Department distributed a request for proposals allowing schools and districts to submit proposals for designing and implementing financial literacy curriculum and instruction.

In FY 2005-06, six schools and districts received grants ranging from \$5,234 to \$8,044. In FY 2006- 2007, four schools and districts received grants of \$10,000 each. The Department has not yet distributed funds for FY 2007-08. The Department sought feedback from previous grantees and financial groups in the state, and learned that while financial literacy curriculum materials are readily available at low or no cost, teachers lack a clear understanding of how to implement financial literacy tenets into existing curriculum structures. The Department determined that what educators value most is model curriculum that integrates these financial literacy concepts into the curriculum design in a meaningful way. Teachers also need technical support on how to teach using these integrated materials.

The Department plans to convene focused groups of financial literacy institutions and educators of business, economics, and math to study this issue and design model curriculum. The graduation guidelines council and Colorado Department of Higher Education will also be included in these planning conversations. The Department will use feedback from these various groups to determine and outline next steps for technical assistance. A school district may be engaged to develop and implement model curriculum that integrates financial literacy into their existing curricula for all students and provide these materials to others in the state.

In FY 2008-09, the Department plans to disseminate and provide technical assistance for the implementation of model financial literacy curriculum. This approach is consistent with the Department's "Forward Thinking" goal to design, detail and disseminate model curricula in the area of financial literacy. The Department indicates that pilot programs would continue and be expanded that

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would help to find ways to integrate financial literacy into existing curriculum at various grade levels. The artifacts that are developed would be available to districts and schools across the state.

COLORADO HISTORY DAY

House Bill 04-1202, concerning the funding of "Colorado History Day", requires the Department to assist school districts in developing and promoting programs that engage students in the process of discovery and interpretation of historical topics. While this bill authorizes the Department to accept gifts, grants, and donations for such purpose, it also includes the following provision [see Section 22-1-104 (5) (c), C.R.S.]:

"It is the intent of the general assembly that the objectives specified in paragraph (a) of this subsection (5) are to be funded through the state education fund created in section 17 (4) of article IX of the state constitution. The general assembly hereby finds that the development, promotion, and maintenance by the school districts of the state of programs for elementary and secondary students that engage such students in the process of discovery and interpretation of historical topics assists these students in meeting state academic standards and may therefore be funded from moneys in the state education fund."

The Department has a memorandum of understanding with the Department of History, University of Colorado at Denver and Health Sciences Center, for "Colorado History Day". Through this program, students in grades six through twelve engage in a year-long educational program leading to regional competitions in February and March; regional competition winners travel to the state level competition in May at the University of Colorado, and winners at the state level advance to the national contest at the University of Maryland in June. The funds provided through this line item are used to support regional programs, teacher workshops and curriculum support, coordination of the annual state-level competition, and coordination of Colorado's delegation at the national competition.

INNOVATIVE SCHOOLS ACT OF 2008

This line item was established by SB08-130. This legislation allows a public school or group of public schools to submit to its school district board of education an innovation plan to allow the school or group of schools to implement innovations within the school or group of schools, including but not limited to innovations in delivery of educational services, personnel administration and decision-making, and budgeting. Following creation or approval of one or more plans, the legislation allows a local board to submit the plan to the commissioner of education and the state board of education and seek designation as a district of innovation. Pursuant to Section 22-32.5, C.R.S., this line item provides funding for the implementation of this legislation.

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(V) **SUMMER AND AFTER-SCHOOL PROGRAMS**

FACILITY SUMMER SCHOOL GRANT PROGRAM

House Bill 06-1375 included a provision that amended this program, which was originally established through H.B. 02-1349 (see Section 22-86-101 et seq., C.R.S.). This program, as amended, provides grants to facility schools that operate summer school programs for children residing in the facilities. The Program is designed to assist facility schools in providing intensive educational research-based services for children who are performing below grade level in the areas of reading, writing, or mathematics. The act included the following provision concerning funding:

"For the 2006-07 budget year and for each budget year thereafter, subject to available appropriations, the general assembly shall appropriate moneys from the state education fund...to the department to be used to award grants for facility summer school programs..."

This provision does not include a statement of legislative intent identifying the associated constitutionally authorized purpose. However, it seems reasonable to assume that this program could be considered an "accountable program to meet state academic standards". The act included an appropriation of \$500,000 cash funds exempt from the State Education Fund for FY 2006-07 for the Program.

For FY 2006-07, the Department planned to cover the actual costs²⁶ of facility schools with applications that meet required criteria, not to exceed \$500 per eligible student (the maximum allowed per program rules). The Department indicates that for FY 2006-07, many facilities did not have appropriate curriculum in place and were not able to accomplish this in time for the grant process. The grant requires that the facility implement research-based curriculum, but only five percent of the grant funds could be used for materials, including the purchase of the curriculum. In addition, the Department indicates that several approved facilities are "for-profit" agencies, and these facilities will not be able to participate in this program due to internal agency requirements. Every facility that submitted an application was awarded the full \$500 per eligible student. Funding available in FY 2006-07 was distributed among 19 programs.

SUMMER SCHOOL GRANT PROGRAM

House Bill 06-1375 included a provision that recreated and reenacted this program, which was originally established through S.B. 01-129 (see Section 22-7-801 et seq., C.R.S.). This program provides grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year.

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The Department is authorized to annually withhold up to three percent of the moneys appropriated for this program to offset the direct costs incurred in administering the program and to "evaluate the progress of the summer school programs operated by school districts and Institute charter schools that receive grants" through the program. The act included the following provision concerning funding:

"For the 2006-07 budget year and for each budget year thereafter, subject to available appropriations, the general assembly shall annually appropriate moneys from the state education fund...to the department to be used to award grants for summer school programs...".

This provision does not include a statement of legislative intent identifying the associated constitutionally authorized purpose. However, it seems reasonable to assume that this program could be considered an "accountable program to meet state academic standards". The act included an appropriation of \$1,000,000 cash funds exempt from the State Education Fund and 0.3 FTE for FY 2006-07 for the new grant program. Thus, the Department is authorized to withhold up to \$30,000 for administrative costs.

In FY 2006-07, the Board awarded grants to 11 districts, representing 48 schools and approximately 5,000 students entering 5th-8th grades who received an unsatisfactory score in reading, writing or math, were served. Grants ranged in size from \$15,452 to \$265,574, with the average award being \$87,273. The programs and curricula funded were designed to provide intensive instruction that was research-based, and rigorous enough to demonstrate significant improvement in a student's performance in a short period of time. The curriculum was administered by teachers who had been trained in the use of the program. Evaluation data indicate that these intensive services have had a positive impact on participants' achievement.

STEM AFTER-SCHOOL EDUCATION PILOT PROGRAM

This line item provides funding from the State Education Fund for transfer to the Office on the Governor for the STEM after-school education pilot program, pursuant to Section 22-32.5, C.R.S. This funding is designed to award grants to facilitate the coordination of science, technology, engineering and mathematics (STEM) after-school programs and increase the number of Colorado public schools that offer STEM after-school education programs. For FY 2008-09, an appropriation was made for this purpose in HB08-1388. Subsequently, the appropriation was eliminated by supplemental appropriation SB09-185.

DROPOUT PREVENTION ACTIVITY GRANT PROGRAM

House Bill 05-1024 created the Dropout Prevention Activity Grant Program. This program is funded through voluntary income tax check-off contributions, which are credited to the Dropout Prevention Activity Grant Fund. This Fund is subject to annual appropriation, and the Department is authorized to expend up to two percent of the moneys annually appropriated from the Fund to offset the direct and indirect costs incurred in implementing the Program. Pursuant to Section 22-27.5-101 *et seq.*, C.R.S., the Department is to distribute these funds to before- and after-school programs that provide arts-based or vocational activities for

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students in grades six through nine who are at risk of dropping out of school. The Department will develop a grant application process for qualified schools and community-based organizations. Priority will be given to schools that experience high dropout rates.

The Department's request for FY 2008-09 (*Decision Item #6*) was approved and is intended to provide spending authority for contributions collected in FY 2005-06 (\$28,643), FY 2006-07 (\$48,509), plus estimated contributions for FY 2007-08 (\$81,979).

The Department indicates that it chose to invite certain entities that were awarded 21st Century Learning Center grants through a competitive application process to apply for grants through this program. The applications for the 21st Century grants contain the criteria that are specified in the State Board rules for this program. The following nine middle and high schools have three years left of their 21st Century grant:

- Niver Creek/Goals Inc. (Adams 12)
- Alamosa High School/ Boys and Girls Clubs
- Aurora Central High School/ City of Aurora
- Kunsmiller Middle School/ Catholic Charities (Denver Public Schools)
- Lamar Middle School/ Project Acquire High School Alternative
- Centennial and Olathe middle schools/ Boys and Girls Clubs
- Sierra High School/ YMCA (El Paso 2)
- Cortez Middle School/ Pinon Project

All nine schools received an academic rating of low or unsatisfactory, have many students of color, and have high drop out rates. These nine schools and their community partners have been invited to apply for funds to supplement their 21st Century grants for the purpose of including art and vocational strategies in their after school learning centers. The Department anticipates making funding decisions in March 2008 and making funds available July 1, 2008.

HEALTHY CHOICES DROPOUT PREVENTION

This line item was established by SB09-123. This legislation creates the healthy choices dropout prevention pilot program to improve student attendance and reduce the dropout rate of adolescent students in certain public schools. It also creates the Healthy Choices Dropout Prevention Pilot Program Fund. Further, the legislation allows the department to use no more than two percent of the moneys appropriated from the fund to offset the direct and indirect costs of implementing the program and authorizes the department to seek and accept gifts, grants, and donations from private or public sources for the program. Pursuant to Section 22-82.3, C.R.S., this line item provides funding for the implementation of this legislation.

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(VI) FACILITIES SCHOOLS

FACILITY SCHOOLS UNIT AND FACILITY SCHOOLS BOARD

This line item was established by HB08-1204. This line item provides funding for the creation and administration of the Facility Schools Unit and the Facility Schools Board, pursuant to Section 22-2-401, C.R.S. This Unit and Board are instructed to work with the facilities to increase the overall quality of education for facility students.

FACILITY SCHOOLS FUNDING

This line item was established by HB08-1388. This line item provides funding for facility schools via the state average per pupil revenue multiplied by the facility schools factor, pursuant to Section 22-54-129, C.R.S.

HOLD-HARMLESS FACILITY SCHOOL STUDENT FUNDING

This line item was established by HB08-1388. This line item provides funding to facility schools for students enrolled in full-day kindergarten, pursuant to Section 22-54-134, C.R.S.

(VII) OTHER ASSISTANCE

APPROPRIATED SPONSORED PROGRAMS

This section of the Long Bill reflects federal funding anticipated to be received by the Department. This section also provides cash funds spending authority for the Department to receive fees related to conferences and transfers from other agencies. The vast majority of funds reflected in this section are distributed directly to local school districts, and the balance is utilized by the Department to fund state-wide efforts, to provide technical assistance to school districts, and to cover Department administrative costs. Matching requirements for the federal funds, where required, are generally met by using other Department funds, school district funds, and other “non-state” funds. Thus, no General Fund appropriation is included in this line item.

SCHOOL COUNSELOR CORPS GRANT PROGRAM

This line item was established by HB08-1370. This legislation supports findings concerning the importance of school counseling services for students in middle, junior high, and high schools. This line item funds the school counselor corps grant program as a program to provide three-year grants to school districts, boards of cooperative services, and charter schools to use in increasing the

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number of school counselors for secondary students and the level of school counseling services provided, pursuant to Section 22-91, C.R.S.

CONTINGENCY RESERVE FUND

Pursuant to Section 22-54-117 (1) and (4), C.R.S., the State Board is authorized to approve payments from the Contingency Reserve Fund to assist school districts under the following circumstances:

- (a) (I) financial emergencies caused by an act of God or arising from extraordinary problems in the collection of taxes;
- (a) (II) financial emergencies caused by nonpayment of property taxes;
- (a) (III) revenues are insufficient to make abatements and refunds of property taxes;
- (a) (IV) unforeseen contingencies (e.g., reductions in valuation exceeding 20 percent);
- (a) (V) unusual financial burden caused by the instruction of court-ordered or agency-placed non-resident children;
- (a) (VI) unusual financial burden caused by the instruction of children who move into the district following the pupil count date (applies to small districts only); (a) (VII) unusual financial burden caused by a significant enrollment decline pursuant to a reorganization; and,
- (b) in cases of extreme emergency, other factors that affect the ability of the district to maintain its schools without additional financial assistance. Section 22-54-117 (1) (a), C.R.S., indicates that, "In deciding the amount to be appropriated to the contingency reserve, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need."

ALTERNATIVE TEACHER COMPENSATION PLAN GRANTS

This line item was established by HB08-1388. This line item provides funding for the alternative teacher compensation plan grant program to provide funding to school districts to support the design and development of an alternative teacher compensation plan that is tailored to the particular school district, pursuant to Section 22-69-104, C.R.S. For FY 2008-09, an appropriation was made for this purpose in HB08-1388. Subsequently, the appropriation was eliminated by SB09-213.

REGIONAL SERVICES COOPERATIVES

This line item was established by SB08-038. This line item provides funding to enable the state board of education to create 12 regional service areas throughout the state, pursuant to Section 22-5.5, C.R.S. This legislation encourages individuals and organizations in a regional area to convene a regional service council and to develop and submit a comprehensive service plan to the state board for coordinating services and programs throughout the regional area.

FIRST RESPONDER SCHOOL MAPPING SYSTEM

This line item was established by HB08-1267. This line item provides funding, pursuant to Section 22-5.5, C.R.S., from the state education fund to enable the school safety resource center in the department of public safety to designate at least one by not more than 3 schools to participate in a cooperative effort to create a first responder school mapping system to provide first responders immediate access to maps of school buildings and other information in the event of an emergency at a school building.

SUPPLEMENTAL ON-LINE EDUCATION SERVICES

House Bill 06-1008 established a program whereby small school districts and certain charter schools could receive reimbursement for the cost of purchasing supplemental on-line education courses. This program was authorized for one year.

Subsequently, H.B. 07-1066 established two programs to support supplemental on-line education services. The first program is supported by this line item. Pursuant to Section 22-5-119, C.R.S., the General Assembly is required to annually appropriate federal mineral lease revenues for the Mountain Board of Cooperative Services (BOCES) to contract with a supplemental on-line course provider to offer on-line courses to school districts, BOCES, and charter schools at a cost of no more than \$200 per student per semester course.

The act included an appropriation of \$480,000 from the State Public School Fund (federal mineral lease revenues) for FY 2007-08 for this program.

SUPPLEMENTAL ON-LINE EDUCATION GRANT PROGRAM

The second program authorized by H.B. 07- 1066 is supported by this line item. Pursuant to Section 22-2-130, C.R.S., the General Assembly is required to annually appropriate federal mineral lease moneys for the State Board of Education to award grants to BOCES and certain school districts and charter schools to remove financial or technical barriers to providing supplemental on-line education courses. Grants can be used to provide additional reimbursement for the cost of purchasing supplemental on-line courses or to increase access to supplemental on-line courses by providing technical equipment, hiring technical specialists, providing staff training, or providing financial assistance to hire personnel to facilitate on-line access. The Board is to give priority to those entities that have been unable to provide supplemental on-line courses in the past, and consider the degree to which students require supplemental on-line courses to meet higher education admission standards, as well as other revenue sources available to each entity. A grant may not exceed \$5,000 in a fiscal year. The Department is allowed to spend up to two percent of the moneys annually appropriated for this program to offset the direct and indirect costs of administering the program.

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The act included an appropriation of \$50,000 from the State Public School Fund (federal mineral lease revenues) for FY 2007-08 for this grant program.

SCHOOL AWARDS PROGRAM

This line item was established by SB09-256. This line item provides funding for the School Awards Program Fund, pursuant to Section 22-11-304, C.R.S., Section 22-11-603.5, C.R.S. and Section 22-11-605, C.R.S. This fund supports the creation and administration of the school awards program to provide centers of excellence awards to public schools that enroll at least 75% at-risk pupils and that demonstrate the highest rates of student academic growth.

INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

This line item was established by HB08-1317. This line item provides funding for participation in an interstate compact on educational opportunity for military children, pursuant to Section 22-90, C.R.S. This compact supports educational opportunity for military children with other state to remove barriers to educational success that children of military families encounter because of frequent moves and deployment of their parents.

(3) LIBRARY PROGRAMS

ADMINISTRATION

Article IV, Section 20 of the Colorado Constitution states that the "superintendent of public instruction shall be the ex officio state librarian." Pursuant to Section 24-90-104, C.R.S., the State Library is a division within the Department of Education, and its operation "is declared to be an essential administrative function of state government". The State Librarian has a number of statutory duties and responsibilities, including the following [see Section 24-90-105, C.R.S.]:

- to furnish library or information services to state officials, departments, institutional libraries, and persons who are blind and physically disabled;
- to contract for the furnishing of library resources to ensure equal access to information for all Coloradans;
- to provide for the collection, analysis, publication, and distribution of statistics and information relevant to the state library and to public, school, academic, and institutional libraries;
- to contract for the lending of books and other resources to publicly-supported libraries and institutions and to encourage contractual and cooperative relations to enhance resource sharing among all types of libraries and agencies throughout the state;
- to encourage contractual and cooperative relations to enhance resource sharing among all types of libraries and agencies throughout the state;
- to further library development and to promulgate service standards for school, public, and institutional libraries; and

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- to receive and administer federal funds for libraries.

Recent Funding Reductions. Prior to FY 1987-88, funding for library staff and library programs was appropriated through distinct line items.

In FY 1987-88, however, funding for library program staff was consolidated with funding for other Department management and administrative staff to facilitate a \$2.5 million reduction in General Fund appropriations for the administration of the Department and library programs. From FY 2001- 02 through FY 2004-05, base General Fund appropriations for staff supported through the consolidated line item were been reduced by another \$1.8 million, resulting in a reduction of 3.0 FTE library program staff (a 14 percent reduction). Positions that were eliminated include staff at the Talking Book Library and staff responsible for institutional library programs.

Beginning with FY 2008-09, only Library Administration costs will be included in this line item.

FEDERAL LIBRARY FUNDING

This line item includes funding available through the Library Services Technology Act and Adult Education Library Research funding.

COLORADO LIBRARY CONSORTIUM

Historically, seven regional organizations of publicly-funded libraries (school, public, academic, and special libraries), known as "regional library service systems", have provided cooperative services in designated geographic areas of Colorado. The seven regional systems provided the following services to member libraries:

- professional development and technical assistance for librarians, particularly those who work in school and public libraries (e.g., developing professional collections of books and videos on all aspects of library and school media services and loaning such materials to libraries and schools across the State);
- administration of cooperative purchasing programs for member libraries (negotiating significant discounts on books and other library materials); and
- coordination of interlibrary lending (including courier services) for member libraries.

Regional systems' budgets covered all program operations including personnel salaries and benefits, rent for office space, travel costs, and general program operations. The appropriation of state funds previously provided about 70 percent of regional systems' revenues; other revenues available to the regional systems included courier and other fees paid by member libraries. While a small portion of the

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state funding was used for cooperative projects, the majority of state funding was distributed to the regional systems based on a formula which accounted for each region's population, its geographic size, and the number of libraries in the region.

Primarily in response to a 76 percent reduction in state funding in FY 2003-04, the seven regional systems were collapsed into a statewide cooperative called the "Colorado Library Consortium". Primarily, this cooperative provides administrative support for a statewide courier contract that allows libraries throughout Colorado to purchase courier services at a lower cost than they could individually. The Consortium also administers cooperative purchasing agreements (including database subscriptions) and negotiates discounts on various library materials, and it provides continuing education and technical assistance for librarians across the state.

In May 2004, the Colorado Library Advisory Board established a task force to gather information from the library community statewide and prepare a strategic plan (2005 through 2010). The library community participated in a process to prioritize goals and objectives. The six objectives selected by the library community as most crucial include the following:

1. Find new funding sources for libraries;
2. Find financial support for the courier;
3. Provide statewide access and funding for electronic resources;
4. Develop a single locator system for all Colorado library holdings;
5. Create a statewide continuing education plan for library staff; and
6. Provide sustainable access to statewide virtual services.

In FY 2006-07 the General Assembly approved a requested \$400,000 increase to help offset the costs of courier service to member libraries. The library courier transports five million items annually between 423 member libraries (including approximately 3,000 library buildings) as part of providing equitable library services to all state residents. These items include print material (books, journal articles, magazines, and newspapers), audiovisual material (CD's, computer disks, DVD's, and tapes), and correspondence between libraries (summer reading program materials, promotional materials, etc.). This service saves libraries a significant amount in mailing costs. In addition, it reduces the cost of adding to and maintaining local library collections while providing patrons with access to materials statewide. The courier offers next day delivery to most locations.

COLORADO VIRTUAL LIBRARY

In 1990, the General Assembly created the "Colorado Computer Information Network" to connect existing library information networks (e.g., the Colorado Alliance for Research Library Network), thereby providing all Colorado residents with equal access to library information [H.B. 90-1230]. In 2003, Section 24-90-301 et seq., C.R.S., was amended and the network was renamed the Colorado Virtual Library. The State Librarian is currently responsible for providing electronic resources through libraries to all

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Colorado residents and to students and staff at higher education institutions and public schools. The Colorado Virtual Library is thus a statewide, Internet-based library network that provides free access to:

- on-line catalogs of the holdings of Colorado libraries;
- locally produced databases; and
- digitized collections of Colorado resources.

The Colorado Virtual Library is managed cooperatively by the State's library community, including the Department of Education. The General Fund appropriation for this line item for FY 2008-09 provides funding for ongoing operations, including:

\$162,510 Contract technical staff for operations and programming
\$115,416 Contract training and user support staff and in-state travel
\$66,970 Annual hardware and software maintenance fees
\$7,500 Leased space, database archiving services, backup tapes, etc.
\$7,100 T1 circuit and Internet connectivity
\$300 Annual domain name registration fees
\$359,796 Total General Fund appropriation

COLORADO TALKING BOOK LIBRARY, BUILDING MAINTENANCE AND UTILITIES EXPENSES

The Colorado Talking Book Library is part of a national library program providing Braille and recorded materials for blind, physically, and reading disabled persons in Colorado. The Colorado Talking Book Library is one of the original 19 libraries established pursuant to the federal Pratt Smoot Act in 1931. Library services are provided to eligible individuals free of charge. The library's recorded materials and tape machines are provided by the Library of Congress; this collection is enhanced by recordings of local materials taped by volunteers and library staff. Since 1991, the library has been located at 180 Sheridan Boulevard in Denver. The building was purchased after the General Assembly appropriated \$750,000 from the Capital Construction Fund for FY 1989-90 (H.B. 90-1297). In FY 1997-98 the General Assembly appropriated \$238,607 from the Capital Construction Fund to replace the roof of the building. This building also currently houses backup computer equipment for the Department of Education.

The Library serves over 12,500 patrons and 677 institutional accounts (e.g., nursing homes, schools, etc.) statewide.

The Library operates in a very cost-effective manner. State funds currently support approximately half of operating expenses and 5.5 FTE (these are currently funded from allocations from the "General Department and Program Administration" line item), with the balance supported through federal funds (4.0 FTE) and donations. The Library currently operates with a total of 13.0 FTE staff and

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150 volunteers who work hours equivalent to 8.0 FTE; American Library Association guidelines indicate that the Library should have 34.0 FTE. In addition, the National Library for the Blind and Physically Handicapped (NLS), within the Library of Congress, provides playback equipment and supplies, Braille and recorded books and magazines. The value of NLS support is estimated at over \$630,000 annually, and the existing inventory of materials and equipment provided by NLS is valued at over \$5.5 million. Finally, the U.S. Postal Service subsidizes mail service for materials sent to and returned from Library patrons, a savings of approximately \$2.3 million annually.

In addition to funding associated with the Talking Book Library facilities, the General Assembly has historically provided state funding for three purposes:

- A portion of the funding appropriated through the "General Department and Program Administration" line item is allocated to support some of the library staff.
- Prior to FY 2003-04, the General Assembly provided an annual appropriation of funds for the Talking Book Library and for 42 libraries in state residential institutions (e.g., correctional facilities, the Mental Health Institutes, youth corrections facilities, the Colorado School for the Deaf and the Blind, and nursing homes) to purchase periodicals, books, and other resources (e.g., \$97,823 General Fund for FY 2002-03).
- Prior to FY 2003-04, and again beginning in FY 2006-07, the General Assembly provided an annual appropriation of funds to cover the library's maintenance and utility expenses (e.g., \$61,023 General Fund for FY 2007-08).

In addition, the Library has access to interest earned on the Mary Jones Trust, which was established in 1981 with an initial donation of \$91,000. As of October 31, 2007, the balance in the Trust was \$1,142,092. While the Trust was intended to support projects that have an impact on a large number of library patrons, since 2002 interest earnings have been used to support 1.5 FTE. The State Board has approved expenditures totaling \$60,000 from the Trust Fund for FY 2008-09 to support 1.5 FTE.

This line item was restored in the FY 2006-07 Long Bill to provide funding for maintenance and utilities expenses of the Talking Book Library. The existing appropriation consists of \$48,464 General Fund transferred from the "General Department and Program Administration" line item, plus \$12,559 new General Fund to cover the projected costs of electricity, natural gas, water/sewer, and building maintenance. The Department did not request any increase for this line item for FY 2007-08.

READING SERVICES FOR THE BLIND

Colorado Disabled Telephone Users Fund. Pursuant to Sections 40-17- 103 and 104, C.R.S., the Public Utilities Commission (PUC) is required to administer a contract for the provision of telecommunications relay services (which allow individuals who have a hearing or speech disability to communicate by wire or radio). The PUC is required to recover the costs of providing these services by

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assessing monthly surcharges on each telephone access line. The PUC adjusts this surcharge annually, when necessary. All moneys received by the PUC are credited to the Colorado Disabled Telephone Users Fund.

Pursuant to a series of statutory changes beginning in 1999, moneys in the Colorado Disabled Telephone Users Fund are also used for other purposes, including: (a) privately operated reading services for the blind; (b) the Colorado Commission for the Deaf and Hard of Hearing; and (c) the Colorado Commission for Individuals Who are Blind or Visually Impaired. Cash fund appropriations for each of these purposes are made to the PUC annually, and corresponding cash funds exempt appropriations appear in the other relevant state agencies' budgets.

Description of Line Item and Funding History. This line item provides spending authority to the Department of Education out of the Reading Services for the Blind Cash Fund. Pursuant to Sections 24-90-105.5 (5) and 40-17-104, C.R.S., the General Assembly is to annually appropriate moneys out of the Colorado Disabled Telephone Users Fund to the Reading Services for the Blind Cash Fund for use by the State Librarian in support of privately operated reading services for the blind.

Since FY 1999-00, at least a portion of this appropriation has been used to contract with Radio Reading Service of the Rockies, a non-profit on-the-air volunteer reading service for the blind, visually impaired, and print handicapped citizens of Colorado. Services provided do not duplicate existing broadcast information that is generally available through other media; programming consists largely of local newspapers and magazines and government publications.

For FY 2007-08, the State Board of Education approved a \$150,000 payment for the Radio Reading Service of the Rockies to provide free access to ink print materials statewide through various broadcasts (via television SAP feed, Internet, telephone, and podcasts), related audio services, and listener equipment. Please note that the Radio Reading Service of the Rockies' Board recently approved a name change; the Service is now named the "Audio Information Network of Colorado".

For FY 2007-08, the State Board of Education approved a \$50,000 payment to the National Federation for the Blind (NFB) for its Newsline service, which provides eligible Coloradans access to newspapers nationwide and a few magazines via touchtone telephone. Newsline services now include television listings (based on an individual's zip code); the NFB indicates that this increased use of their Newsline service nationwide by about 30 percent last year. Anyone who is a patron of the Colorado Talking Book Library (CTBL) is eligible to access Newsline services. The CTBL is able to sign patrons up for the Newsline service through their existing database.

(4) SCHOOL FOR THE DEAF AND THE BLIND

The Colorado School for the Deaf and the Blind (CSDB) is a state-funded school that was established for the purpose of providing comprehensive educational services for children under the age of twenty-two who are blind and/or deaf. Originally named the "Colorado Institute for the Education of Mutes", the School opened in a rented house in April 1874 with an appropriation from the

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Territorial Legislature. The student population rapidly outgrew the space available and in 1876 the School moved to its current campus, made possible with a donation of ten acres by the founder of the city of Colorado Springs. The CSDB received its initial accreditation from the Department of Education in 1961, and in 1977, the CSDB was transferred from the Department of Institutions to the Department of Education.

The CSDB currently occupies 18 buildings on 37 acres. Colorado students from the ages of birth through twenty-one are eligible to receive services either at or through the CSDB. Students enrolled at CSDB must have a documented hearing and/or vision loss and meet the enrollment criteria established by the Board of Trustees. Students may also be enrolled on a diagnostic basis in order to make an accurate determination of the student's eligibility status. A staffing team, including a CSDB staff member, the student's parents, and a local school district representative, determine if the CSDB is the appropriate learning environment based on the educational needs of the student. If a student's parents or legal guardians reside within Colorado and outside the El Paso County area, the student is eligible to participate in the residential living program during the week. There is no tuition for room and board. Out-of-state students are considered on a space available basis and are required to pay tuition.

In addition, pursuant to Section 22-80-102 (2), C.R.S. (added in 1991), the CSDB is to "be a resource to school districts, state institutions, and other approved education programs." In this capacity, the CSDB is to provide the following services:

1. Assessment and identification of educational needs;
2. Special curricula;
3. Equipment and materials;
4. Supplemental related services;
5. Special short-term programs;
6. Program planning and staff development;
7. Programs for parents, families, and the public; and
8. Research and development to promote improved educational programs and services.

In November 2002, the CSDB estimated that 1,824 students in Colorado were deaf, hearing impaired, blind, or vision impaired -- 0.3 percent of the total number of public school students in grades one through 12. In FY 2002-03, the CSDB received per pupil funding for 197 on-campus students, representing about ten percent of the estimated total number of students with hearing or vision impairments. With respect to students who are blind/vision impaired, the CSDB gathers data from districts annually for purposes of providing Braille and large print materials to districts. The CSDB indicates that in FY 2005-06, there were a total of 836 blind/visually impaired students enrolled in 56 districts. The CSDB served 57 blind/visually impaired, or 6.8 percent of these students.

Enrollment. The CSDB had an on-campus enrollment of 215 students (ages 3 to 21) in the 2006-07 school year, a decrease of 4.0 percent. The CSDB's total enrollment was 562 students, including 347 children under age three. Compared to FY 2005-06, the

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CSDB's total enrollment increased by 74 students (15.2 percent). The most significant increase occurred with respect to deaf/hearing impaired children under age three, increasing by 87 (37.0 percent). Total enrollment included 489 deaf/hearing impaired children and 73 blind children. Of the total number of students receiving on-campus services, 113 resided at the CSDB (returning home only on weekends) and the remaining 102 students only attended classes during the day. Of the total number of students enrolled, 371 were infants, preschool students, attending classes part time in local public schools, or in the transition program, and were thus not eligible for per pupil operating revenue. As a result, the CSDB only received per pupil operating revenue for 191 students. The CSDB indicates that the per pupil operating revenue covered about 11 percent of the average costs per student (including both residential and non-residential students).

(A) SCHOOL OPERATIONS

PERSONAL SERVICES

This line item provides funding for most School employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association and the state share of federal Medicare taxes. This line item also provides funding for certain professional and temporary services. This line item provides over 66 percent of the funding for the CSDB, supporting all school staff with the exception of those who are supported by specific grants or direct payments from districts. In addition, beginning in FY 2006-07, those staff devoted to early intervention programs are now funded through a separate line item.

EARLY INTERVENTION SERVICES

Since April 2001, the "Colorado Home Intervention Program" (called "CHIP") has been operating within the CSDB. This program was first started with federal grants in 1969, and it operated within the Colorado Department of Public Health and Environment from 1975 through March 2001. This home-based, family-centered early intervention program serves hearing impaired children (ages zero to three), and their parents. The program involves a facilitator: working with the child to develop language skills; providing parents with information and counseling to identifying strategies to use in communicating with their child; and assessing the dynamics of the parent-child interaction and providing support to improve it.

Prior to FY 2006-07, this program was supported by existing personal services funding, as well as various federal grants, donations, and in-kind services. For FY 2006-07, the CSDB requested an increase of \$462,620 General Fund and 1.8 FTE to continue and expand two early literacy development programs. These programs involve specially trained fluent sign language instructors/tutors (many of whom are deaf or hard of hearing themselves) visiting families weekly to provide support and instruction in techniques to build the child's literacy. One program (the Shared Reading Program) is designed for families who rely on American Sign Language; the second program (Integrated Reading Program) is designed for families who use English-based sign language and some speech. In addition, these initiatives involve coordinating with preschool and elementary school teachers so they may reinforce the family's use

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of early literacy strategies, thereby easing the child's transition into public school. The General Assembly approved the request. In addition, Long Bill appropriations were modified to separately identify funds and staff associated with early intervention programs. The FY 2006-07 Long Bill included a line item consisting of the following:

- \$462,620 General Fund and 1.8 FTE approved as requested;
- \$637,488 General Fund and 6.9 FTE transferred from the Personal Services line item; and
- \$153,608 cash funds exempt grants and 1.3 FTE transferred from the "Grants" line item.

SHIFT DIFFERENTIAL

This line item is used to pay for the adjustment to compensate employees for work performed outside a Monday through Friday, 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second shift and 10.0 percent for third shift). Unlike the other awards, the entire base budget and any increases have historically been included in the centrally-appropriated budget line at 80.0 percent of the total estimated costs. This Department uses its shift differential to provide 24-hour staff coverage for residential students at the CSDB.

OPERATING EXPENSES

This line item provides funding for supplies and materials, as well as for certain services that are not covered by other line items such as capital outlay²⁹, custodial services, equipment rental, storage, dues and subscriptions, and printing.

VEHICLE LEASE PAYMENTS

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 12 vehicles that are all utilized at the CSDB.

UTILITIES

This line item provides funding for the CSDB's water and sewer, electricity, and natural gas expenses.

ALLOCATION OF STATE AND FEDERAL CATEGORICAL PROGRAM FUNDING

The CSDB receives an allocation of state and federal moneys available for special education services for children with disabilities based on its December pupil count. In addition, the CSDB may receive allocations from other categorical programs (e.g., in recent

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years the CSDB has received allocations related to English language proficiency programs, special education for gifted and talented children, and the Expelled and At-risk Student Services Grant Program).

MEDICAID REIMBURSEMENTS FOR PUBLIC SCHOOL HEALTH SERVICES

Similar to school districts, the CSDB is authorized to enter into contracts and receive federal matching funds for moneys spent in providing student health services [i.e., preventive, diagnostic, therapeutic, rehabilitative, or palliative items or services that are furnished to students by a school district, a board of cooperative services, or a state educational institution pursuant to the S.B. 97-101 Public School Health Services program]. It is staff's understanding that the CSDB has been participating in this program since FY 2000-01, and receives federal Medicaid moneys annually based on claims submitted. Section 26-4- 531 (2) (b), C.R.S., states that "any moneys provided to a school district pursuant to a contract entered into under this section shall not supplant state or local moneys provided to school districts" for:

- (a) special education services for children with disabilities;
- (b) the Colorado preschool program; or
- (c) the School Finance Act.

Based on this provision, the CSDB has used the additional federal Medicaid moneys available to increase special education services to its students (e.g., providing an additional day of occupational or physical therapy, in accordance with a student's individual education program).

(B) SPECIAL PURPOSE

FEES AND CONFERENCES

This line item provides spending authority for the Department to receive fees charged and received for various conferences or meetings held at the CSDB. Examples of conferences include the annual statewide deaf symposium, nursing conferences, and summer camps. These fees offset additional custodial, maintenance, and security costs incurred.

Currently, the CSDB hosts an annual Symposium on Deafness, Language and Learning. Each attendee pays a conference fee. The last two professional development conferences held in the fall of 2006 and 2007 generated \$53,467 and \$44,883, respectively. Thus, this conference generates about two-thirds of the allowable revenues annually. Several Colorado programs have requested additional conferences. If this request is approved, the CSDB anticipates hosting additional conferences, such as those listed below:

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- *Educational Interpreter Conference – Interpreter Skill Building* (estimated revenue of \$10,000 from 60 attendees). This is a new conference requested of the Department Consultant on Deafness, as well as educational interpreters statewide, to improve the skills of interpreters for students who are deaf or hard of hearing.
- *Early Literacy Development Initiative (ELDI) Conference – Serving Colorado Home Intervention Program facilitators, Integrated Reading Program instructors and Shared Reading Program tutors* (estimated revenue of \$12,000 from 75 individuals). The first ELDI conference occurred in 2007. This professional development conference is for Colorado Home Intervention Program facilitators, Integrated Reading Program instructors and Shared Reading Program tutors.
- *Conference on Blindness and Visual Impairment – Professional Development Conference* (estimated revenue of \$10,000 from 60 individuals). This is a proposed professional development conference for service providers of students with blindness or visual impairment.
- *Leadership Academy Conference* (estimated revenue of \$8,000 from 45 students). This is a proposed conference for high school students who are deaf/hard of hearing or blind/visually impaired.

The CSDB also collects other fees, including fees paid for counseling services provided to students who are deaf/hard of hearing or blind/visually impaired in schools throughout Colorado (approximately \$10,000). Service providers, parents, and school administrators throughout the state, as well as the children and youth who are deaf/hard of hearing or blind/visually impaired will benefit from these conferences.

OUTREACH SERVICES

This line item was established in the 2009 Long Bill as a result of the approval of Decision Item # 7 in the department's FY 2009-10 Request.

The CSDB is statutorily (Section 22-80-102 C.R.S.) charged with being a resource to school districts by providing several services, including: assessment and identification of educational needs; special curricula; equipment and materials; and staff development. Districts currently transfer federal funds to the CSDB for three purposes:

- The CSDB occasionally accepts students from Colorado school districts for extended diagnostic periods prior to the student meeting School enrollment criteria. Typically, these students require a one-on-one aide who must be supplied by the home school district. Often the districts themselves are unable to find qualified applicants willing to work for district level salaries while living in the Colorado Springs area. Due to union agreements, however, districts are unable to pay these employees more than other district employees. To address this issue, this line item provides spending authority for the CSDB to hire these professionals using federal special education funds transferred from school districts.

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- School employees travel to districts to provide training for district staff and/or to provide direct support to students. Districts pay the CSDB for their staff time and travel expenses.
- Each district pays a flat amount (e.g., \$200/student) for each blind/visually impaired student enrolled in the district. These moneys are collected by the CSDB and paid to the Colorado Instructional Materials Center (CIMC) to provide Braille and large print materials for students.

In order to fulfill this statutory mandate, in FY 2009-10, it was necessary to increase the spending authority for cash reimbursements that CSDB collects from Colorado school districts and BOCES. Authorized FTE were also increased. To properly describe this increase and subsequent operations, the Long Bill line item previously titled “(4) School for the Deaf and Blind, (B) Special Purpose, Federal Funds Transferred from School Districts” was modified to “(4) School for the Deaf and Blind, (B) Special Purpose, Outreach Services”.

FEDERAL FUNDS TRANSFERRED FROM SCHOOL DISTRICTS

In the 2009 Long Bill, the title of this line item was changed to “(4) School for the Deaf and Blind, (B) Special Purpose, Outreach Services” (see above line item).

TUITION FROM OUT-OF-STATE STUDENTS

The CSDB is statutorily authorized to admit students from other states "...upon payment to the superintendent of such a sum quarterly as the board of trustees determines, to be not less than the total cost per capita of the students for the year immediately preceding the year in which the application is made." [See Section 22-80-110, C.R.S.] The CSDB is not allowed to admit a student from another state, however, to the exclusion of any Colorado resident. Tuition payments are generally used for curriculum, technology, and dorm furniture.

Historically, the CSDB has admitted students from Wyoming who cannot be appropriately served in their home school district. Wyoming does not have a state school to serve children who are deaf and/or blind. Prior to FY 2007-08, the CSDB required Wyoming to pay their students' tuition using federal funds (available under the federal *Individuals with Disabilities Education Act*), which were treated as cash funds exempt and are not subject to the limitation on state fiscal year spending imposed by Section 20 of Article X of the State Constitution ("TABOR"). Beginning in FY 2007-08, the CSDB has been authorized to accept tuition payments from other states for up to four students using state, rather than federal funds. [Apparently Wyoming school districts would prefer to use state funds to pay the tuition for students attending the CSDB, because the State of Wyoming reimburses school districts for 100 percent of their costs of providing special education services to students with disabilities.] This authorization ensures that children from neighboring states can be served at the CSDB (given available space) if it is determined that it is the best setting for the child. Tuition paid with state funds are subject to TABOR.

SUMMER OLYMPICS HOUSING

This line item provides spending authority for the Department to receive fees charged to participating athletes for custodial, maintenance, and security costs associated with housing deaf/blind athletes in summer months.

GRANTS

This line item provides spending authority for the CSDB to receive various federal grants transferred from other line items within the Department. This spending authority excludes amounts related to categorical programs and Medicaid reimbursements for public school health services, as these amounts are now appropriated through separate line items.



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