

Joint Budget Committee Hearing

CDE SPECIFIC HEARING QUESTIONS

December 11, 2009



cde Improving
Academic
Achievement

QUESTION #1

Senate Bill 09-256 contemplates the General Assembly reducing FY 2009-10 appropriations for public school finance by \$110 million through a mid-year supplemental bill [see Section 22-44-119, C.R.S.]. Should the General Assembly consider, instead, modifying the school finance formula to reduce FY 2009-10 state expenditures by \$110 million?

1. Senate Bill 09-256 contemplates the General Assembly reducing FY 2009-10 appropriations for public school finance by \$110 million through a mid-year supplemental bill [see Section 22-44-119, C.R.S.]. Should the General Assembly consider, instead, modifying the school finance formula to reduce FY 2009-10 state expenditures by \$110 million?

The General Assembly may wish to consult Legislative Legal Counsel to determine whether to modify the school finance formula to make reductions for FY2009-10 or to consider the provisions of 22-54-106 (4), C.R.S.:

(4) (a) The general assembly shall make annual appropriations to fund the state's share of the total program of all districts and to fund all institute charter schools.

(b) In the event that the appropriation for the state's share of the total program of all districts, including funding for institute charter schools, under this article for any budget year, as established in the general appropriation act, is not sufficient to fully fund the state's share including funding the institute charter schools, the department of education shall submit a request for a supplemental appropriation in an amount which will fully fund the state's share including funding for institute charter schools. Such request shall be made to the general assembly during the fiscal year in which such underfunding occurs.

(4) (c) If a supplemental appropriation is not made by the general assembly to fully fund the state's share of the total program of all districts including funding for institute charter schools or a supplemental appropriation is made to reduce the state's share of the total program of all districts including funding for institute charter schools, the state aid of each district and the funding for each institute charter school shall be reduced in accordance with the provisions of this paragraph (c). The total program of each district that receives state aid shall be reduced by a percentage determined by dividing the deficit in the appropriation or the reduction in the appropriation, whichever is applicable, by the total program of all districts which receive state aid. The state aid of each district shall be reduced by the amount of the reduction in the district's total program or the amount of state aid, whichever is less. The funding for each institute charter school shall be reduced in proportion to the reduction in the total program of the district from which the institute charter school's funding is withheld. The department of education shall see that the reduction in state aid required by this paragraph (c) is accomplished prior to the end of the budget year.

There may be some inherent issues if a formula modification were to be proposed in the current fiscal year (FY 2009-10) after the start of the Legislative session in January. School Districts are required to certify their mill levies on or before December 15th. Districts are currently completing that process based on the school finance formula currently in place. A formula modification in the current fiscal year (FY 2009-10) could cause some school districts' mill levies to be incorrectly certified. For instance, if a formula modification caused a school district's total program funding to be reduced to a level that the categorical buyout provision became necessary, the district's mill levy may have been set too high as of December 15th and could cause an over-collection of property taxes in the current fiscal year (FY 2009-10).

QUESTION #2

The Department's FY 2010-11 budget request is based on a projected negative rate of change in the Consumer Price Index in CY 2009 (-0.4 percent + 1.0 percent = 0.6 percent increase). Thus, the Governor is proposing treating a negative rate of change in the same manner as a positive rate of change. Please describe how this proposal relates to the constitutional provision in Amendment 23 requiring that base per pupil funding and state funding for categorical programs "grow" in FY 2010-11 by at least the rate of inflation plus one percent.

2. The Department’s FY 2010-11 budget request is based on a projected negative rate of change in the Consumer Price Index in CY 2009 (-0.4 percent + 1.0 percent = 0.6 percent increase). Thus, the Governor is proposing treating a negative rate of change in the same manner as a positive rate of change. Please describe how this proposal relates to the constitutional provision in Amendment 23 requiring that base per pupil funding and state funding for categorical programs “grow” in FY 2010-11 by at least the rate of inflation plus one percent.

Inflation reflects the rate of change in the in the Consumer Price Index. That rate of change can be positive or negative. Tying the funding level of base per pupil funding and categorical programs to the rate of inflation ensures that the actual purchase power of the funds appropriated will remain constant (or grow by one percent in those years where the inflation-plus-one requirement is in place).

Although the Denver-Boulder CPI has historically been a positive figure, when it is negative, such as this year, that figure should be used. Doing so is consistent with the way the term “inflation” has been used in the rare circumstances where the figure has been negative. For example, the annual adjustment for “inflation” under the minimum wage provision of the State constitution resulted in a decrease to the minimum wage for 2010 because the rate of inflation during the relevant period was negative. See Colo. Const. art. XVII, § 15.

Thus, in years such as this one where the rate of inflation is negative, the growth rate under Amendment 23 should be the rate of inflation – -0.6% – plus one percent, for a growth rate of 0.4%. The result should be no different even if the rate of inflation were below -1.0% or were negative in a year where the plus-one-percent requirement was no longer in effect.

In short, Amendment 23 requires that the rate of growth of base per pupil and categorical funding is one percent in excess of the rate of inflation through fiscal year 2010-11 and at the rate of inflation thereafter, and it is entirely consistent with Amendment 23 that such rate of growth is negative in years when that the negative rate of inflation results in a negative rate of growth under the formula set forth in the Amendment.

Historical Denver-Boulder-Greeley CPI:

Year	Change	CPI
2008	3.897%	209.903
2007	2.2%	202.029
2006	3.6%	197.7
2005	2.1%	190.9
2004	0.1%	187.0
2003	1.1%	186.8
2002	1.9%	184.8
2001	4.7%	181.3
2000	4.0%	173.2
1999	2.9%	166.6
1998	2.4%	161.9
1997	3.3%	158.1
1996	3.5%	153.1
1995	4.3%	147.9
1994	4.4%	141.8
1993	4.2%	135.8
1992	3.7%	130.3
1991	3.8%	125.6

Data from Department of Local Affairs Website December 3, 2009.

THIS PAGE INTENTIONALLY LEFT BLANK.

QUESTION #3

Please describe the school finance formula changes that are proposed as part of the Department's FY 2010-11 budget request. Please include an explanation of why changes are proposed to the cost-of-living factor (rather than the size or at-risk factors or other parts of the formula).

3. Please describe the school finance formula changes that are proposed as part of the Department's FY 2010-11 budget request. Please include an explanation of why changes are proposed to the cost-of-living factor (rather than the size or at-risk factors or other parts of the formula).

In the following table, costs are broken down for each of the factors and other components within the school finance formula as projected according to current law for FY2010-11, without any reductions or formula modifications. Then, the same presentation is used for the school finance formula after factor modifications are made.

Cost of Various Components or Factors Within the Public School Finance Formula	FY2010-11 Based on Current Law	Percentage of Total Program	FY2010-11 With Factor Modifications	Percentage of Total Program	Variances Due to Factor Modifications
Total Program Funding	5,793,036,473	100.00%	5,438,295,823	100.00%	(354,740,649.53)
Minimum Funding	13,444,337	0.23%	12,347,387	0.23%	(1,096,950.55)
Cost of Living	921,474,724	15.91%	525,588,971	9.66%	(395,885,752.95)
At-Risk Factor	205,850,438	3.55%	205,850,438	3.79%	0.00
Size Factor	218,861,801	3.78%	218,861,801	4.02%	0.00
Equity Adjustment Factor	-	0.00%	46,947,803	0.86%	46,947,803.47
Online Funding	76,868,246	1.33%	72,162,496	1.33%	(4,705,749.50)
Statewide Base Funding	4,356,536,927	75.20%	4,356,536,927	80.11%	0.00
Statewide Base Per Pupil	5,541		5,541		0.00
Statewide Average Per Pupil	7,261		6,817		(444.66)
Funded Pupil Count w/o Online	786,274.9		786,274.9		
Online Pupil Count	11,505.5		11,505.5		
Total Funded Pupil Count	797,780.4		797,780.4		
At-Risk Pupil Count	248,535.0		248,535.0		

The only single factor that has enough funding to cover the proposed reduction is the cost-of-living factor (see column "FY 2010-11 Based on Current Law", "Cost of Living" amount \$921.5 million). Neither the "At-Risk Factor" amount of \$205.9 million, nor the "Size Factor" amount of \$218.9 million has sufficient funds to make such an adjustment in FY 2010-11.

The school finance formula is quite complicated even without further modifications. There are a significant number of moving parts within the school finance formula, each one having some effect on another. Changing the cost-of-living factor as a single factor modification was done solely for the purpose of simplicity. With the addition of the "Equity Adjustment Factor", any variances in the proportionality related to reductions through the cost-of-living factor adjustment were brought back to an equitable reduction of 6.12% of Total Program Funding for all districts. This reduction is a 4.56% aggregate reduction from the original FY 2009-10 funding level for public school finance.

Is it possible to modify more than one factor? Yes, but it would just add to the confusion and the end result would be the same. As revenue becomes available to restore the factor reduction, it would be easier for the department to explain and others to understand if only one factor was modified.

Methodology Used in Factor Reductions

The proposed formula modification consists of four parts:

- 1) The amount of reduction to be shared by all school districts in the state is determined and a

percentage of reduction is calculated by dividing the amount of reduction to the previously anticipated Total Program as determined by the prior year funding methodology for FY 2010-11.

2) Next, the cost-of-living factor for each district is reduced by the same percentage which results in varying dollar amount reductions ranging from 6.12% to 7.05%, or the percentage required to achieve the necessary percentage of reduction for the district with the lowest cost of living factor from the previously anticipated Total Program amount.

3) The online funding amount is reduced in an equitable manner at 6.12% of the dollar amount, or the percentage necessary to achieve the required reduction percentage.

4) A new factor is created, called an "equity adjustment", that would add back the amount necessary to each school district to limit the amount of the total dollar amount reduction to 6.12%, or the percentage necessary to achieve the required reduction percentage.

QUESTION #4

In connection with the above question, please describe the proposal to require certain school districts to temporarily reduce their mill levies in order to ensure that total program funding is reduced equitably for all school districts. Please include information about which districts are anticipated to be affected and the impact on each district's mill levy and property tax revenues.

4. In connection with the above question, please describe the proposal to require certain school districts to temporarily reduce their mill levies in order to ensure that total program funding is reduced equitably for all school districts. Please include information about which districts are anticipated to be affected and the impact on each district's mill levy and property tax revenues.

There are eight school districts which have 2% or less of their total program funding in FY 2009-10 comprised of state share. Since this request seeks an equitable methodology for reduction of total program funding, these districts will require an adjustment to their mill levy in FY 2010-11.

These adjustments are detailed in the table (on the following page). The goal of this adjustment to these mill levies is for an equitable reduction and is intended to be temporary and expires upon total program amounts returning to a level where the mill levy should ratchet back to its FY 2009-10 level such that the local share resumes financing. This requires a statutory change in the 2010 legislative session to Section 24-54-106, C.R.S. (2009).

There are three sections on the following table. The first section identifies what the previously anticipated total program amounts were calculated to be. The second section describes the total program ending point subsequent to this request and its impact on each local district. The third section describes the change in mill levy required to ensure that this requested reduction is equitable in nature and results in a 4.56% reduction over the FY 2009-10 originally appropriated amounts, which is also the same 6.12% reduction all other districts are projected to realize.

County	District	Previously Anticipated Total Program FY 2010-11	Property Taxes	Specific Ownership Taxes	State Share	Total Program Mill Levy	Categorical Buyout Mill Levy	Total Mill Levy
CLEAR CREEK	CLEAR CREEK	7,010,559.11	6,597,790.53	323,881.00	88,887.58	0.012789	0.000438	0.013227
GRAND	WEST GRAND	3,824,550.93	3,649,344.13	131,474.00	43,732.80	0.013023	0.000345	0.013368
MESA	DEBEQUE	1,872,338.92	1,768,933.45	89,353.00	14,052.47	0.004694	0.000049	0.004743
PARK	PARK	4,343,441.48	3,782,180.12	510,155.00	51,106.36	0.011488	0.000685	0.012173
PITKIN	ASPEN	16,116,538.21	15,440,521.72	510,458.00	165,558.49	0.004632	0.000047	0.004679
RIO BLANCO	MEEKER	5,207,459.91	4,945,406.02	170,721.00	91,332.89	0.008071	0.000000	0.008071
ROUTT	SOUTH ROUTT	3,618,408.50	3,402,211.37	178,231.00	37,966.13	0.020774	0.000667	0.021441
WELD	PAWNEE	1,506,720.45	1,462,333.15	33,781.00	10,606.30	0.015978	0.000732	0.016710

County	District	Total Program Modified FY 2010-11	Property Taxes	Specific Ownership Taxes	State Share	Total Program Mill Levy	Categorical Buyout Mill Levy	Total Mill Levy
CLEAR CREEK	CLEAR CREEK	6,581,262.61	6,135,032.06	323,881.00	122,349.55	0.011892	0.000438	0.011454
GRAND	WEST GRAND	3,590,351.87	3,399,945.66	131,474.00	58,932.21	0.012133	0.000345	0.011788
MESA	DEBEQUE	1,757,684.93	1,650,979.43	89,353.00	17,352.50	0.004381	0.000049	0.004332
PARK	PARK	4,077,467.80	3,499,043.38	510,155.00	68,269.42	0.010628	0.000711	0.009917
PITKIN	ASPEN	15,129,630.69	14,320,483.87	510,458.00	298,688.82	0.004296	0.000047	0.004249
RIO BLANCO	MEEKER	4,888,577.45	4,631,071.57	170,721.00	86,784.88	0.007558	0.000192	0.007366
ROUTT	SOUTH ROUTT	3,396,832.72	3,166,870.19	178,231.00	51,731.53	0.019337	0.000667	0.018670
WELD	PAWNEE	1,414,455.37	1,367,516.70	33,781.00	13,157.67	0.014942	0.000732	0.014210

County	District	Amount of Reduction Due to Formula Modifications Total Program FY 2010-11	Property Taxes	Specific Ownership Taxes	State Share	Total Program Mill Levy Reduction	Categorical Buyout Mill Levy Reduction	Total Program and Categorical Buyout Mill Levy Reduction
CLEAR CREEK	CLEAR CREEK	(429,296.50)	(462,758.47)	0.00	33,461.97	(0.000897)	0.000000	(0.001773)
GRAND	WEST GRAND	(234,199.06)	(249,398.47)	0.00	15,199.41	(0.000890)	0.000000	(0.001580)
MESA	DEBEQUE	(114,653.99)	(117,954.02)	0.00	3,300.03	(0.000313)	0.000000	(0.000411)
PARK	PARK	(265,973.68)	(283,136.74)	0.00	17,163.06	(0.000860)	0.000026	(0.002256)
PITKIN	ASPEN	(986,907.52)	(1,120,037.85)	0.00	133,130.33	(0.000336)	0.000000	(0.000430)
RIO BLANCO	MEEKER	(318,882.46)	(314,334.45)	0.00	(4,548.01)	(0.000513)	0.000192	(0.000705)
ROUTT	SOUTH ROUTT	(221,575.78)	(235,341.18)	0.00	13,765.40	(0.001437)	0.000000	(0.002771)
WELD	PAWNEE	(92,265.08)	(94,816.45)	0.00	2,551.37	(0.001036)	0.000000	(0.002500)

QUESTION #5

Joint Budget Committee Staff recommends that the General Assembly consider modifying the school finance formula to eliminate minimum state aid *[see the issue brief that begins on page 38 of the “FY 2010-11 Staff Budget Briefing” dated December 3, 2009]*. Please describe how the elimination of minimum state aid would affect both total funding and local property tax revenues for specific school districts. Further, would the Department support such a statutory change?

5. **Joint Budget Committee Staff recommends that the General Assembly consider modifying the school finance formula to eliminate minimum state aid [see the issue brief that begins on page 38 of the “FY 2010-11 Staff Budget Briefing” dated December 3, 2009]. Please describe how the elimination of minimum state aid would affect both total funding and local property tax revenues for specific school districts. Further, would the Department support such a statutory change?**

As described by Joint Budget Committee Staff, Section 22-54-106 (1) (b), C.R.S. states that “no district shall receive less in state aid than an amount established by the general assembly in the annual general appropriation act based upon the amount of school lands and mineral lease moneys received pursuant to the provisions of article 41 of Title 22 and section 34-63-102 (2), C.R.S., multiplied by the district’s funded pupil count”. For FY 2009-10 the minimum per pupil state aid is calculated as follows:

Interest/investment earnings on the Permanent Fund that are credited To the State Public School Fund	\$0
Rental income earned on state public school lands that is credited To the State Public School Fund	\$11,000,000
Mineral lease moneys allocated to State Public School Fund	<u>65,000,000</u>
Divided by: Projected statewide funded pupil count (Long Bill)	<u>788,648.3</u>
Minimum per pupil state aid	\$96.37

Below is a listing of school districts that would have slightly higher property taxes and lower state share by the elimination of the minimum state aid amount.

COUNTY	DISTRICT	FY 2010-11 CURRENT LAW				
		TOTAL PROGRAM	PROPERTY TAXES	SPECIFIC OWNERSHIP TAXES	STATE SHARE	MILL LEVY
CLEAR CREEK	CLEAR CREEK	7,010,559.11	6,599,338.22	323,881.00	87,339.89	12.792
GRAND	WEST GRAND	3,824,550.93	3,650,184.80	131,474.00	42,892.13	13.026
MESA	DEBEQUE	1,872,338.92	1,768,933.45	89,353.00	14,052.47	4.694
PARK	PARK	4,343,441.48	3,783,167.81	510,155.00	50,118.67	11.491
PITKIN	ASPEN	16,116,538.21	15,443,855.17	510,458.00	162,225.04	4.633
ROUTT	STEAMBOAT SPRINGS	16,003,791.22	14,738,717.30	1,056,729.00	208,344.92	13.126
ROUTT	SOUTH ROUTT	3,618,408.50	3,402,866.46	178,231.00	37,311.04	20.778
WELD	PAWNEE	1,506,720.45	1,462,516.19	33,781.00	10,423.26	15.980
	TOTAL	54,296,348.82	50,849,579.40	2,834,062.00	612,707.42	

FY 2010-11 ELIMINATE MINIMUM STATE AID (\$94.26 per pupil)						
COUNTY	DISTRICT	TOTAL PROGRAM	PROPERTY TAXES	SPECIFIC OWNERSHIP TAXES	STATE SHARE	MILL LEVY
CLEAR CREEK	CLEAR CREEK	7,010,559.11	6,686,524.60	323,881.00	153.51	12.961
GRAND	WEST GRAND	3,824,550.93	3,693,058.92	131,474.00	18.01	13.179
MESA	DEBEQUE	1,872,338.92	1,782,876.90	89,353.00	109.02	4.731
PARK	PARK	4,343,441.48	3,833,210.58	510,155.00	75.90	11.643
PITKIN	ASPEN	16,116,538.21	15,603,860.57	510,458.00	2,219.64	4.681
	STEAMBOAT					
ROUTT	SPRINGS	16,003,791.22	14,946,447.20	1,056,729.00	615.02	13.311
ROUTT	SOUTH ROUTT	3,618,408.50	3,440,042.83	178,231.00	134.67	21.005
WELD	PAWNEE	1,506,720.45	1,472,858.14	33,781.00	81.31	16.093
TOTAL		54,296,348.82	51,458,879.74	2,834,062.00	3,407.08	

CHANGES DUE TO ELIMINATING MINIMUM STATE AID						
COUNTY	DISTRICT	TOTAL PROGRAM	PROPERTY TAXES	SPECIFIC OWNERSHIP TAXES	STATE SHARE	MILL LEVY
CLEAR CREEK	CLEAR CREEK	0.00	87,186	0.00	(87,186)	0.169
GRAND	WEST GRAND	0.00	42,874	0.00	(42,874)	0.153
MESA	DEBEQUE	0.00	13,943	0.00	(13,943)	0.037
PARK	PARK	0.00	50,043	0.00	(50,043)	0.152
PITKIN	ASPEN	0.00	160,005	0.00	(160,005)	0.048
	STEAMBOAT					
ROUTT	SPRINGS	0.00	207,730	0.00	(207,730)	0.185
ROUTT	SOUTH ROUTT	0.00	37,176	0.00	(37,176)	0.227
WELD	PAWNEE	0.00	10,342	0.00	(10,342)	0.113
TOTAL		0.00	609,300	0.00	(609,300)	

Below are some items to consider if eliminating the minimum state aid.

- 1) The existing funding sources included in the calculation of minimum per pupil state aid will continue to support public school finance as a part of the state share of total program funding which includes monies from the General Fund, State Education Fund and the State Public School Fund.
- 2) There have been various rescissions recently, including "off-the-top" funding for the administration of public school finance that have been calculated with no reduction applied to districts in which the state share consists only of the minimum state aid. The statutory language states "no district shall receive less in state aid than an amount established by the general assembly", we have been unable to withhold funding from those specific districts.
- 3) With the rapid decline of local support and a greater burden placed on the state, eliminating the required per pupil amount of state share for school districts that are otherwise fully funding their total program with property taxes will minimally lessen the decline in mill levies.

QUESTION #6

In light of recent increases in the childhood poverty rate in Colorado, should the General Assembly consider changing the definition of “at-risk” students for purposes of the school finance formula?

6. In light of recent increases in the childhood poverty rate in Colorado, should the General Assembly consider changing the definition of “at-risk” students for purposes of the school finance formula?

The current definition of at-risk pupil count in the school finance formula is:

The number of district pupils whose dominant language is not English plus the greater of:

- (A) The number of district pupils eligible for free lunch; or
- (B) The number of pupils eligible for free lunch in grades one through eight divided by the district pupil enrollment in grades one through eight multiplied by the district pupil enrollment.

The number of district pupils whose dominant language is not English means the number of pupils included in the district pupil enrollment for the preceding budget year who were not eligible for free lunch and:

- (A) Whose scores were not included in calculating school academic performance grades as provided in section 22-7-409 (1.2)(d)(I)(C); or
- (B) Who took an assessment administered pursuant to section 22-7-409 in a language other than English.

Legislative Council provided a report to the General Assembly in January 2000 titled “Study of At-Risk Funding in the School Finance Formula”. Attached are three pages from the report that provides the background of the current at-risk calculation and why the free lunch eligibility was chosen as the proxy for at-risk funding.

Focus was placed on identifying a proxy for the at-risk index that would provide a fair representation of the at-risk population and have data available annually that would be subject to verification. These areas of focus are still important today. The existing definition continues to be one of the most consistent and fair methods of assessing student risk across all school districts. While it may not be 100% accurate, it is likely the most reliable. Analyzing the historical free lunch eligible pupil counts as a percentage of the funded pupil count, the trends are very similar to the recently reported childhood poverty trends. The Colorado Children’s Campaign prepared a report on Childhood Poverty in Colorado that can be found at the following link:

<http://www.coloradokids.org/includes/downloads/countydatareport.pdf>

There are many other data elements that have been suggested as additions to or replacements of the existing definition for “at-risk”.

The addition of pupils eligible for reduced cost lunch for FY2009-10 would add 60,929 or 23% more pupils to the at-risk count, at a cost of approximately \$61,163,538.

Discussions have taken place regarding the “significant family risk factors” within the Colorado Preschool Program as possible indicators of “at-risk”. These factors include:

- (I) Eligible for free or reduced-cost lunch
- (II) Homelessness of the child’s family
- (III) An abusive adult residing in the home of the child
- (IV) Drug or alcohol abuse in the child’s family
- (V) Either parent of the child was less than eighteen years of age and unmarried at the time of the birth of the child
- (VI) The child’s parent or guardian has not successfully completed a high school education or

- its equivalent
- (VII) Frequent relocation by the child's family to new residences
 - (VIII) Poor social skills of the child
 - (IX) Educational background of the child's parents or other family members, including but not limited to the number of years of education, attendance record and academic performance
 - (X) The self-confidence of the child and the ability of the child to take part in social activities

There are a number of reasons why using the CPP eligibility factors as a definition for at-risk in the School Finance Formula would be challenging:

- Many of the risk factors identified for the Colorado Preschool Program are sensitive (drug or alcohol abuse or an abusive adult residing in the home of the child) and parents are reluctant to share this information with school personnel because of the potential legal consequences. Many times CPP staff will discover that these risk factors are present in a child's life after the child has been enrolled for a period of time or when they are referred by another agency.
- The process for determining eligibility is time intensive. In determining eligibility CPP coordinators will do a developmental screening of each child, ask families to complete an enrollment application and complete a face-to-face interview. In the Colorado Preschool Program 2000 Report of the State Auditor this three-point process was recommended to determine eligibility to ensure the children with the greatest need receive this support. This can be burdensome, particularly for larger districts that are verifying eligibility for hundreds of children.
- Some parents or guardians are not truthful about their family circumstances when completing enrollment forms, so CPP coordinators have had to develop systems to verify eligibility that rely on multiple sources of information. This is a challenge when verifying eligibility for a small percentage of the income and would be extremely difficult to accomplish for an entire student body.

The two risk factors used most often to determine CPP eligibility are currently considered in the School Finance Formula: eligibility for free and reduced price meals and language development. In 2008-09, 44.5% of CPP children were eligible because of concerns with language development and almost 80% of the children served in CPP were eligible for free and reduced price meals. Family income is an outcome of many of the other risk factors identified in statute. If a parent hasn't completed high school themselves, they were unmarried teens when the child was born, they are abusing drugs or alcohol, they move frequently or they are homeless then their income will be impacted. Many coordinators report that these additional risk factors tend to accompany low income and that is why CPP children average three or more risk factors.

The following table provides a historic perspective of the "at-risk pupil counts". It includes information related to the addition of the pupils whose dominant language is not English and shows the number of pupils eligible for free lunch. The percentages of change over the prior year for the funded pupil count and the free lunch count are provided, as well as the cumulative change in funded pupil count and free lunch count from FY1995-96 to current.

Multiple Year Review of At-Risk numbers									
Fiscal Year	Funded Pupil Count	At-Risk Pupil count	ELL Count	Free Lunch Count	% of Free Lunch to Funded Pupil Count	% Change Current Year to Prior Year		Cumulative % change from FY 1995-1996	
						Funded Pupil Count	Free Lunch Count	Funded Pupil Count	Free Lunch Count
FY 1995-1996	627,797.1	161,220.1	-	161,220.1	25.68				
FY 1996-1997	644,233.1	163,702.4	-	163,702.4	25.41	2.62	1.54	2.62	1.54
FY 1997-1998	657,494.9	167,491.4	-	167,491.4	25.47	2.06	2.31	4.73	3.89
FY 1998-1999	670,782.0	163,068.1	-	163,068.1	24.31	2.02	(2.64)	6.85	1.15
FY 1999-2000	681,743.1	164,349.8	-	164,349.8	24.11	1.63	0.79	8.59	1.94
FY 2000-2001	693,643.8	163,052.7	-	163,052.7	23.51	1.75	(0.79)	10.49	1.14
FY 2001-2002	707,202.3	173,289.7	1,916.0	171,373.7	24.23	1.95	5.10	12.65	6.30
FY 2002-2003	717,465.2	190,047.8	3,833.0	186,214.8	25.95	1.45	8.66	14.28	15.50
FY 2003-2004	722,979.6	199,466.4	-	199,466.4	27.59	0.77	7.12	15.16	23.72
FY 2004-2005	729,377.2	211,620.8	-	211,620.8	29.01	0.88	6.09	16.18	31.26
FY 2005-2006	741,327.7	229,600.0	4,200.0	225,400.0	30.40	1.64	6.51	18.08	39.81
FY 2006-2007	753,065.2	232,897.4	3,958.0	228,939.4	30.40	1.58	1.57	19.95	42.00
FY 2007-2008	760,884.2	236,145.1	4,806.0	231,339.1	30.40	1.04	1.05	21.20	43.49
FY 2008-2009	778,108.4	242,991.8	4,950.0	238,041.8	30.59	2.26	2.90	23.94	47.65
FY 2009-2010	789,555.6	267,941.9	5,154.0	262,787.9	33.28	1.47	10.40	25.77	63.00
FY 2010-2011 projected	797,780.4	248,535.0	4,543.0	243,992.0	30.58	1.04	(7.15)	27.08	51.34
				17,167.9	2.15				

Note: Pupils taking a CSAP test in a language other than English that had not already been counted as free lunch were included in the At-Risk counts starting in FY2001-02. The ELL counts were suspended for FY 2003-04 and FY2004-05 due to an economic downturn.

Please refer to attached Exhibit A: At-Risk Funding Study Leg Council.

QUESTION #7

Under current law, districts receive a minimum amount of per pupil funding, equal to 95 percent of the statewide average per pupil funding amount as calculated under the formula [see Section 22-54-104 (3.5), C.R.S.]. Please provide data concerning the number of districts affected by this “floor” funding provision. Is the number of affected districts increasing or decreasing? Why?

7. Under current law, districts receive a minimum amount of per pupil funding, equal to 95 percent of the statewide average per pupil funding amount as calculated under the formula [see Section 22-54-104 (3.5), C.R.S.]. Please provide data concerning the number of districts affected by this “floor” funding provision. Is the number of affected districts increasing or decreasing? Why?

FY 2007-08 was the first year the minimum funded school districts (floor districts) received an addition increase in funding to raise minimum funding to 94.3% of the statewide base per pupil funding. Nine school districts received additional funding that was estimated to cost \$6.4 million. Then in FY2008-09, the minimum funding was raised to 95% of the statewide base per pupil funding and six more districts, for a total of fifteen, were at the minimum funding level. For FY2009-10, thirteen of the fifteen districts remained at the minimum, one district fell below the minimum due to an increase in online students (online is funded below the minimum at an online per pupil rate set by the general assembly) and one district’s funding increased due to declining enrollment averaging and an increase in the number of at-risk pupils.

COUNTY	DISTRICT	FY2007-08 FPC	FY2007-08 At-Risk Count	FY2007-08 PPR	FY2008-09 FPC	FY2008-09 At-Risk Count	FY2008-09 PPR	FY2009-10 FPC	FY2009-10 At-Risk Count	FY2009-10 PPR
EL PASO	WIDFIELD	8,003.0	2,218.9	6,279.02	8,005.9	2,307.6	6,529.78	8,322.1	2,751.9	6,872.51
EL PASO	FOUNTAIN	6,179.0	1,523.4	6,279.02	6,470.7	1,761.2	6,529.78	6,953.9	2,140.2	6,872.51
EL PASO	CHEYENNE MTN	4,569.0	429.1	6,278.93	4,510.7	467.0	6,529.78	4,476.4	528.1	6,872.51
EL PASO	ACADEMY	20,277.0	1,250.7	6,284.87	20,824.6	1,508.8	6,529.78	21,382.2	1,830.6	6,872.14
EL PASO	LEWIS-PALMER	5,648.5	300.2	6,311.13	5,647.4	355.1	6,529.78	5,641.3	420.5	6,872.51
EL PASO	FALCON	12,221.5	1,263.7	6,279.02	12,984.3	1,407.0	6,529.78	13,698.0	1,869.2	6,872.51
FREMONT	CANON CITY	3,933.4	1,200.2	6,279.02	3,926.5	1,097.9	6,529.78	3,864.1	1,368.6	6,872.51
LARIMER	POUDRE	24,542.5	4,987.1	6,279.02	24,933.0	5,326.3	6,529.78	25,303.8	6,017.3	6,872.51
LARIMER	THOMPSON	14,418.5	3,421.6	6,279.02	14,486.4	3,561.6	6,529.78	14,491.7	3,401.2	6,872.51
MESA	MESA VALLEY	20,502.0	7,394.8	6,279.02	21,370.8	7,339.9	6,529.78	21,365.1	8,583.7	6,872.51
MOFFAT	MOFFAT	2,249.8	570.4	6,277.23	2,236.5	568.8	6,529.78	2,324.2	685.0	6,872.51
MONTEZUMA	MONTEZUMA	3,052.5	1,433.4	6,350.07	3,021.3	1,351.9	6,529.78	2,928.1	1,434.6	6,899.02
PUEBLO	PUEBLO RURAL	8,382.0	2,208.0	6,279.02	8,516.1	2,082.5	6,529.78	8,563.3	2,327.4	6,872.51
WELD	WINDSOR	3,626.5	426.8	6,279.02	3,751.2	518.3	6,529.78	3,879.3	521.6	6,872.51
WELD	JOHNSTOWN	2,706.0	596.6	6,280.69	2,879.2	613.9	6,529.78	2,938.6	735.9	6,872.51

QUESTION #8

The Committee understands that the Interim Committee to Study School Finance is proposing a bill to require the Department to study the development and implementation of a system to provide per pupil funding based on average daily attendance rather than a single count date. Please describe how such a system would work. Further, please indicate what impact such a system might have on the total number of funded students (and thus total state and local funding).

- 8. The Committee understands that the Interim Committee to Study School Finance is proposing a bill to require the Department to study the development and implementation of a system to provide per pupil funding based on average daily attendance rather than a single count date. Please describe how such a system would work. Further, please indicate what impact such a system might have on the total number of funded students (and thus total state and local funding).**

Bill H, proposed by the Interim Committee on School Finance allows the department to use moneys from the federal race to the top fund, other federal funding, gifts, grants or donations to cover a study to evaluate the feasibility, design and impact of a system to determine pupil enrollment based on average number of days that each pupil is enrolled in school during the school year (average daily membership). The question asked was in relation to average daily attendance. There is a significant difference between average daily attendance (ADA) and average daily membership (ADM).

Average Daily Membership takes into account students enrolling and withdrawing throughout the school year and identifies the number of days each child was enrolled in comparison to the number of days a child could possibly be enrolled in a school year.

Average Daily Attendance takes into account the number of days in attendance compared to the number of days a student could possibly attend. School districts must hire staff based on enrollment trends, not the number of days students are in attendance.

The study is intended to determine how such a system would work and what the funding impact would be. The department would prefer to wait for the study to answer such questions.

QUESTION #9

Background Information: *In 1982, the General Assembly referred a property tax reform measure to the voters which included a provision (generally called the “Gallagher amendment”) which initially reduced the residential assessment rate (RAR) from 30 percent to 21 percent, and capped the residential share of property taxes (which has caused the RAR to continue to decrease over time). In 1988, the General Assembly established a uniform school finance mill levy, requiring most districts to levy 40.080 mills. Since 1988, school district mill levies have decreased. Please provide the following information to quantify the financial impact decreases in both the RAR and mill levies have had on state funding for school finance:*

- a. How much more property tax revenue would school districts collect for total program if the RAR was still 30 percent?
- b. How much more property tax revenue would school districts collect for total program if the State still had a uniform mill levy of 40.080?
- c. How much more property tax revenue would school district collect for total program if the RAR was still at 30 percent AND the State still had a uniform mill levy of 40.080 mills?

9. **Background Information:** *In 1982, the General Assembly referred a property tax reform measure to the voters which included a provision (generally called the “Gallagher amendment”) which initially reduced the residential assessment rate (RAR) from 30 percent to 21 percent, and capped the residential share of property taxes (which has caused the RAR to continue to decrease over time). In 1988, the General Assembly established a uniform school finance mill levy, requiring most districts to levy 40.080 mills. Since 1988, school district mill levies have decreased. Please provide the following information to quantify the financial impact decreases in both the RAR and mill levies have had on state funding for school finance:*

a. **How much more property tax revenue would school districts collect for total program if the RAR was still 30 percent?**

This calculation started with the FY 2009-10 Public School Finance formula based on current law, with no adjustments made for rescissions or any other modifications, and changed only the assessed valuation amounts for each district that includes “residential assessed valuation” at 30% rather than 7.96%. All other classes of assessed valuation remained the same.

The additional property taxes that would be generated with the “residential assessment rate” of 30% rather than the current 7.96% are estimated to be approximately \$1,786,273,629. Also, approximately \$33,724,239 in categorical buyout property tax revenue would be generated.

The percentage of total program provided by property taxes would change from 34% to 65% and state share from 63% to 32%, with 3% from specific ownership taxes.

b. **How much more property tax revenue would school districts collect for total program if the State still had a uniform mill levy of 40.080?**

This calculation started with the FY 2009-10 Public School Finance formula based on current law, with no adjustments made for rescissions or any other modifications. The assessed valuation remained unchanged, with the residential assessment rate of 7.96%. Each district’s mill levy was calculated to be a uniform 40.08 mills except for districts with higher assessed valuations. For those districts, a mill levy was calculated to generate property taxes that fully funded the amount of their Total Program funding minus specific ownership taxes and the amount of minimum state aid required by statute.

The additional property taxes that would be generated due to a uniform mill levy of 40.080 mills, or the mill levy to fully fund the district’s total program are approximately \$1,126,867,256. Also, approximately \$19,569,376 in additional categorical buyout property tax revenue would be generated.

The percentage of total program provided by property taxes would change from 34% to 54% and state share from 63% to 43%, with 3% from specific ownership taxes.

c. **How much more property tax revenue would school district collect for total program if the RAR was still at 30 percent AND the State still had a uniform mill levy of 40.080 mills?**

This calculation started with the FY 2009-10 Public School Finance formula based on current law, with no adjustments made for rescissions or any other modifications. The assessed valuation was changed to incorporate a residential assessment rate of 30%. Each district’s mill levy was also calculated to be a uniform 40.08 mills except for districts with higher assessed valuations. For those districts, a mill levy was calculated to

generate property taxes that fully funded the amount of their Total Program funding minus specific ownership taxes and the amount of minimum state aid required by statute.

The additional property taxes that would be generated due to a uniform mill levy of 40.080 mills or the mill levy to fully fund the district's total program AND a change in the residential assessment rate to 30% are approximately \$2,971,193,800. Also, approximately \$128,005,903 in additional categorical buyout property tax revenue would be generated.

The percentage of total program provided by property taxes would change from 34% to 86% and state share from 63% to 11%, with 3% from specific ownership taxes.

Please refer to attached Exhibits C, D and E.

QUESTION #10

Please provide information about school districts' specific ownership tax revenues. Specifically, please provide the amount of specific ownership tax revenues collected for total program in recent fiscal years, and projections for FY 2010-11.

10. Please provide information about school districts' specific ownership tax revenues. Specifically, please provide the amount of specific ownership tax revenues collected for total program in recent fiscal years, and projections for FY 2010-11.

Following is a section of the Legislative Council Memorandum on Public School Finance- January 30, 2009.

Specific ownership taxes

In addition to property taxes, the local contribution includes specific ownership taxes. Specific ownership taxes are paid annually on motor vehicles instead of property taxes. Counties collect most specific ownership taxes and distribute them to all governments in the county that collect property taxes, like school districts and special districts. By law, counties distribute specific ownership tax revenue to governments in proportion to the amount of property taxes collected by each. Specific ownership taxes make up about 8 percent of the local contribution to school finance funding.

Specific ownership taxes had been a declining source of revenue to fund the school finance act earlier in the decade. It appeared that the decline in revenue was attributable to several factors: the recession and increase in gas prices that affected automobile sales and the types of cars purchased and led to lower rates of growth in specific ownership tax collections statewide; the decrease in the proportion of total property taxes collected by school districts; and, within school district property taxes, the decrease in the proportion of property taxes that are directed to the school finance act. The change in the method of calculating school district mill levies for school finance purposes, implemented in FY 2007-08, is expected to stem the slide in specific ownership taxes for school finance. In fact, specific ownership taxes that fund school finance increased slightly in the last two years. Although only one year of history is available on the change in the mill levy calculation, it shows a stabilization of the proportion of statewide property taxes collected by school districts and an increase of one percentage point in the proportion of property taxes that fund the school finance act.

Specific ownership tax rates are set by state law and decrease as a vehicle ages. For example, in 2007, the average specific ownership tax paid on a 2006 model-year passenger vehicle was \$349. The tax for a vehicle that is more than ten years old is \$3. In 2007, model-year 2004 and newer vehicles accounted for about 69 percent of taxes paid on passenger vehicles but 24 percent of registered vehicles. Thus, increases in specific ownership tax collections are sensitive to purchases of new vehicles. The media has widely reported on the national decline in sales of motor vehicles this year. In Colorado, sales of motor vehicles and auto parts are down 18 percent from July through October 2008, compared to the same period a year earlier.

Specific ownership tax receipts applied to the school finance act are one year behind revenue collections; that is, specific ownership taxes collected now in FY 2008-09 count as part of the local contribution for school finance funding in FY 2009-10. A survey of large school districts on collections of specific ownership tax collections thus far this budget year revealed declines ranging from five percent to 11 percent. As a result, we have reduced the projection for specific ownership taxes applied to the school finance act.

The actual amount of specific ownership taxes collected in FY2008-09 for use in FY2009-10 total approximately \$148,422,515, about \$400,000 less than projected.

See Exhibit B for a "Five Year History of Specific Ownership Used in Public School Finance."

QUESTION #11

Please provide information about school district audit recoveries credited to the State Public School Fund. Specifically, please provide the amount collected in recent fiscal years, as well as projections for FY 2010-11 based on audits performed to date.

11. Please provide information about school district audit recoveries credited to the State Public School Fund. Specifically, please provide the amount collected in recent fiscal years, as well as projections for FY 2010-11 based on audits performed to date.

The amount of revenues credited to the public School fund based on audit recoveries follows:

FY 2005-06 = \$4,586,228

FY 2006-07 = \$8,951,232

FY 2007-08 = \$4,559,902

FY 2008-09 = \$6,902,784

For the current fiscal year 2009-10, based on audits completed and recorded in COFRS, the audit recovery revenue is \$4,326,004. It is impossible to estimate future audit recoveries.

QUESTION #12

In a formal letter to staff from CDE officials, staff was informed that the following questions could not yet be answered. The questions were as follows:

- a. Will Colorado secure Race to the Top funding in round one (and if so how will that affect this work)?
- b. What is the total cost for a revised state assessment system (as well as separate costs for each design element)?
- c. How will the revised system be funded?

Please provide justification as to why these questions can not be answered. However, if updated information is available, which in part answers one or all of these questions, please answer to the best of your ability.

12. In a formal letter to staff from CDE officials, staff was informed that the following questions could not yet be answered. The questions were as follows:

a) Will Colorado secure Race to the Top funding in round one (and if so how will that affect this work)?

We are applying in round one; our success is unknown at this time.

b) What is the total cost for a revised state assessment system (as well as separate costs for each design element)?

The November 20th memo to Bernie Gallagher of JBC is the first estimate of costs. (Attached) The estimate assumed an online structure for common and rapid reporting for formative, summative, post-secondary and workforce readiness and school readiness. Additionally, each requires accommodations for special populations with significant learning disabilities and English Language Learners.

c) How will the revised system be funded?

Possibly with a combination of federal and state funds.

Please provide justification as to why these questions can not be answered. However, if updated information is available, which in part answers one or all of these questions, please answer to the best of your ability.

Assessment structure has not yet been selected (due December 2010 and cost studies have not yet been conducted. Note current structure of cost study is problematic given that it is broken into three parts each with \$50,000 available in installments. To be more precise, the Race to the Top competition affects the final state contribution and the dimension of innovation and structure of a new statewide assessment system. Additionally, the protocol of enlisting higher education, business, early childhood, and K-12 educators in a transparent process of designing the components is proceeding and this will conclude in spring of 2010.

QUESTION #13

The Department estimates that the launching of the next generation standards and assessments system would cost approximately \$80 million. How does the Department intend to finance this standards and assessments system?

13. The Department estimates that the launching of the next generation standards and assessments system would cost approximately \$80 million. How does the Department intend to finance this standards and assessments system?

This is unknown at this time. Please see the Fiscal Note for Senate Bill 08-212 dated July 22, 2008 prepared by legislative staff for out years costs.

Out year costs. Fiscally, the cost of creating and implementing the preschool through 8th grade assessments is the greatest unknown of this bill. Generally, this cost will depend on the answers to these questions:

- ▶ will the assessments be in addition to the current CSAP;
- ▶ will assessments be created for Colorado specifically, will they be preexisting products, or will there be some combination of these two;
- ▶ how many different and new tests will be created for school readiness and for postsecondary and workforce readiness; and
- ▶ to what extent can current assessments be used or adapted for use?

Currently, the state spends approximately \$18.0 million per year for the CSAP and CSAPA. Should the state adopt assessments such as the ACT products mentioned in this fiscal note, 9th and 10th grade assessment costs may be reduced.

QUESTION #14

Please provide the estimated out-year costs to school districts and administrative units to implement the provisions of S.B. 08-212, by fiscal year.

14. Please provide the estimated out-year costs to school districts and administrative units to implement the provisions of S.B. 08-212, by fiscal year.

This information is not yet available. (See response to question 12 above.) The intent of the cost study is to determine the predicted and actual costs to implement standards and assessment per SB212 for both districts and state. The first report will be submitted in March 2010 regarding the costs to implement standards.

QUESTION #15

Is the estimated cost for the next generation standards and assessments system (\$80 million) a one-time expenditure, or an ongoing cost? Does the Department anticipate the cost decreasing over time? If yes, why and how?

- 15. Is the estimated cost for the next generation standards and assessments system (\$80 million) a one-time expenditure, or an ongoing cost? Does the Department anticipate the cost decreasing over time? If yes, why and how?**

This would be a one-time cost, with a substantially lower ongoing annual cost. The premise is that the infrastructure to build highly secure online assessment technologies would, over time, greatly reduce paper, mailing, scoring and reporting costs.

QUESTION #16

How will the next generation standards and assessments system align with the requirements of No Child Left Behind (NCLB)?

16. How will the next generation standards and assessments system align with the requirements of No Child Left Behind (NCLB)?

NCLB is likely to be reauthorized during the next year. We are building this next generation system to align with such features as universal design, standards alignment, skill-based questions and special population requirements.

QUESTION #17

One of the proposed design features that the next generation assessment system would include is artificial intelligence-aided scoring of open-ended test items. Is the Department aware of any successful applications of this design feature in other states' assessment systems? If so, please list which states have this functionality that the new system is being modeled after.

- 17. One of the proposed design features that the next generation assessment system would include is artificial intelligence-aided scoring of open-ended test items. Is the Department aware of any successful applications of this design feature in other states' assessment systems? If so, please list which states have this functionality that the new system is being modeled after.**

The artificial intelligence scoring is being piloted and used on low stake assessments. Many states are working to incorporate this type of functionality into their state assessment system and several have online multiple choice scoring. Artificial intelligence scoring of open ended writing is evolving.

QUESTION #18

Regarding the next generation standards and assessments system, has the Governor's Office of Information Technology been involved in discussions related to the development and implementation of this new system? If not, why not? Further, is it known if the new system would be rolled-out at a single point in time, or phased in? If phased-in, please provide as much detail related to the phase-in as is possible at this time.

- 18. Regarding the next generation standards and assessments system, has the Governor's Office of Information Technology been involved in discussions related to the development and implementation of this new system? If not, why not? Further, is it known if the new system would be rolled-out at a single point in time, or phased in? If phased-in, please provide as much detail related to the phase-in as is possible at this time.**

Yes. The platform that would deliver the new standards and assessments is the subject of Colorado's \$17.5 million State Longitudinal Data Systems grant application to the USDOE. OIT was heavily involved in that application. OIT will also be involved in the Race to the Top application, which also includes funding for the platform to deliver the new standards and assessments. At this point in time, SB212 calls for the assessment system to be in place by spring of 2012. The phasing in of an assessment system could be conversation but the new state standards will have been adopted since December 2009 and a two-plus year transition might be as far out as teacher professional development could withhold.

QUESTION #19

The General Assembly, through S.B. 08-212, has directed the Department to revise state content standards to incorporate 21st century skills, be internationally competitive, and reflect postsecondary and workforce readiness. It appears that implementation of the revised standards and the associated assessment system, as well as the provision of support for educators to effectively teach to the new standards, will require a significant increase in funding. At the same time, due to a significant revenue shortfall, the General Assembly is asked to consider making statutory changes to reduce state funding for school finance in FY 2010-11. In addition, a complaint filed in 2005 alleges that Colorado's current system of funding public schools is unconstitutional because it fails to provide the resources necessary to meet the existing "qualitative" mandates in state and federal law. How does the Department propose that we address the gap between our existing system of funding public schools and the aspirations reflected in the updated model content standards?

19. ***The General Assembly, through S.B. 08-212, has directed the Department to revise state content standards to incorporate 21st century skills, be internationally competitive, and reflect postsecondary and workforce readiness. It appears that implementation of the revised standards and the associated assessment system, as well as the provision of support for educators to effectively teach to the new standards, will require a significant increase in funding. At the same time, due to a significant revenue shortfall, the General Assembly is asked to consider making statutory changes to reduce state funding for school finance in FY 2010-11. In addition, a complaint filed in 2005 alleges that Colorado's current system of funding public schools is unconstitutional because it fails to provide the resources necessary to meet the existing "qualitative" mandates in state and federal law. How does the Department propose that we address the gap between our existing system of funding public schools and the aspirations reflected in the updated model content standards?***

A combination of new state and federal resources will likely be necessary to fund the system we are statutorily intended to deliver and support on an ongoing basis.

QUESTION #20

In a tabular format, please furnish the amount of ARRA moneys, by ARRA fund source or type, that have been awarded, and the amount distributed. If possible, please do so by district and by aggregate.

20. In a tabular format, please furnish the amount of ARRA moneys, by ARRA fund source or type, that have been awarded, and the amount distributed. If possible, please do so by district and by aggregate.

The grants information requested in tabular format is located at Exhibit F.

QUESTION #21

Please describe the application process for ARRA funds used by districts and administrative units.

21. Please describe the application process for ARRA funds used by districts and administrative units.

The department elected to use its existing federal grant application processes for ARRA funds used by districts and administrative units. Generally the process is as follows:

- Districts and administrative units submit an application for the department's review.
- The department reviews district and administrative unit applications.
- Usually, it is necessary for districts and administrative units to revise their applications in response to questions or concerns from the department.
- Due to the additional requirements and expectations of the ARRA grants, more changes to and technical support for these grant applications has been necessary increasing the workload both for districts/administrative units and the department.
- Once approved, districts and administrative units are notified of the approval and they may begin requesting funds for expenditures incurred on the grants.

QUESTION #22

Please furnish a list of approved uses that the federal ARRA moneys can be applied. What are the implications of funding personnel with ARRA moneys when the moneys are discontinued? Will districts and administrative units fund at the same level?

22. Please furnish a list of approved uses that the federal ARRA moneys can be applied. What are the implications of funding personnel with ARRA moneys when the moneys are discontinued? Will districts and administrative units fund at the same level?

a. The U.S. Department of Education has not developed a comprehensive list of approved uses for ARRA moneys, largely because the uses must be consistent with the regular programs under which they are authorized such as Title I-A, IDEA,(remove ,) and Homeless Education. However, the U.S. Department of Education has issued extensive guidance that CDE has provided access to and incorporated in to its guidance to districts. In a September 2, 2009, document entitled: "Using Title I, Part A ARRA Funds for Grants to Local Education Agencies to Strengthen Education, Drive Reform and Improve Results for Students" the U.S. Department of Education provides useful guidance on how to utilize Title I-A stimulus funds. A similar document for IDEA: "American Recovery and Reinvestment Act of 2009: Using ARRA Funds Provided Through Part B of the *Individuals with Disabilities Education Act (IDEA)* to Drive School Reform and Improvement offers guidance for IDEA ARRA grants. Some examples of recommended uses of funds are:

i. Title I-A:

1. Establishing systems for identifying and training highly effective teachers.
2. Hiring and using reading or mathematics coaches to provide professional development to teachers in Title I programs.
3. Using longitudinal data systems to drive continuous improvement efforts.
4. Strengthen and expand early childhood education by providing resources to align a district-wide Title I pre-K program with state early learning standards and state content standards for grades K-3 and, if there is a plan for sustainability beyond 2010-11, expanding high-quality Title I pre-K programs to larger numbers of young children.

ii. IDEA Part B:

1. Purchasing technology hardware and software consistent with the LEA's established technology integration plans to improve achievement for students with disabilities and to increase their access to the curriculum.
 2. Providing professional development and technical assistance to special education staff, including those in high-need LEAs, regarding the purchase and use of instructional technology.
 3. Provide intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities.
 4. Hire transition coordinators to work with employers in the community to develop job placement for youths with disabilities.
- b. The implications of funding staff out of ARRA dollars when these grants are discontinued are hard to measure currently. As a short term resolution to keep critical staff in place, ARRA is ideal. However, districts and administrative units run a risk of hitting the 'funding cliff' where revenues fall off, but expenditures continue, if too many permanent staff are placed on stimulus grants. One strategy to avoid the funding cliff, but meet the expectations of job creation is to contract rather than employ staff on ARRA funds. Another option is to ensure job postings for stimulus positions states that that the positions are only for the duration of the grant.
- c. In the absence of an alternative funding source it is unlikely districts and administrative units will be able to fund at the same level. As the U.S. Department of Education points

out in its Fact Sheet for Title I-A stimulus: "Because the recovery funds constitute a large increase in Title I, Part A funding that will likely not be available at the same level beyond Sept. 30, 2011", LEAs and schools should focus the moneys on activities that will not require the same level of funding once these grants have been expended.

QUESTION #23

In instances where administrative units and districts are applying for Federal ARRA moneys for Title I and Special Education for the purposes of innovative programs, please furnish an example or examples of such innovative application(s) of ARRA moneys for these purposes.

23. In instances where administrative units and districts are applying for Federal ARRA moneys for Title I and Special Education for the purposes of innovative programs, please furnish an example or examples of such innovative application(s) of ARRA moneys for these purposes.

Title IA ARRA funds have been budgeted primarily in three areas:

1. Additional funds to current Title I schools.
2. Funds to support schools previously un-served by Title I funds.
3. District-level initiatives with Title I schools.

An example of an innovative use of Title I ARRA funds:

Adams 12 Five Star Schools is a district that is conducting a district-wide initiative with its Title IA ARRA funds. The district is using its set aside for Corrective Action to support a comprehensive professional development plan in the area of English Language Learners (ELL). The rest of the funds will be supporting ELL coaches in its Title IA schools. The district has been seeking for some time the funds necessary to improve the quality of instruction for ELLs and now is able to move towards reaching this goal.

IDEA ARRA funds are used, in approximately half of the Administrative Units (AU's) in the state, to reduce the local funds used to support those programs. Overall, administrative units are using IDEA ARRA funds to purchase math and reading curriculum designed for students with disabilities to decrease the achievement gap for this population of students.

QUESTION #24

Please provide an overview of the Race to the Top Grant program. In addition, please outline any applicable time lines and phases involved with the granting process. In addition provide federal guidance specifics about how these moneys must be managed once received (distribution of funds, restrictions related to supplantation). Can these moneys be used for existing programs or for new and innovative programs? Is there a unique relationship between Race to the Top Grant funds and Title I funding?

- 24. Please provide an overview of the Race to the Top Grant program. In addition, please outline any applicable time lines and phases involved with the granting process. In addition provide federal guidance specifics about how these moneys must be managed once received (distribution of funds, restrictions related to supplantation). Can these moneys be used for existing programs or for new and innovative programs? Is there a unique relationship between Race to the Top Grant funds and Title I funding?**

Race to the Top is \$4.35 billion competitive grant program created in the ARRA legislation:

Its primary purpose is to make substantial investments in a limited number of states that have proposed comprehensive statewide ambitious but achievable plans for making substantial improvements in student achievement overall and for closing gaps in achievement among subgroups of student populations. Phase I proposals are due January 19, 2010 with awards to be announced in April 2010. Phase II applications may be submitted in June 2010 and winners announced in September 2010. Awards may be expended over a 4 year period. 50% of funds must be distributed to Participating LEAs in accordance with their relative share of Title I funding; however these are NOT Title I funds and must be expended in accordance with the state plan and in accordance with the Scope of Work that each Participating LEA agrees to. Unlike most of the other funds appropriated under ARRA, Race to the Top funds are not intended to be used to simply maintain existing programs. There is an explicit prohibition on the funds being used to pay for state summative assessments as the separate Race to the Top Assessments competition is intended to support the cost of developing and implementing such assessments. In Colorado, we anticipate the state plan to be used to substantially accelerate progress on the policy direction already put into place by the General Assembly (i.e. CAP4K, SB 163, Educator ID bill, Colorado Growth Model, and more).

Following are some excerpts of relevant portions of the FAQ released on RTT:

States and their participating LEAs that receive funds under Race to the Top are accountable for meeting the goals, timelines, budgets, and annual targets established in the States' applications. States must adhere to a fund drawdown schedule that is tied to meeting these goals, timelines, budgets, and annual targets. The Department will review each State's performance against these goals, timelines, budgets, and annual targets through (at a minimum) annual reports and ongoing dialogue.

A State receiving Race to the Top funds must submit to the Department an annual report that must include, in addition to the standard elements, a description of the State's and its participating LEAs' progress to date on their goals, timelines, and budgets, as well as actual performance compared to the annual targets the State established in its application with respect to each performance measure. For more details, see the Reporting requirement published in both notices.

A State that receives Race to the Top funds must also meet the reporting requirements that apply to all ARRA-funded programs. Specifically, the State must submit reports, within 10 days after the end of each calendar quarter, that contain the information required under section 1512(c) of the ARRA in accordance with any guidance issued by the Office of Management and Budget or the Department (ARRA Division A, Section 1512(c)). Guidance for section 1512 quarterly reports is available at <http://www.ed.gov/policy/gen/leg/recovery/section-1512.html>.

In addition, for each year of the program, the State will submit a report to the Secretary, as required by section 14008 of the ARRA, at such time and in such manner as the Secretary may require, that describes:

QUESTION #25

For FY 2009-10, the General Assembly did not increase state funding for Special Education - Children with Disabilities due to the anticipated availability of ARRA funds. However only a small amount of ARRA moneys has been distributed to districts to date. Please discuss the anticipated timing of these ARRA distributions and the impact on districts' ability to provide special education services in FY 2009-10.

25. For FY 2009-10, the General Assembly did not increase state funding for Special Education - Children with Disabilities due to the anticipated availability of ARRA funds. However only a small amount of ARRA moneys has been distributed to districts to date. Please discuss the anticipated timing of these ARRA distributions and the impact on districts' ability to provide special education services in FY 2009-10.

The timing of distributions is a function of several factors such as:

- The need to finalize the federal and state reporting process. While funds have been available since April or May of 2009, reporting requirements were not fully developed or available until September of this year; therefore the systems to capture the reporting were also not available until September.
- The department has required administrative units to submit the reporting required under Section 1512 of ARRA with requests for reimbursement to ensure that when moneys are distributed, the Department will be able to provide the information associated with those expenditures, so the reporting mechanism had to be in place prior to reimbursing district costs for Fiscal Year 2009-10.
- The need to simultaneously plan and implement the programs under the stimulus act has resulted in some delay of distributions as the department works administrative units to finalize new plans and activities that are designed to meet the requirements of the act.
- The volume of IDEA applications submitted to the department has doubled, and, while the department has geared up in an effort to accommodate the increase in volume, this has affected how quickly applications are reviewed and approved.

A review of administrative unit expenditures of regular IDEA funds, show that those programs are expending slightly more than they were at this same time last year, so, in the short term, special education services should not be affected by the timing of expenditures of ARRA funds. Moreover, administrative units can obligate funds starting July 1, 2009, which should allow them to provide services for which they will be reimbursed. Finally, the department has also requested that administrative units that are experiencing cash flow difficulties due to unreimbursed ARRA activities contact the department, so that those requests can be more quickly fulfilled.

QUESTION #26

Does the Department have Colorado-specific data correlating certain judicial or school district practices or programs with decreases in the student dropout rate (or a reduction in truancy)?

26. Does the Department have Colorado-specific data correlating certain judicial or school district practices or programs with decreases in the student dropout rate (or a reduction in truancy)?

The Colorado Department of Education collects data to calculate the state's dropout rate, but does not routinely analyze decreases in this rate. However, there are efforts underway by the CDE Data Services Unit to analyze the dropout data and that report is scheduled to be completed by March 2010.

In terms of truancy reduction, the Colorado Department of Education collects incidences of unexcused absences and in 2009-10 will collect data on the number of truant students. In addition, there is data collected from districts and schools that receive funding from the Expelled and At Risk Student Services (EARSS) Grant Program. The EARSS program was established by state legislation in 1996, to assist in providing educational and supportive services to expelled students and those identified as "at-risk of expulsion." "At-risk" in this context is defined by districts and may include students who are habitually truant and/or habitually disruptive. This year the state legislature allocated \$7.3 million for the grant program, which included over \$500,000 in funds to support reducing truancy court referrals. Across the state, judges have started alternatives to court programs and court interventions to address the reasons for students' truancy. This suggests that judges recognize that court hearings alone do not lead to improved attendance, but strategies that address student and family needs have positive results.

EARSS evaluation results from 2008-09 showed that of the 7,581 at-risk students participating in a funded program, 39% were identified at-risk because of behavior related to truancy and 79% of the grantees reported improvement in student attendance. Sites reported that the most effective strategies in working with their students included: credit recovery, wraparound case management, character education and positive staff-student mentoring and relationships.

QUESTION #27

Does the Department have any comments on the use of incentives and disincentives to address truancy? For example, would a policy of tying a student's cell phone use to school attendance have a positive impact?

27. Does the Department have any comments on the use of incentives and disincentives to address truancy? For example, would a policy of tying a student's cell phone use to school attendance have a positive impact?

The evidence suggests that the use of dis-incentives and punitive action are not effective to facilitate and encourage good attendance and student engagement. Several states have taken a punitive approach and have had mixed results. In terms of taking away cell phones, we do not know the ramifications or unintended consequences of this practice. Some Colorado districts are experimenting with taking away cell phones as punishment and we can learn from their experience.

The Office of Dropout Prevention and Student Engagement at the Colorado Department of Education is currently researching the use of incentives to stay in school and maintain good attendance. According to the Education Commission of the States, nationally schools are taking diverse approaches to improve high school graduation rates/reduce dropout rates. Some approaches focus on early warning systems to intervene based on course failures, truancy and high rate of discipline referrals.

In Colorado, we are not tracking the use of incentives statewide but anecdotally there are reports of this practice. Examples: Positive Behavior Support implementation includes the use of incentives and some schools reward good attendance or good behavior with gift certificates, money and/or homework passes.

QUESTION #28

In 2006, the General Assembly increased the age requirement for compulsory school attendance from 16 to 17. Has this change increased the number truancy cases filed by school districts? Has it impacted school districts' policies or practices in other ways?

28. **In 2006, the General Assembly increased the age requirement for compulsory school attendance from 16 to 17. Has this change increased the number truancy cases filed by school districts? Has it impacted school districts' policies or practices in other ways?**

The Data Services Unit will be conducting an analysis in March 2010 as to whether or not changing the compulsory education age from 16 to 17 has made a difference in the dropout rate (policy). There is evidence, however, that the increase in age in Colorado may have had an effect, as the number of dropout decreased from 18,000 students in 2006-07 to 15,000 in 2007-08.

The increase in age did not seem to impact truancy court filings in Colorado, as overall, these filings decreased in 2009. This information is based on data from the Office of the Child's Representative.

QUESTION #29

Is the Department looking at reducing childhood obesity, especially among the poor? What are they doing to decrease it?

29. Is the Department looking at reducing childhood obesity, especially among the poor? What are they doing to decrease it?

The department has many efforts that help to reduce childhood obesity:

The Nutrition Unit provides the following programs and services:

- Fresh Fruit and Vegetable Program: Available to schools with a Free and Reduced percentage over 50%, provides fresh fruits and vegetables and nutrition education to students outside of breakfast and lunch. This program was created to encourage healthy consumption of fruits and vegetables.
- Vending Machines and Al Carte Sales: The Department monitors the type of foods that can be sold in vending machines and as Al Carte during meal service
- Competitive Foods policy: no foods can be sold in competition (at the same time) with any Child Nutrition Program
- Wellness Policy: each District is required to have a wellness policy, encourages overall health and wellness of the school environment
- Schools have the option to offer breakfast, individuals who eat breakfast eat healthier throughout the day
- Healthy Beverage Policy: new as of July 1, 2009, limits the type and portion size of beverages that can be sold on school property

Prevention Initiatives administer four grants that address childhood obesity:

- CDC funding for Coordinated School Health \$410,000 for state infrastructure and statewide professional development for teachers
- Colorado Health Foundation funding for Coordinated School Health \$658,000 for 5 large school districts and statewide professional development
- State funding of \$600,000 for Student Wellness Programs for 10 medium and small districts for Coordinated School Health
- State funding for Comprehensive Health Education of \$300,000 includes nutrition education.

Coordinated School Health creates school-level "school health teams" to address improved nutrition (lunchroom, vending, snacks, fundraisers, parties, after school activities, and nutrition education) and PE and physical activity (in classrooms, after school). The emphasis on this work is for policy change.

QUESTION #30

Does the school breakfast and lunch program promote obesity, given the nutritional content of the foods served? How can we have both a hunger problem and an obesity problem?

30. Does the school breakfast and lunch program promote obesity, given the nutritional content of the foods served? How can we have both a hunger problem and an obesity problem?

No, the school breakfast and lunch programs do not promote obesity as Districts must follow the USDA guidelines for nutritional content, which are reviewed periodically by the Institute of Medicine.

The department monitors the nutritional content of meals:

Colorado has set additional recommendations for nutrients that are not regulated by the USDA (Sodium, Fiber and Cholesterol)

The department monitors the Districts by completing a nutrient analysis of their menus when the District's Coordinated Review effort is conducted.

Studies show that participation in federal nutrition programs can combat both hunger and obesity. Hunger and obesity, in many instances, can be linked to low income. Households with limited income tend to purchase foods that are higher in calories and cheaper than the healthier alternative. While these items may be higher in calories they are missing vital nutrients that contribute to a healthy diet.