



COLORADO
Department of Education

New Superintendents School Finance Update

August 2020

Accreditation Report

- Required by 22-11-206 (4)(a)(I)&(II) C.R.S.
- Provides assurances that the district is in compliance with Article 44: Budget Policies and Procedures and Article 45: Accounting and Reporting
- Signed by Superintendent, Board President, and CFO
- Submitted with Annual Financial Report (Audit)
- Additional Information:

<http://www.cde.state.co.us/cdefinance/Accreditation.htm>

Audit and Financial December

Local Government Audit Law - 29-1-601 et all C.R.S.

- Audits submitted to school board by November 30th
- Audits submitted to the State Auditor and CDE by December 30th
- Extensions may be requested to February 28th through the Office of the State Auditor

Charter School Audits

- Each charter school or charter school network is required to provide a separate independent gov't audit
- Authorizers may require submission earlier than November 30th
- Charter schools are included as a component unit of the district
- Charter school audits are submitted to CDE with district's audit

Audit and Financial December

If audit is not submitted timely:

- District may be in violation of the accreditation contract
- State Auditor may authorize withholding of property taxes
- CDE may miss deadline for consolidated financial data:
- Federal funds would be withheld from the state and subsequently districts

Audit must match Financial December data submission

- Optional Financial December Data Checklist

Additional Information:

<http://www.cde.state.co.us/cdefinance/sfadministrate>

<http://www.cde.state.co.us/cdefinance/fpphandbook>

Budget & Appropriation

- Do not budget a deficit
- Submit proposed budget to BOE by June 1
- Adopt final budget and appropriation resolution by June 30
- Resolution needed to use beginning fund balance
- Review and change budget any time before January 31
- After January 31, adopt supplemental appropriation to spend additional funds
- Additional Information:

www.cde.state.co.us/cdefinance/sfbudgettraining

Financial Transparency for Colorado Schools

House Bill 10-1036 Public School Financial Transparency Act

House Bill 14-1292 required development of a financial transparency website

- Translates expenditures for major categories into a format that is readable by the layperson
- Designed to ensure the greatest degree of clarity and comparability by laypersons of expenditures among school sites, school districts, and BOCES
- FY15-16, FY16-17, FY17-18, FY 18-19 data available
<https://coloradok12financialtransparency.com>

ESSA Per-Pupil Expenditure Reporting

ESSA requires state report card to include:

the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel expenditures of federal, state, and local funds, disaggregated by source of funds, for each local education agency and each school in the state for the preceding fiscal year.

Colorado began reporting school level data for all school districts for FY2017-18 on July 1, 2019 through Financial Transparency for Colorado Schools website discussed above

School District Revenues

School Finance Total Program Funding

- See Slides 9-17

Categorical Funding

- See Slide 18

State Grants

- See Slides 19-21

Federal Grants

- See Slides 22-25

Mill Levy Overrides Revenues

Other Local Revenues

Total District Revenues and Expenditures

FY17-18 Total Revenue: \$12.3 Billion

Local: 47%

State: 38%

Federal: 6%

Other: 9%

Most revenue to districts are provided through the School Finance Act of 1994: \$6.6 Billion or 54% of total revenues

2021 Legislative Session

November 2020	Governor Submits Budget Request for 2021-22 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2020	Joint Budget Committee Hearings with Department The JBC hears about the 2021-22 Budget Request from the Department and seeks additional information
January 2021	Governor Submits <i>Supplementals</i> for 2020-21 Adjusts current year's actual pupil counts, AVs, etc., Governor Submits <i>Budget Amendments</i> for 2021-22 Revises estimates for next year's pupil counts, AVs, etc.
Spring 2021	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law (HB20-1418 for School Finance)
Spring 2021	School Finance Bill Is Introduced and Passed Adjusts the Appropriation included in the Long Bill

Timeline for School Finance Payments

- July-November: Projections
 - Based on Legislative Council funding projections and will include rescissions
- September-December: Student October Count data collection
 - October 1 (on or about): Pupil Enrollment Count Date
 - Mid-November: Duplicate Count Process
 - Early December: Data Finalized/Upload Supporting Documentation
- December-January: “True Up”
 - Pupil count and Assessed Valuations updated for the second half of the year payments
 - Rescissions updated
- February and Beyond: Audit

Total Program Funding Formula

Total Program Funding

Equals (funded pupil count
times per pupil funding formula)
plus at-risk funding
plus multi-district online
plus extended high school funding

Budget Stabilization Factor is applied after total program is calculated

Funded Pupil Count

Based on October pupil count

- Enrollment, Schedule, Attendance

Funded pupil count

- Greater of the current year's pupil count OR
- Best average over the last two to five years

Full-time vs. part-time students

- Full-Time = 1.0 (including Full-Day, Full-Time Kinders)
- Part-Time = 0.5
- Part-Time Kinders (including those in Half-Day or Full-Day) = 0.58

Factors that adjust base per pupil funding

Per Pupil Funding Formula adjusts for:

- Cost of living: Determined by a legislative study every two years. A higher cost of living equals a higher factor.
- Personnel and non-personnel costs: Personnel costs factor vary by school district based on enrollment. For all districts, employee salaries and benefits represent the largest single expense. As such, the formula directs funding based on these costs.
- Size of district: Similar to the personnel costs factor, the size factor is unique to each district and is determined using enrollment. Small districts have larger size factors than districts with higher enrollment.

Local Share Funding Sources

Local Funding Statewide -39% in FY19-20

- Property Taxes – mill levies
- Specific Ownership Taxes – vehicle registration fees

State Share Statewide- 61% in FY19-20

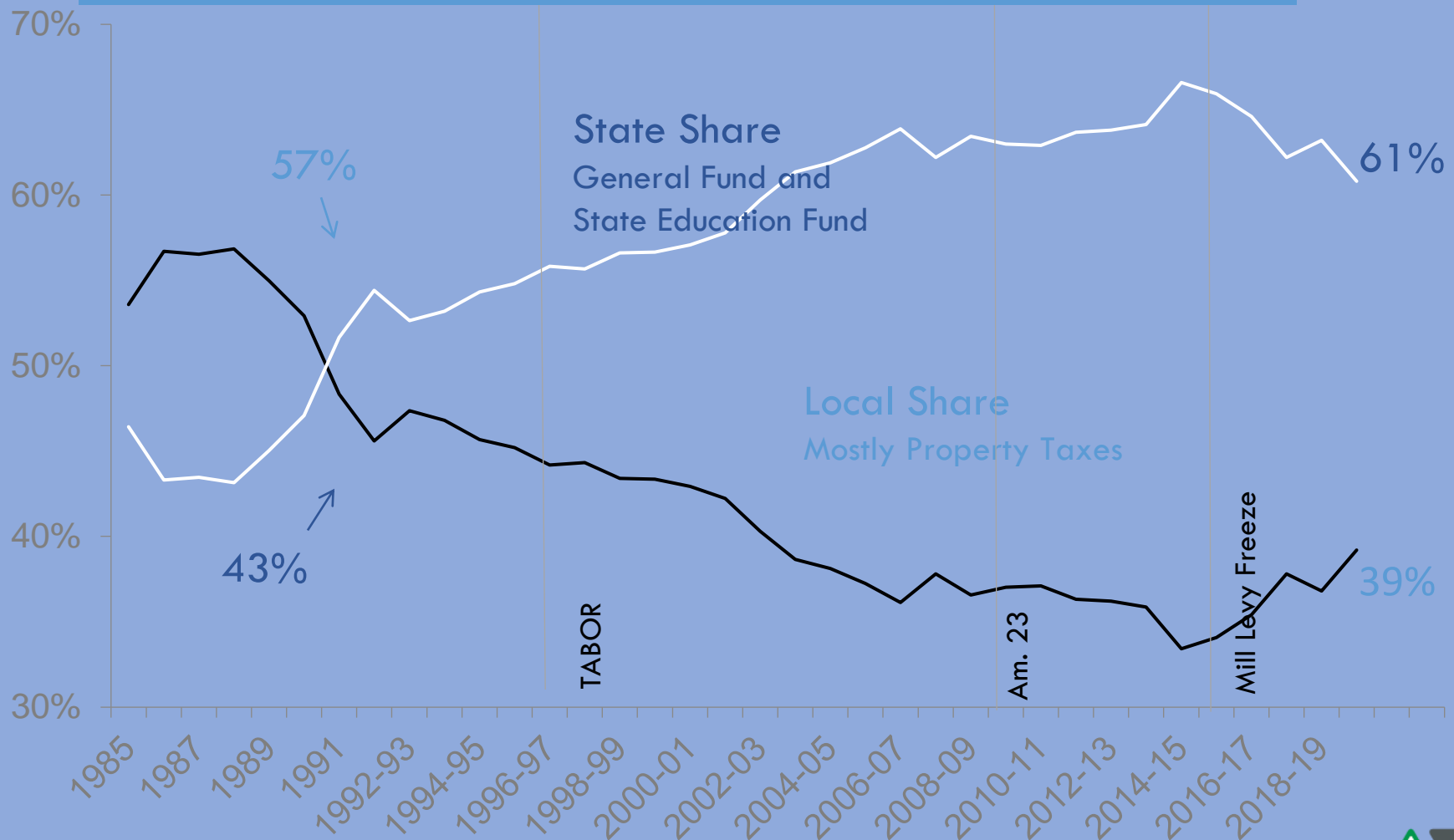
- Funding from the state provided to each school district whose Local Share is insufficient to fully fund its Total Program

The percentage split in specific districts varies

Previously, local share was 56% and state share was 44%

Relative State and Local Shares of School Finance, 1983 to FY2015-16

18



Note: Prior to 1993, K-12 funding was done on a calendar year basis.

School Finance Historical Recap

2016-17

- Budget Stabilization Factor = \$828.3M
- Average Per Pupil Funding = \$7,420
- Total Program = \$6.37B

2017-18

- Budget Stabilization Factor = \$822.4M (-\$5.9M)
- Average Per Pupil Funding = \$7,662 (+\$242)
- Total Program = \$6.63B (+\$250M)

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)

Categorical Program Revenues

Funding provided for specific programs that serve particular groups of students or student needs

State and federal revenues only covers a portion of the full cost of these programs

- English Language Proficiency Act (ELPA) ~ 21% of costs covered
- Gifted and Talented Education ~ 34% of costs covered
- Special Education ~ 37% of costs covered
- Transportation ~ 24% of costs covered
- Vocational Education ~ 30% of costs covered
- Small Attendance Centers
- Expelled and At-Risk Student Services
- Comprehensive Health

FY 2020-21 Budget Changes

The School Finance Act and Long Bill included reductions to school districts and programs within CDE

The final budget reduced School Finance by \$367.6M and reduced other programs by \$110.5M (11%):

- Elimination of funding for 12 programs
- Reduced funding 14 programs
- Increase to 1 program (BEST COP Lease-Purchase)

Detailed program changes are outlined in attached document - [CDE Budget Reductions FY 20-21](#)

Eliminated Program Funding

Advanced Placement Incentives Program
Career Counseling and Professional Development
ELL Excellence Awards
Grow Your Own Educator Program
John Buckner Auto Enrollment in Advanced Course Grant Program
K-5 Social and Emotional Health Program
Local Accountability Grant Program
Local School Food Purchasing Program
National Board Stipends
Ninth Grade Success Program
Quality Teacher Recruitment Program
Retaining Teachers Fund Program

Reduced Program Funding

AP Exam Fee Program
Behavioral Health Professional Program
BEST Cash Grant Program
Career Development Success Program
Comprehensive Quality Physical Education Program
Computer Science Education Grants Program
Concurrent Enrollment Grant Program
School Bullying Prevention Program
School Counselor Corps Grant Program
School Leadership Program
State Grants to Publicly Supported Libraries Program
Statewide Assessment Program
Workforce Diploma Program
CDE Operational Reduction



CARES Act Funding Overview for Education

CARES Act

Education Stabilization Funds (ESF)

CARES Relief Funds (CRF)

Elementary & Secondary School Emergency Relief Funds (ESSER)
~\$121 million

Governor's Emergency Education Relief (GEER)
~\$44 million

Education Relief
\$510 million

Formula Funding
to LEAs
~\$108 million

State Level
~\$12 million

Elementary and Secondary School Emergency Relief (ESSER) Fund

- Over \$13.2 billion to states allocated according to Title I shares
- Colorado has been allocated \$120,993,782
- 90 percent flows to LEAs based on share of Title I
- SEAs may use up to 10% for state level activities for emergency needs to address issues related to COVID-19
- SEAs may use some funds for administration (0.5%)

Colorado ESSER
\$120,993,782

LEAs 90%
\$108,894,404

SEAs 10%
\$12,099,378

SEA Admin
\$604,969

Coronavirus Relief Fund (CRF)

- Colorado received \$1.674 billion
- Governor distributed funds to variety of purposes, including:
 - \$37 million transferred to State Education Fund for increased number of at-risk pupils due to COVID-driven recession
 - \$510 million for distributions to school districts, facility schools and BOCES
- School districts, CSI and facility schools received funds on a per pupil basis and BOCES received \$25,000 each
- For expenditures between March 1 and Dec. 30, 2020
- Funds are to facilitate compliance with COVID-19-related public health measures and mitigate the second-order effects of COVID-19 through the provision of economic support

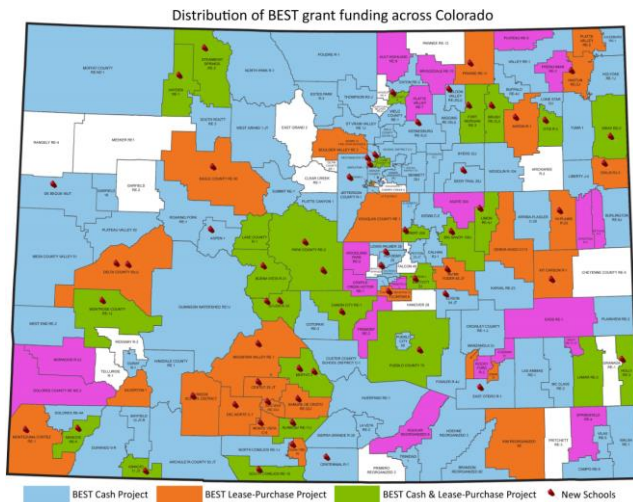
Governor's Emergency Education Relief (GEER) Fund

- \$3 billion from the CARES Act to state governors
- Colorado allocated close to \$44 million
- Flexible funds able to be used at the discretion of governors
- Governor Polis's GEER fund plan:
 - \$33 million for a Colorado P-20 Equity & Innovation Fund
 - \$5-6 million to increase capacity for Colorado Empowered Learning
 - \$3 million to the Quality Teacher Recruitment program

Other CDE Offices Supporting District Operations

Capital Construction (BEST) Unit

- Grants are available for any school capital improvement project with a focus on health, safety, security, overcrowding, technology and others
- Statewide Facility Assessment
 - Periodic site visits by CDE assessors to assess facility conditions and suitability



- Additional Information:
<http://www.cde.state.co.us/cdefinance/capconstbest>

School Nutrition Unit

- Training and technical assistance is available for food service departments
- Findings from Administrative Reviews
 - Inadequate quantities of food (breakfast & lunch)
 - Food Safety – health inspections
 - Free and Reduced meal benefits incorrectly approved
 - Foods sold a la carte not meeting nutritional standards (cafeteria, vending machines, school stores, food fundraisers)
 - Procurement Concerns
- Additional Information:
<http://www.cde.state.co.us/nutrition/nutritrainings>

Unpaid Meal Charges

Donations

- Donated funds for unpaid meal charges must first be used to offset bad debt
- The use of donated funds should be fair and consistent (not student specific)
- Deposit donated funds outside of the food service fund

Coordination between Food Service, Student October, and Financial operations is critical

- Accurate reporting of Free Lunch eligible students is critical for accurate school finance funding and Title funding
- Recommend doing analysis to confirm reasonability of data before finalization of Student October data submission

Grants Fiscal Management Unit

- Ensures that state and federal grant funds are administered in accordance with applicable state and federal laws and regulations
- Determines local education agency (LEA) allocations
- Provides support and technical assistance to program managers and grantees
- Additional Information:
<http://www.cde.state.co.us/cdefisgrant>

School Auditing Unit

- Audits to ensure accuracy of school finance and transportation funding
- Audits generally conducted every 1 to 2 years
- BEST practice is to upload documents in real time
 - Transportation backup documents before finalizing CDE-40 in August
 - Pupil and at-risk documents after finalizing in November
- Additional Information:
<http://www.cde.state.co.us/cdefinance/auditunit.htm>

School Transportation Update

- Regulations on school transportation vehicles and operations and maintenance
- School Transportation Advisory Reviews (STAR) are performed on a two-year rotating cycle:
 - Fleet/Maintenance
 - Operations/Training
- Federal Motor Carrier Safety Administration Rules effective February 7, 2022
 - Entry Level CDL Training
 - Drug and Alcohol Clearinghouse
- Additional Information:
<http://www.cde.state.co.us/transportation>

Additional Reference Materials

Gallagher Amendment - 1982

Intended to set the ratio of property taxes raised from both residential vs. business properties

- Split – 45% residential vs. 55% business – statewide
- Residential assessment rate – resets every two years potentially
 - 7.15% for 2019 (SB19-255)
 - 7.20% for 2018
 - 7.96% from 2003 to 2017
 - 21% in 1985
- Under TABOR, this rate cannot rise without a vote of the people

Has had the impact of lower property taxes contributing to school funding Total Program

TABOR Amendment - 1992

Sets limits on the amounts of revenues that can be collected and retained by state and local governments including schools districts

Limits local property tax revenue growth

Requires voter approval for an increase in mill levies, or assessment rates

Most districts have received voter approval to retain excess revenues - the State has not

TABOR Amendment - 1992

Between 1994 and 2006, school district mill levies were decreasing since assessed values were increasing at a rate greater than what TABOR allowed - inflation plus student growth

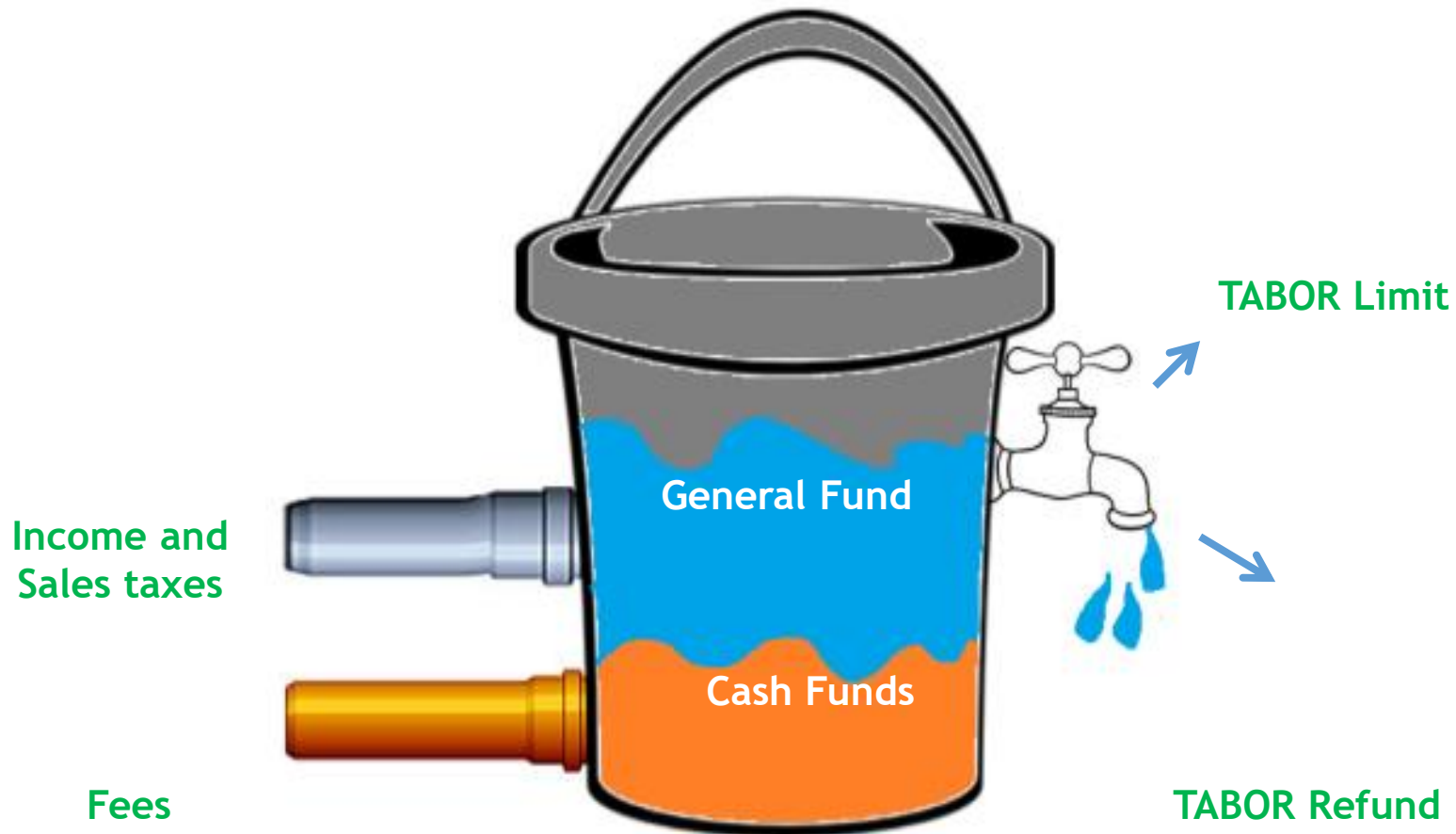
This continued to cause the state portion of school funding to increase putting even greater pressure on the state budget

Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- Total program mill levies cannot go higher than 27 mills – some districts may have levies lower than this

A TABOR Simile

From Office of State Planning & Budgeting



Amendment 23 - 2000

Requires base per pupil funding to increase by inflation each year in addition to categorical funding

- Categorical funding is provided for programs such as exceptional students, transportation and English language learners

An additional one percent was included for 10 years to attempt to make up losses in funding in prior years

Creates additional pressures on the state budget with these requirements

Marijuana Tax Revenue and Education

- Excise tax: beginning FY20-21, the lesser of the first \$40 million or all of the money collected in marijuana excise tax is credited to the state's Building Excellent Schools Today (BEST) program
- Sales tax: 10% of the revenue from the 15% tax on marijuana retail sales is allocated to local governments. The remaining 90 percent is credited to the Marijuana Tax Cash Fund (MTCF), General Fund, and state public school fund.
- The General Assembly makes appropriations from the MTCF through the Long Bill or other bills
 - In Fiscal Year 2017-18, CDE received almost \$90.3 million, including school construction, early literacy competitive grant program, school health professional grant program, school bullying prevention and education grant program, drop-out prevention programs and funding for the State Public School Fund. The overall state K-12 education funding is \$5.6 billion.
- Additional Information:
<http://www.cde.state.co.us/communications/20160902marijuanarevenue>



CARES Funding Federal Monitoring Requirements and Department Plans

CARES Act Monitoring

- The CARES Act monitoring will be modeled after Colorado's ESEA monitoring, approved in Colorado's ESSA State Plan and will consist of four phases:
 - Revise and update monitoring and risk assessment indicators to align with CARES Act requirements. Identify districts for the level of monitoring that is deemed appropriate based on the amount of funds received and level of programmatic and fiscal risks.
 - Develop and deliver training on reporting and monitoring requirements under CARES Act to help districts prepare the necessary policies, procedures, and documentation in the event of federal or state monitoring or audit.
 - Develop new data collections to capture changes to district internal control policies, procedures, and protocols for the use of COVID-19 related emergency relief funds.
 - Use existing reporting requirements to meet monitoring requirements, when possible.

ESSER Monitoring

- Requirement

- CDE is required to monitor grant recipients throughout the life of the federal grant to ensure activities are allowable, reasonable, necessary, and related to prevention, preparation for, or response to COVID-19 and implementation is compliant with federal statutes and regulations.

- Plans and Timeline

- Since March, CDE staff have been developing and delivering guidance, training, and technical support on allowable uses of ESSER funds.
- Through December 31, 2020 CDE staff will continue to review and approve district applications and plans for the use of ESSER funds, which is part of the universal monitoring for all grant recipients.
- In August 2020, CDE staff will conduct a risk assessment to identify districts for more intensive reviews, than the universal monitoring of the uses of funds.
- Monitoring will be ongoing through the 2022-2023 school year as districts have until September 30, 2022 to expend ESSER funds.

CRF Monitoring

Requirement

- The Office of the State Controller (OSC) is responsible for this monitoring.
- Monitoring of CRF must occur during the life of the award which ends on December 30, 2020.
- U.S. Treasury has issued preliminary reporting requirements.
 - Anticipated quarterly reporting required for Sept. 30 and Dec. 30 into categories including budgeted personnel and services diverted to a substantially different use, public health expenses, to facilitate distance learning, and providing economic support.
- Plans and Timeline
 - CDE staff are working with the Office of the State Controller to coordinate with and provide support to the OSC's monitoring efforts.
 - The State Controller is evaluating the possibility of engaging an independent audit firm to perform the monitoring.

GEER Monitoring

- Requirements
 - The Governor's Office is responsible for this monitoring.
 - CDE staff are working with the Governor's Office to coordinate and when practicable share documentation in order to reduce work and eliminate duplication of efforts for districts.