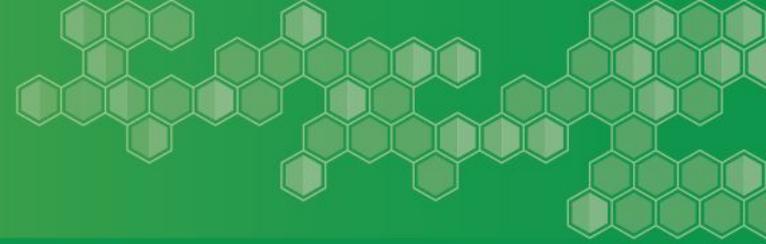


FPP Meeting March 25, 2021



Legislative Updates for School Finance

School Finance Historical Recap

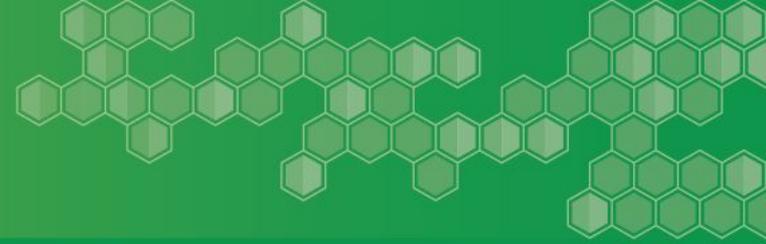


- 2018-19
 - Budget Stabilization Factor = \$672.4M (-\$150M)
 - Average Per Pupil Funding = \$8,137 (+\$475)
 - Total Program = \$7.08B (+\$450M)
- 2019-20
 - Budget Stabilization Factor = \$572.4M (-\$100M)
 - Average Per Pupil Funding = \$8,489 (+\$352)
 - Total Program = \$7.6B (+\$520M)
- 2020-21 School Finance Act (HB20-1418)
 - Budget Stabilization Factor = \$1.174B (+\$601.1M)
 - Average Per Pupil Funding = \$8,077 (-\$412)
 - Total Program = \$7.2B (-\$367.6M)
- 2020-21 School Finance Mid-Year Supplemental
 - Budget Stabilization Factor = \$1.052B (-\$121.4M)
 - Average Per Pupil Funding = \$8,123 (+\$46)
 - Total Program = \$7.2B (+/- \$0)
- 2021-22 School Finance Governor's Budget Request
 - Budget Stabilization Factor = \$572.4M (-\$479.7M)
 - Average Per Pupil Funding = \$8,858 (+\$734)
 - Total Program = \$7.8B (+\$631.7M)

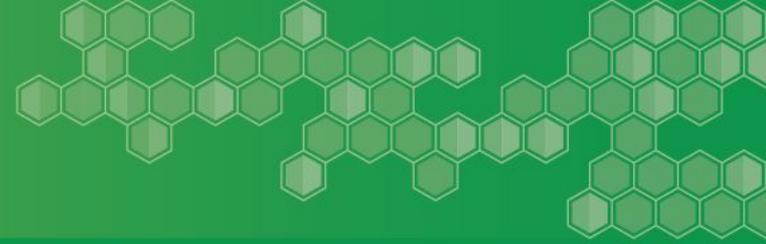
SB 21-053: Adjustments to School Funding

SB 21-053 Adjustments to School Funding for FY 2020-21

- Supplemental budget request, including:
 - Actual student counts and local property taxes
 - Reduces Budget Stabilization Factor by \$121.4M
- Mitigation funding for qualified districts:
 - \$19.9M outside of formula to mitigate COVID impacts
 - Eligible districts experienced a percentage decrease in total program funding from 2020 School Finance Act projections greater than the percentage decrease in funded pupil count from 2020 School Finance Act projections.
 - And districts that have an overall reduction in total program funding that is more than 2% below the districts' estimated total program funding from 2020 School Finance Act.
 - The amount for each eligible district is in row 356 of:
<http://www.cde.state.co.us/cdefinance/fy2020-21supplementalfundingcalculationworksheetwithmitigationfunding>

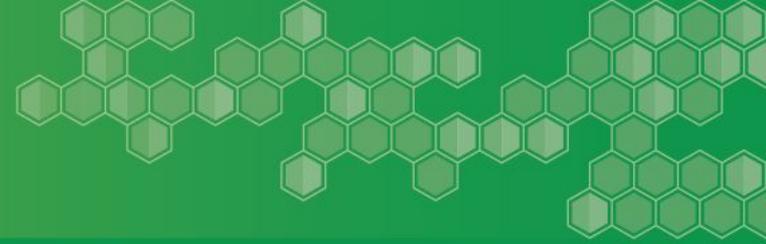


- [HB20-1427](#) required voters to pass funding in November 2020 elections. Prop EE was passed by the voters of Colorado
- Provides rural and small rural funding for:
 - FY2020-21 in the amount of \$25M
 - FY2021-22 in the amount of \$30M
 - FY2022-23 in the amount of \$35M
- Follows same funding calculation of prior funding with 45% for small rural districts and 55% for rural districts
- Allocations are posted here:
<https://www.cde.state.co.us/cdefinance/fy2020-21ruralfundingperpropee>



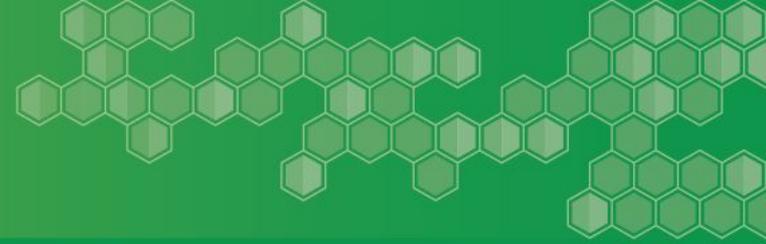
- Districts and charter schools receiving Rural and Small Rural Funding shall report to CDE by a date determined by the Department, the specific expenditures for which the district or charter school used the money
 - CDE's proposal is to use the Financial December Data Collection to collect the expenditure data for the Rural and Small Rural Funding.
 - Therefore, the due date would be December 31, 2021, unless the district/charter school was approved for any extension by the Office of the State Auditor. In this case, the due date would be March 1, 2022.
 - Expenditures for Rural and Small Rural Funding should be coded to grant code 3230.
 - Use balance sheet code 7482 Grants Unearned Revenues to record any unused funds.

- **Mill Levy Correction Bill Summary**
 - **Already implemented:**
 - For the 2020 property tax year, the existing statute corrects the total program mill levies for school districts that are not subject to constitutional property tax revenue restrictions but whose mill levies were erroneously reduced.
 - Each school district that levies a higher number of mills as a result of the correction must grant a tax credit for the number of mills by which the levy is increased.
 - **New legislation:**
 - Requires CDE to adopt a correction schedule to begin phasing out the tax credits in the 2021 property tax year. The correction schedule must apply consistently to each affected school district; must require each district's tax credit to phase out as quickly as possible, but by no more than one mill per year; and must ensure that the tax credits are fully phased out in 19 years.
- **Current Interrogatory with the Colorado Supreme Court**
- **Subcommittee**
 - CDE would like to form a stakeholder group to advise the department on the development of the correction plan, should the bill pass. If you would like to participate, please let us know.



- Legislative work has begun on the School Finance Act bill for FY 2021-22.
- We have heard from districts that the Governor's proposal for FY 2021-22 had counts too high or too low for districts.
- All information is passed to legislative staff, however, the legislature works toward the total budget and may not be able to make district by district changes at this time.
- Districts should budget according to their expectations but state share funding may not align initially with the districts projections.
- The December/January true-up process brings these pieces into alignment each year.

- [Colorado Recovery Plan - 2021 Stimulus](#) includes a proposal for funds for Building Excellent Schools Today (BEST) grants.
- The proposed funding amount is \$10 Million.
- The plan references using funds for school construction that did not receive funding in the 2019-2020 grant cycle to help make sure all of our schools are great places for students to learn.
- The BEST team is providing technical assistance to the Governor's Office as they refine and finalize the proposal.
- We anticipate legislation to implement the proposals included in the Governor's stimulus package.



During JBC Figure Setting, the following items were approved for restoration:

- Most of the CDE personnel reductions
- Workforce Diploma program (\$212,222)
- Computer Science Grant program (\$250,000)
- School Counselor Corps (\$250,000)
- State Grants to Public Libraries (\$500,000)
- School Food Purchasing Program (\$675,255)

Other items are still pending:

- 9th Grade Success Pilot
- Basic Skills Placement
- BEST Cash Grants

Additionally, the JBC approved CDE's proposal to transition the Financial Transparency website in-house:

- This will result in a savings of \$373,880 annually.
- CDE will hire a permanent web developer
- This staff could also accelerate progress on improved visualization and usability of other public data.
- CDE is working on a transition plan with BrightBytes to incorporate the FY 2019-20 data into the existing site by July 1, 2021 and continue to host the website in FY 2021-22.
- CDE will host the site effective July 1, 2022 with the FY 2020-21 data.

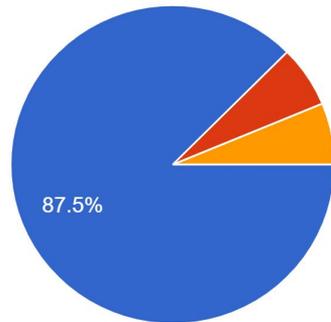
CDE Budget Update - Personal Services Restorations

- R-08 included a variety of CDE personal services and operating reductions
- JBC determined that the reduced staffing initially proposed would impact the ability of the department to provide support for districts and schools as they work to support students.
 - “Based on initial feedback from school districts, staff is concerned about the potential impact on services to school districts if the fiscal support and pupil count auditor positions are eliminated.” - JBC figure-setting document, 3/1/2021
- Restored FTEs
 - School Finance: Preview survey results re: Finance FTE; additional input?
 - School Auditing: Preview plans for auditor position

Survey Results

What type of organization do you represent?

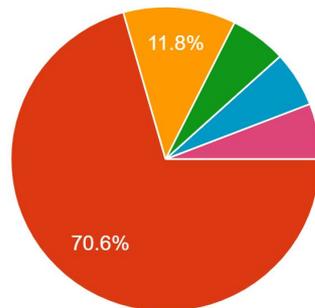
16 responses



- School District
- Charter School
- BOCES
- Advocacy Organization
- Auditor

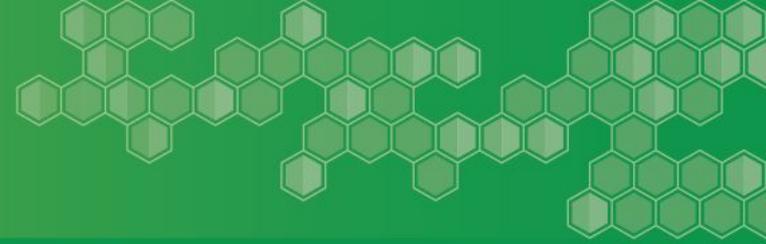
How often do you reach out to the School Finance Unit to ask a question, give input or solve a problem?

17 responses



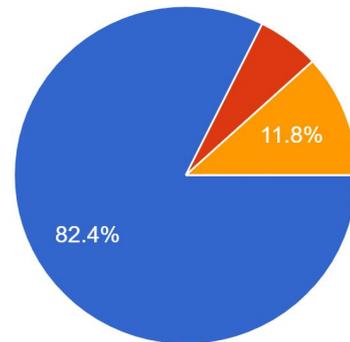
- Once a week or more
- Once a month or so
- Once or twice a year
- Once every few years
- Never or almost never
- Depends on the time of year. I would say on average 5-6 times per year.
- often during pipeline collection, not so much otherwise

Survey Results



In general, when you have a question or problem, do you know who to contact in the School Finance Unit?

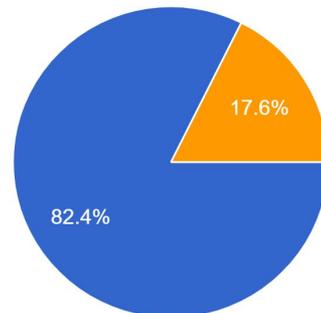
17 responses



- Yes
- No
- It depends - please describe below in the "other comments" section

In general, when you have a question or problem for the School Finance Unit, do you receive a helpful and timely reply that answers your question?

17 responses



- Yes
- No
- It depends - please describe below in the "other comments" section



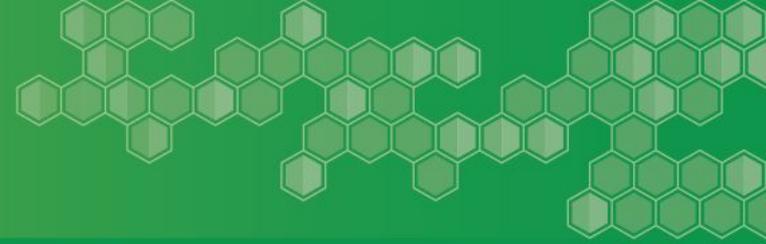
Survey Results: What needs do you have, that we could help with / do better meeting?

- Training for new staff
- More support managing multiple, complex funding streams
- More cohesion between grants fiscal and school finance
- More targeted support for and understanding of small districts
- Staff with direct school district experience

Other feedback:

- School finance team is responsive and helpful--though seems stretched thin
- Think about proactive advocacy for district needs
- Consider regular convening of FPP members outside of meetings

Federal Stimulus Funding



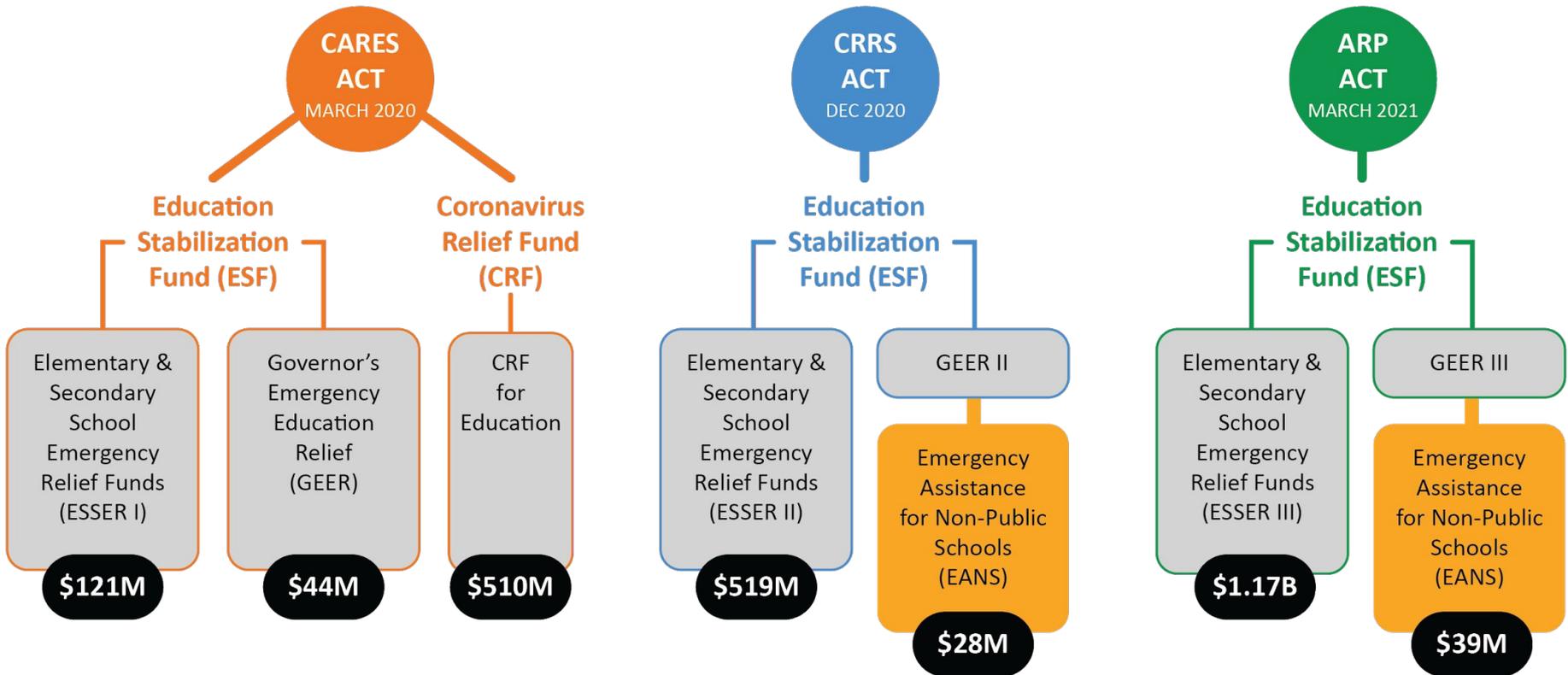
American Rescue Plan (ARP) Act

- Passed in March 2021
- Allocated additional funding to existing education programs
- National allocations
 - \$122 billion to the Elementary and Secondary School Emergency Relief (ESSER) Fund (which we are calling ESSER III)
 - \$450 billion to the Individuals with Disabilities Education Act (IDEA)
 - \$800 million to support homeless children and youth
- Colorado allocations
 - \$1.17 billion to the ESSER III fund
 - \$41.5 million to IDEA

- Emergency Operating Cost Funding
 - Additional funding to help address revenue shortfalls during early months of pandemic (March – June)
 - Application has been submitted to USDA
 - Assumption for fund disbursement – June 2021
 - Calculation for reimbursement payments
 - March allocation
 - $((\text{March 2019} - \text{March 2020}) \times 55\%) / 2$
 - April – June allocation
 - $(\text{Month 2019} - \text{Month 2020}) \times 55\%$
- District Support & Resources
 - Weekly newsletter, The Dish
 - Website - [School Nutrition Unit](#)
 - Webinars

ESSER

Overview of Federal COVID Relief for K–12 Education



ESSER Comparisons

Topic	ESSER I (CARES Act) – March 2020	ESSER II (CRRSA) – December 2020	ESSER III (ARPA) - March 2021
Colorado Award	\$120,993,782	\$519,324,311	\$1,166,328,632
LEA Award	90% direct allocation to LEAs		
90% to LEAs	\$108,894,404	\$467,391,880	\$1,049,695,769
SEA Award	10% state reserve (up to .5% for administration)		
10% to State Reserve	\$12,099,378	51,932,431	\$116,632,863
SEA Admin Max	No more than 0.5% of the total award		
CDE Admin	\$604,969	\$2,596,622	\$5,831,643

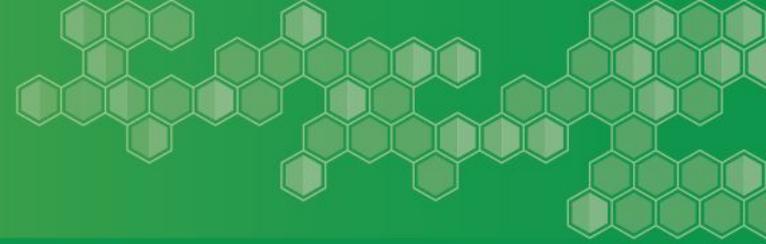
ESSER Comparisons

Topic	ESSER I (CARES Act)	ESSER II (CRRSA)	ESSER III (ARP)
Period of Availability	Costs dating back to 3/13/20 Expended by 9/30/2022	Costs dating back to 3/13/20 Expended by 9/30/2023	Costs dating back to 3/13/20 Expended by 9/30/2024
Use of Funds See allowable uses matrix	Costs related to preventing, preparing for, and responding to COVID-19 (including <i>addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings*</i>)		Same allowable uses, but increased requirements around spending funds to combat learning loss. LEAs must use 20% for this purpose.
Equitable Services	Proportionate share for Non-Public Schools	Separate program under GEER	Separate program under GEER
Tracking Funds	Must be tracked separately		
Reporting	Federal Funding Accountability and Transparency Act (FFATA) and other reporting required by the Secretary	ESSER I Reporting + detailed accounting of the use of funds, including measuring and addressing learning loss for disproportionately affected populations	TBD
Maintenance of Effort / Equity	MOEffort: FY 2020 and 2021 based on at least the average of support for education for 3 preceding years (FYs 2017, 2018, & 2019). MOEquity: N/A	MOEffort: FY 2022 based on proportional share of the State's support for education in 3 years prior to pandemic (FYs 2017, 2018, & 2019) MOEquity: N/A	MOEffort: FYs 2022 and 2023 (based on percentages of the State's overall spending used to support education). MOEquity: NEW

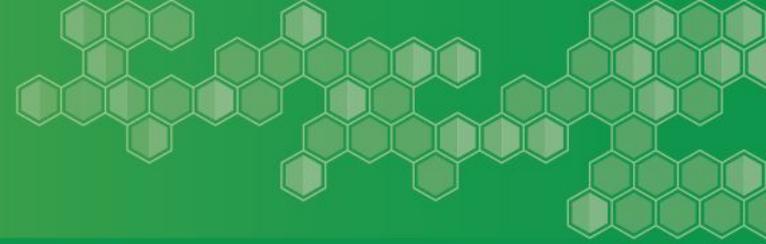
*New clarifying language in CRRSA



ESSER State Reserves

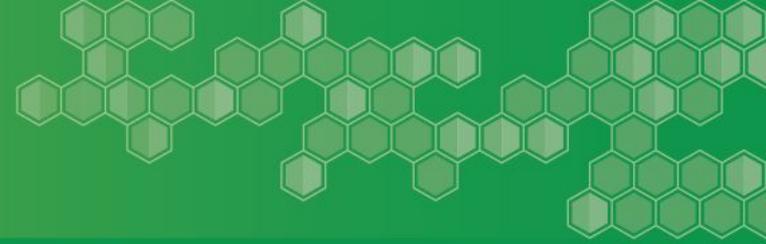


Topic	ESSER I (CARES Act)	ESSER II (CRRSA)	ESSER III (ARPA)
Use of 10% Allocation	<ul style="list-style-type: none"> • Districts that did not receive or received a small allocation from 90% allocation * • BOCES for in special education funding • BOCES for “brick and mortar” schools * • Tribes * • Districts with Native American students * • Broadband connectivity • Recruitment and placement of substitute teachers * • .5% for SEA administration 	<ul style="list-style-type: none"> • * Same as ESSER I • Administrative Units for special education funding • BOCES for operating expenditures • Facility Schools • Support for online courses • .5% for SEA administration • <i>Remainder will include funds for extended learning opportunities</i> 	<ul style="list-style-type: none"> • 5% for the implementation of evidence-based interventions aimed at addressing learning loss • 1% for evidence-based summer enrichment programs • 1% for evidence-based comprehensive after school programs. • .5% for SEA administration • <i>Remainder to be determined</i>



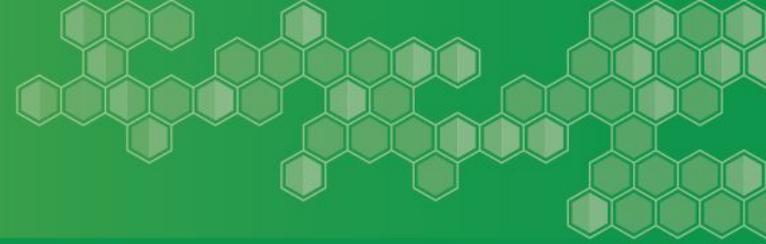
- ESSER I
 - LEA applications were due 12/31/2020
 - System is now open for Post-Award Revisions
 - Annual AFR reports will be due from Districts to GFMU 9/30/2021
- ESSER II
 - System is now open
 - LEA applications will be due 9/30/2021
- ESSER III
 - Application is in development
 - Application must be opened within 60 days of when the SEA receives the funds

Funding Codes



Funding Source	Funding Code
ESSER I (90% direct allocation)	4425
ESSER I (10% supplemental allocation)	5425
ESSER II (90% direct allocation)	4420
ESSER II (10% supplemental allocation)	4419

State Set Aside Funds



ESSER I

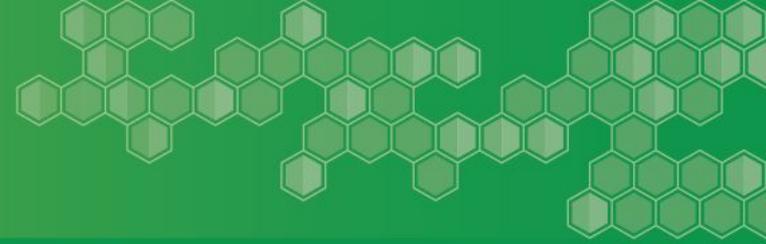
- State Set Aside = \$11,494,410
- First Allocations = \$4,990,639
 - Supplemental funds, recruitment and placement of substitute teachers, and broadband connectivity
- New Allocations = \$3,584,400
 - Facility schools and support for online learning to supplement learning

ESSER II

- State Set Aside = \$49,335,810
- First Allocation = \$16,755,180
 - Supplemental funds

Remaining Set Aside Funds = \$35,500,000

- Reserved to support education recruitment and extended learning opportunities



ESSER II: CDE has allocated \$16.8 million from ESSER II state set-aside to provide the following support:

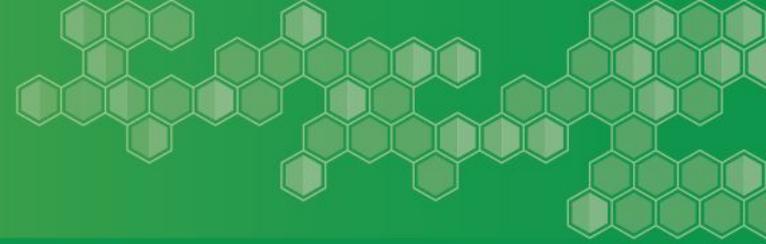
- \$7,697,837 to Administrative Units to support students with special needs
- \$280,000 to support educational needs of the Colorado Tribes
- \$7,010,343 for districts that did not receive or received a very small allocation from the 90% allocation of ESSER II funds for Title I schools as well as support for Native American students
- \$1,767,000 for operation support for BOCES and additional funding for BOCES with brick-and-mortar schools

Supplemental special education funding = \$7,697,837

- Based upon December 2019 ECEA Pupil Counts
- Total funds divided between Tier A and Tier B consistent with ECEA funding for FY 2020-21
 - 70% allocated to Tier A = \$5.4M or \$49.53 per pupil
 - 30% allocated to Tier B = \$2.3M or \$95.68 per pupil

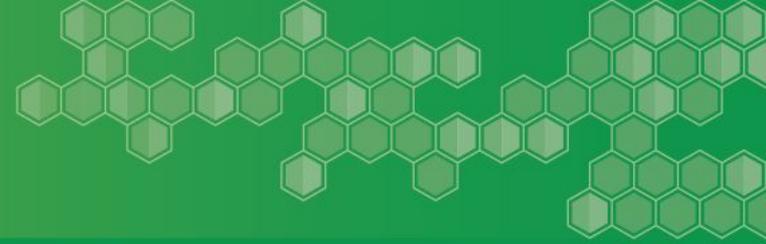
Distribution to Tribes = \$280,000

- \$140,000 each to support educational needs of the Colorado Tribes



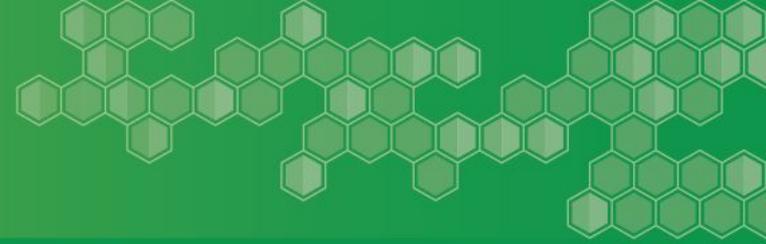
Distribution of \$7,010,343:

- Provide floor funding of \$60,000 to districts under the statewide average FRL percent
- Provide floor funding of \$100,000 to districts above the statewide average FRL percent
- Raise districts above the statewide average FRL percent to average Per Pupil Revenue for ESSER 90% allocation
- Provide funding to districts serving Native American students
 - Based upon data used for Title VI allocation methodology
 - Best of 2019-20 and 2020-21 student counts
 - \$400 per student



Funding for BOCES = \$1,767,000

- Operational support for BOCES = \$1,350,000
 - Based upon HB1345 funding model
- Operational support for BOCES with brick-and-mortar schools = \$417,000
 - Based upon best of 2019 or 2020 Student October Counts for Brick-and-Mortar BOCES schools
 - \$600 per student



ESSER I: CDE will distribute \$3.6 million of the remaining ESSER I funds as follows:

- \$3,000,000 for online courses that districts may use to supplement in-person learning
- \$584,400 for facility schools

Remaining Funds: CDE will reserve the remaining \$35.5 million set asides from ESSER I and ESSER II for activities including state-level activities to support recruitment and retention efforts and funding to support extended learning opportunities for students who have experienced the greatest impact on learning during the pandemic

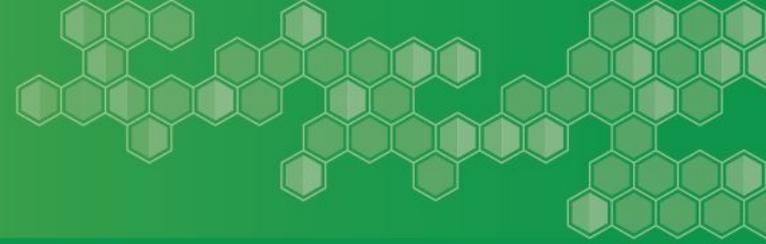
Financial Reporting Updates

Property Taxes and Mill Levy Overrides

- Proposal to Bold Source Code 1114 for Mill Levy Overrides
- Several districts have requested a Bolded Source Code for Mill Levy Overrides
 - Source 1110, Property Taxes is where Mill Levy Overrides have historically been reported
 - Source Code 1114 (currently non-bolded) is an available code in the Chart of Accounts that could be bolded to isolate MLO - so it is not buried in 1110 (Property Taxes)
 - Source Code 1171, Amount Collected - Voter Approved Overrides, is only to be used in Fund 90 (not Fund 10 or any other Fund)
 - Bolded 1114 would allow for a district reported data on the Financial Transparency Website vs. estimated data on Property Tax Breakdown pop-up
- If approved - should this be a retroactive change for FY 2020-21 or should it start with FY 2021-22?

Audit and Financial December Pipeline Deadline

- FY 2019-20 Audit and Financial December Pipeline Deadlines
 - December 31st for districts that do not require an extension
 - March 1st for districts that have an OSA extension
- Several districts missed the deadline this year
 - We recognize that this has been a challenging year in many aspects
 - Now is the time to proactively work to ensure deadlines are met next year
- Districts should work with their auditor to ensure statutory submission deadlines are met
 - The contract between the district and auditor should articulate statutory deadlines
 - Consideration should be given to include interim deadlines, e.g. draft for review by district
 - Contract could include expectations for support with Financial December Data Pipeline submissions
 - Consideration should be given to include consequences for late submission by the auditor



- Finance December/Audit Process
 - Review Process
 - Year-end email to primary business official
 - Year-end letter to Superintendent/BOE
 - Single Audit Consideration/Timing
 - Financial Transparency
 - Please ensure your district's Financial Transparency webpage is up to date
 - Please ensure all charter school webpages are up to date
 - FY20-21 Webpage Templates:
<http://www.cde.state.co.us/cdefinance/sffinancialtransparency>
 - Remember – Financial Transparency webpages should follow the layout of the FPP-approved webpage template as closely as possible
 - Any bulleted items shown on the template must be shown by all districts, even if the item for a particular district is “N/A”
 - School districts should show CRF as passed through CDE (not Governor's Office or Office of the State Controller's Office) for Schedule of Expenditures of Federal Awards (SEFA) reporting

New GFOA Policy - End the Acronym Initiative

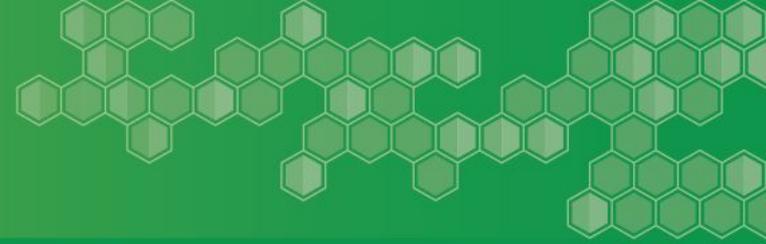
- Effective immediately, the common four-letter acronym used to reference the “Comprehensive Annual Financial Report” is no longer used by GFOA.
- It is replaced by the term “Annual Report”
- The FY20-21 FPP Handbook has been retroactively updated to reflect this change
- Detailed GFOA Alert:
https://www.gfoa.org/materials/reference-comprehensive-annual-financial-report?utm_source=all&utm_medium=email&utm_campaign=All_ETI_Email&utm_content=Body

School Financial Transparency Website Template

- Many districts and charter schools question, or are non-compliant, with the required budget documents to be posted on Financial Transparency webpages
 - District Budget Document (Optional CDE-18 Document or any other District Specific Approved Budget Document)
 - Uniform Budget Summary - Mandatory and posted annually on CDE's website
- Currently the FPP-approved webpage template may not be as clear as necessary:
 - ◆ **District Adopted Budget - Including Uniform Budget Summary (current and prior two years)**
 - Proposal - clearly list, in two separate bullets, the requirement to post both the District's Adopted Budget, and the Uniform Budget Summary: Effective July 1, 2021:
 - District Adopted Budget (current and prior two years)
 - District Uniform Budget Summary (current and prior two years)

Membership



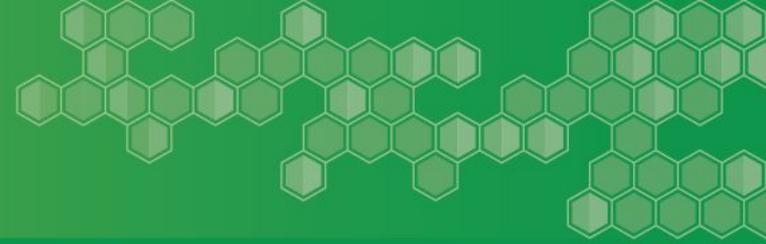


Permanent Member Replacement

- Mr. Jason Hendricks, Director of Finance, is the new representative from Jeffco Public Schools

Vacancies

- In October 2020, we only presented representatives of four districts for membership through August 2024.
- Additionally, Wendy Everett of Telluride R-1, was a member through August 2023. She left the district on June 30, 2020.
- Therefore, we have two open positions: one expiring in August 2023 and one expiring in August 2024.



The following individuals have expressed interest in the open FPP member positions:

- August 2023 - Christine Reich, Telluride R-1
 - Is there a motion to approve the new FPP member?
- August 2024 - TBD
 - Interest in membership expressed in survey responses
 - Potential electronic vote by FPP members prior to next meeting