New Superintendents
School Finance Update

August 2021
Overview
Chief Operating Officer - Jennifer Okes (okes_j@cde.state.co.us)
School District Operations - Kate Barlett (bartlett_k@cde.state.co.us)
• School Finance Program Manager - Coming Soon
• School Finance - Tim Kahle (kahle_t@cde.state.co.us)
• School Auditing - Rebecca McRee (mcree_r@cde.state.co.us)
• School Transportation - Susan Miller (miller_s@cde.state.co.us)
• Grants Fiscal Management - Jennifer Austin (austin_j@cde.state.co.us)
• Fiscal Data Support - Yolanda Lucero (lucero_y@cde.state.co.us)
• Fiscal Data Support - Kelly Wiedemer (wiedemer_k@cde.state.co.us)
Capital Construction/BEST - Andy Stine (stine_a@cde.state.co.us)
School Nutrition - Brehan Riley (riley_b@cde.state.co.us)
Primary Topics for Today’s Discussion

- Overview of Federal Funding
- Overview of State Funding
- Mill Levy Correction

Plus lots and lots of details and reference materials are included below
Overview of Federal Funding
## Total ESSER Funding

<table>
<thead>
<tr>
<th></th>
<th>ESSER I (CARES Act)</th>
<th>ESSER II (CRSS Act)</th>
<th>ESSER III (ARP Act)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total State Allocation</strong></td>
<td>$120,993,782</td>
<td>$519,324,311</td>
<td>$1,167,153,961</td>
</tr>
<tr>
<td><strong>Allocation to LEAs</strong></td>
<td>$108,894,404, $120.81 per pupil, 90% of total funding Title I formula</td>
<td>$467,391,880, $518.70 per pupil, 90% of total funding Title I formula</td>
<td>$1,050,438,565, $1,164.93 per pupil, 90% of total funding Title I formula</td>
</tr>
<tr>
<td><strong>State Reserve</strong></td>
<td>$12,099,378, 10% of total funding</td>
<td>$51,932,431, 10% of total funding</td>
<td>$116,715,396, 10% of total funding</td>
</tr>
</tbody>
</table>
Governor’s Emergency Education Relief (~$44M)  
Included in the first stimulus bill

Coronavirus Relief Funds for Education (~$550M)  
Included in the first stimulus bill

Emergency Assistance for Non-Public Schools (~$57M)  
Funding available for non-public schools in the second and third stimulus bills
Additional Federal Money For Education

- **Individuals with Disabilities Education Act Funding** ($41.5M)
- **Library Services and Technology Funds** ($3.4M)
- **Funds to Support Homeless Children & Youth** ($7.6M+$4.3M)
- **Emergency Costs for Child Nutrition Program** ($9.9M)

Included in the third stimulus bill

Included in a separate stimulus bill
ESSER Funding Directly to Districts

esson I:
~$109M
90% Allocation

- Applications due December 31, 2020
- Funds must be spent by September 30, 2022

esson II:
~$467M
90% Allocation

- Applications due September 30, 2021
- Funds must be spent by September 30, 2022

esson III:
~$1B
90% Allocation

- Initial applications due May 23, 2021
- Final application due March 24, 2022
- Funds must be spent by September 30, 2024

Funds distributed to districts based upon Title I formula

At least 20% of ESSER III funding must be used to address the learning impacts of COVID-19 through interventions, summer programming, and after-school opportunities
ESSER State Set Aside Funds

<table>
<thead>
<tr>
<th>Funding Gap Support</th>
<th>Provide Broadband</th>
<th>Statewide Capacity Building</th>
<th>Expand Learning Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(~$3.2 M)</td>
<td>(~$1.3 M)</td>
<td>(~$5 M)</td>
<td>(~$2 M)</td>
</tr>
</tbody>
</table>

**ESSER II: $49.3 Million**

<table>
<thead>
<tr>
<th>Funding Gap Support</th>
<th>Other Allowable Activities</th>
<th>Statewide Capacity Building</th>
<th>Expand Learning Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(~$16.8 M)</td>
<td>(~$21.4 M)</td>
<td>(~$650K)</td>
<td>(~$10.5 M)</td>
</tr>
</tbody>
</table>

**ESSER III: $110.8 Million**

<table>
<thead>
<tr>
<th>Evidenced-Based Interventions for Learning Loss</th>
<th>Other Allowable Activities</th>
<th>Summer Programming</th>
<th>After School Programming</th>
</tr>
</thead>
<tbody>
<tr>
<td>(~$58.3 M)</td>
<td>(~$29.2 M)</td>
<td>(~$11.7 M)</td>
<td>(~$11.7 M)</td>
</tr>
</tbody>
</table>
District Process Context

USES OF FUNDS (AS OF JULY 23, 2021)

<table>
<thead>
<tr>
<th>Category</th>
<th>ESSER I</th>
<th>ESSER II</th>
<th>ESSER III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Needs Due to the Pandemic</td>
<td>41%</td>
<td>29%</td>
<td>9%</td>
</tr>
<tr>
<td>Remote Supports</td>
<td>18%</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Preparing for In-Person Safety</td>
<td>10%</td>
<td>18%</td>
<td>34%</td>
</tr>
<tr>
<td>Education Technology</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>ESEA Allowable Activities</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Learning Loss</td>
<td>14%</td>
<td>14%</td>
<td>30%</td>
</tr>
<tr>
<td>Summer Programming</td>
<td>3%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Mental Health Supports</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>
## Allowable Uses of District ESSER Funding

<table>
<thead>
<tr>
<th>ESSER I</th>
<th>ESSER II</th>
<th>ESSER III</th>
</tr>
</thead>
</table>
| Addressing the impact of COVID-19 on schools, such as:  
- Coordination with public health departments  
- Purchasing educational technology  
- Planning for long term closures  
- Training and supplies for sanitation  
- Mental health support  
- Summer school and afterschool programs  
- Funds for principals to address local needs  
- Other activities to continue school operations and employment of existing staff | Same as ESSER I with emphasis on:  
- Addressing learning loss  
- School facility repairs and improvements  
- Other activities that are necessary to maintain the operation of schools | Same as ESSER I with a requirement to direct at least 20% of funding to address the learning impacts of COVID-19 through interventions |

All ESSER funds may be used for activities allowable under ESEA, IDEA, the Adult Education and Family Literacy Act, the Perkins CTE Act, or the McKinney-Vento Homeless Assistance Act, in response to COVID-19.
CDE contracted with Keystone Policy Group to conduct a community input process

- Focus groups with parents, educators, students, community organizations, school leaders, district administrators, educator preparation programs and CDE staff
- Statewide survey
- Other input received, including a special listening session with legislators

The process occurred during the month of July
Feedback - Themes and Ideas

- Student Academic Recovery
- Student Well Being
- Educator Support and Development
- Educator Well Being
- Technical Resources
We recognize the once-in-a-generation opportunity to support our education system with these funds.

We want to ensure we stop, think big and creatively, gather input, and use this funding to truly make a difference for our students in Colorado.

Our top priority is to close the opportunity and achievement gaps that have been exacerbated by the pandemic.
Proposed Criteria/Priorities

Addresses the needs of our students most impacted by the pandemic and historically

Builds capacity for our state both in the moment and longer-term
- Includes evaluation to inform potential long-term adjustments to our education system

Magnifies impact by funding at the state level, versus being funded by individual districts

Focuses the funding on fewer priorities to have a more significant impact
- Supports existing programs as opposed to creating brand new structures, when possible

Allowable use – specifically in response to COVID-19
Increase and support school workforce (teachers, tutors, substitutes, special service providers)

- Recruitment and retention
- Professional development (social-emotional learning, content acceleration/interventions, community coordination)

Support academic acceleration (English language proficiency, math and literacy for impacted populations, tutoring, summer school, afterschool)

Transparency, monitoring and learning through data, information and evaluation

Re-engagement for students through after-school, summer school, enrichment, academic innovation, school climate and other supports

Community building within school and district communities, with community partners and across districts
Overview of State Funding
What the State Budget Pays For – FY 2020-21

Total Funds

FY 2020-21 = $31.98 billion

- Human Services/Health Care: 44.7%
- Higher Education: 12.4%
- Education (K-12): 18.1%
- Corrections/Judicial: 5.5%
- Transportation: 6.2%
- Other: 11.0%
- General Government: 2.0%

General Fund

FY 2020-21 = $10.86 billion

- Human Services/Health Care: 38.2%
- Education (K-12): 36.2%
- Corrections/Judicial: 13.1%
- Higher Education: 5.6%
- Other: 5.9%
- General Government: 1.1%
CDE’s Budget

By Fund Source

FY 2020-21-$5.79 billion

- General Fund: 67.81%
- Cash Funds: 13.42%
- Reappropriated Funds: 18.08%
- Federal Funds: 0.69%

By Type

FY 2020-21-$5.79 billion

- Distribution: 1.12%
- Operating: 98.88%
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
| November 2021 | Governor Submits Budget Request for 2022-23  
THIS IS ONLY A PROPOSAL/PLACEHOLDER! |
|--------------|---------------------------------------------|
| December 2021| Joint Budget Committee Hearings with Department  
The JBC hears about the 2022-23 Budget Request from the Department and seeks additional information |
| January 2022 | Governor Submits *Supplementals* for 2021-22  
Adjusts current year’s actual pupil counts, AVs, etc.,  
Governor Submits *Budget Amendments* for 2022-23  
Revises estimates for next year’s pupil counts, AVs, etc. |
| Spring 2022  | JBC Develops State Budget Through Figure Setting  
General Assembly Passes the Long Bill based on current law |
| Spring 2022  | 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

\[ \text{Equals} \ (\text{funded pupil count times per pupil funding formula}) \]

\[ \text{plus} \ \text{at-risk funding (recently changed)} \]

\[ \text{plus} \ \text{multi-district online} \]

\[ \text{plus} \ \text{extended high school funding} \]

Budget Stabilization Factor is applied after total program is calculated
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
- Part-Time = 0.5
HB 21-268: Changes to School Finance Formula

• **English Language Learners:** Adds new factor for qualified English language learners - replaces ELPA Professional Development and Student Support Services

• **Students Eligible for Reduced-Priced Lunch:** Added to students eligible for at-risk funding (students eligible for free lunch)
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 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%
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
• Budget Stabilization Factor = $1.052B ()
• Average Per Pupil Funding = $8,123 ()
• Total Program = $7.24B ()

2020-21
• Budget Stabilization Factor = $571.2M (=480.8M)
• Average Per Pupil Funding = $8,991 (+867)
• Total Program = $7.99B (+750.8M)
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
Mill Levy Correction
... school districts in Colorado, based on an interpretation of statute by CDE, began collecting less local property tax for education than their voters had authorized, in some cases for years. How this came to pass is a complicated story that we will try to tell succinctly. **Mill Levy Correction is a legislative and legal directive to fix this undercollection of local property taxes for education.**
Terminology

- **Mill**: One mill is equal to one tenth of one penny or one $1/1000$ of a dollar. Mills are used to calculate property taxes using a formula of mills $\times$ assessed property value = property tax. The assessed property value is the actual property value $\times$ the assessment rate. Currently, the residential assessment rate in Colorado is 7.15%.
  - If you live in an area where the total mills levied on all homes is 27 mills, and the assessed property value of your $200,000$ home is $14,300$ (7.15%), your property tax is $0.027 \times 14,300 = 386$.

- **Total Program Mill Levy**: The mill levy is the total number of mills the school district collects from local property taxpayers to fund the local share of Total Program.
Assessed Valuation (AV): The taxable portion of property value in the school district. As an index of property wealth, AV varies significantly between districts and can vary a lot from year to year (particularly for oil and gas districts).

Total Program: Refers to the total amount required by the formula to fund the school district on an annual basis. Typically has two portions: *local share* (property taxes) and *state share* (state funds appropriated by the Legislature). Some districts can fully fund Total Program with only local share (property taxes).

- Districts have different ratios of local to state share in their Total Program. Some are totally funded by local share; others receive most revenue from state share. The ratio depends on multiple factors, including the district’s Assessed Valuation.
- Districts may have Mill Levy Overrides and/or bonds that allow them to collect property taxes above and beyond the amount required for Total Program.
**District A** includes a large, active mine. The district’s Assessed Valuation is very high.

**District B** is a district without a lot of industry. The district’s Assessed Valuation is very low.

The size of the **pie** is fixed per the school finance formula. The size of the **slices** is dependent on local factors.
• **In the 1990s and 2000s, many school districts** obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR.
  ○ You may hear this referred to as “de-Brucing” or “de-TABORing”
• Districts that de-TABORed had permission from the voters to keep their local property tax mill levies (their local share) at the level in place at the time of the de-TABOR vote.
• Without de-TABORing, districts would not have been able to retain revenues above their TABOR limitation due to interactions of various factors unique to Colorado.
  ○ Rapid and significant growth in residential property value;
  ○ TABOR, which prevents taxes from increasing without voter approval;
  ○ And Gallagher, which has driven the residential assessment rate down in order to preserve the required ratio of residential/commercial property tax rates.
Background: How did we get here?

Note: Prior to 1993, K-12 funding was done on a calendar year basis.
Background: How did we get here?

- CDE interpreted the statute such that some de-TABORed districts should reduce their local share through 2007.
  - However, because de-TABORed districts had permission from the voters to keep their mill levies at a higher level, it is now clear that local share should not have been reduced.
- In 2007, school district mills were frozen through legislation, then litigated in a debate about how local school districts should have treated their local mills per statute.
- Because of the reduction to mill levies made between the early 1990s and 2007, the local share collected by those districts went down, and state share went up.
Background: How did we get here?

Sample District with de-TABOR Vote in Place

- Year of de-TABOR vote
- Mill Levy without de-TABOR
- Mill Levy with de-TABOR

- De-TABOR vote gave district permission to keep mill levy here
- Gap in property tax collections that was then covered by state share

- District followed “normal” mill levy ratchet down due to interaction of factors in the state Constitution.

- 2007 “freeze” of mill levies
Background: How did we get here?

- Beginning in 2008-2009 with the Great Recession, the state’s budget was under increasing pressure. As state share went up, and the economy went through ups and downs, the state was forced to implement the **Budget Stabilization Factor**.
The legislature has now taken steps to restore, going forward, the local share that was erroneously reduced.  
- This created a reduction in local share and resulted in the non-collection of local property taxes that were already authorized by voters.
- The legislature is only seeking to fix this issue going forward--it is NOT seeking to recover local tax property revenue that should have been collected in the past.

Mill Levy Correction is a state law. While the responsibility for setting the mill levy lies with the local school board, the local school board must set the Total Program levy in accordance with state law.
Background: How do we fix it?

Step 1: Passage of HB20-1418

June 2020: HB20-1418 signed (see Section 33). The 2020-2021 School Finance Act required districts to levy the number of mills specified by the requirements in the bill, including the establishment of temporary tax credits, if necessary, to correct historical errors. The bill required districts to set a mill levy target equal to the lowest of:

1. The mills required to fully fund the district with local property taxes;
2. The mills in place at the time the district obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR (de-Bruce); or
3. 27.000 mills.
Background: How do we fix it?

86 out of 127 districts (68%) have target mills of 27. This means that the mills required to fully fund the district, and the mills in place at the time of deTABOR, are both greater than 27.

41 out of 127 districts (32%) have target mills under 27. This means that either the mills required to fully fund the district, or the mills in place at the time of deTABOR, are less than 27.
Step 2: District certification of Temporary Tax Credits

**December 2020:** If required, districts included temporary tax credits when certifying property tax mills related to the local share of total program for the 2020 tax year. The temporary tax credits were equal to the difference between the district’s current total program mill and the mill levy target established by **HB20-1418**. For example, if the district’s current total program mill was 25, and its mill levy target is 27, the district implemented a temporary tax credit of 2 mills.
Step 3: Introduction, challenge to, and passage of HB21-1164

**March 2021:** HB21-1164 introduced. The bill requires CDE to implement a correction plan for districts with temporary tax credits. Specifically, the plan must ensure that districts incrementally reduce temporary tax credits “as quickly as possible but by no more than one mill each property tax year,” beginning in the 2021 tax year.

**May 2021:** Colorado Supreme Court ruled in an interrogatory that HB21-1164 is constitutional.

**June 2021:** HB21-1164 signed into law.
Next Steps: What happens now?

- HB21-1164 requires CDE to implement a correction plan that:
  - Reduces a district’s temporary tax credits “as quickly as possible,“
  - But by no more than 1 mill per year.

**For Example:**
District A has a mill levy target of 27 mills based on the requirements of HB20-1418. In 2020, it was levying 25.0 mills. Taxpayers in District A will see the following changes in their property taxes for the local share of Total Program:

- **2020 Tax Year (certified December 2020):** 25.0 mills, 2 temporary tax credits
- **2021 Tax Year (certified December 2021):** 26.0 mills, 1 temporary tax credit
- **2022 Tax Year and beyond:** 27.0 mills
Background: How do we fix it?

107 out of 127 districts (82%) have fewer than 10 temporary tax credits. Find your district’s temporary tax credits [here](#).

Tax credits range from **.048 to 18.480**.

This means that districts will be implementing Mill Levy Correction for anywhere from 1 to 19 years.
Next Steps: What happens now?

- How much more will this cost a generic taxpayer each year?

\[
\begin{align*}
$600,000 \times \underbrace{7.15\%}_{\text{Residential Assessment Rate}} &= \underbrace{42,900}_{\text{Assessed Property Value}} \times \underbrace{.015}_{\text{Mill Levy}} = \underbrace{2020\ School\ Property\ Tax\ Bill: \ 643.50}_{\text{2020 School Property Tax Bill: $643.50}} \\
\end{align*}
\]

One year later, when one tax credit has been implemented, the homeowner will pay $42.90 per year more in property taxes from mill levy correction, assuming a static residential assessment rate and static assessed property value:

\[
\begin{align*}
$600,000 \times \underbrace{7.15\%\ast}_{\text{Residential Assessment Rate}} &= \underbrace{42,900}_{\text{Assessed Property Value}} \times \underbrace{.016}_{\text{Mill Levy}} = \underbrace{2022\ School\ Property\ Tax\ Bill: \ 686.40}_{\text{2022 School Property Tax Bill: $686.40}} \\
\end{align*}
\]

Note that this impact will vary depending on factors in your district.
What happens if a district does not implement Mill Levy Correction, despite being required to by law?

“If a district does not certify at least the mill levy required by subsection (2) OR (2.1) of this section, the department shall determine what the state's percentage share of the district's total program would have been had the district certified the required mill levy. The department of education shall reduce the district's state aid in an amount that will result in the state's percentage share of the district's total program remaining the same as if the district had certified the required mill levy.” - from HB20-1418
Next Steps: What happens now?

● Where will the money go?
  ○ The estimate for the 2021-2022 school year is that Mill Levy Correction will generate ~$90M in additional local share
  ○ These are funds that won’t need to be paid from state sources
  ○ Therefore, the funds may be redirected, for example to the new factor changes in the finance formula:

  “…THE GENERAL ASSEMBLY FURTHER DECLARES THAT THE REMAINING COSTS OF THE SCHOOL FINANCE FORMULA CHANGES ARE OFFSET BY THE SAVINGS TO THE STATE SHARE OF TOTAL PROGRAM THAT OCCUR AS A RESULT OF CORRECTING THE UNAUTHORIZED REDUCTIONS IN DISTRICT PROPERTY TAX MILL LEVIES AS PROVIDED IN SECTION 22-54-106 (2.1).”

● Ultimately, use of these state funds is the legislature’s decision.
Next Steps: What happens now?

- How much might Mill Levy Correction raise in additional property taxes over time?

The following chart provides an *estimate* of the impact of Mill Levy Correction on property tax collection, all else being equal.*

<table>
<thead>
<tr>
<th>FY2021-22 Projected Property Taxes with Credit Stepdowns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current with No Stepdown</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>Year 1</td>
</tr>
<tr>
<td>Year 5</td>
</tr>
<tr>
<td>Year 10</td>
</tr>
<tr>
<td>Fully Implemented</td>
</tr>
</tbody>
</table>

*Note: the estimates above assume static Assessed Valuations and assessment rates.
What do districts need to do?

**Review and organize documentation:**

- Find the documentation used to support the mills the district levied in 2020, including any temporary tax credits. This supporting documentation may include previous district audits; information from the local county about the mills in place at the time the district obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR; and / or other district records.
- Questions or concerns? Reach out to Tim Kahle at CDE: kahle_t@cde.state.co.us. CDE will do everything possible to assist you with confirming and documenting the correct mill levy for your district, if needed.

**Provide a copy of documentation supporting temporary mill levy tax credits to CDE:**

- CDE strongly recommends that districts share a copy of the supporting documentation referenced above with the department.
- Please submit supporting documentation for any temporary tax credits established in 2020 by emailing it to schoolfinance@cde.state.co.us, as soon as possible, but not later than **October 15, 2021**.

**Communicate with stakeholders:**

- Start with informing your local Board of Education and your County Assessor--use this presentation if helpful
- Access CDE-provided communications resources to communicate with broader stakeholders
Support: What support is available?

● **Consultation**

CDE School Finance is offering technical assistance to districts in the form of webinars and individual district consultations. To request technical assistance with mill levy correction, please reach out to Kate Bartlett (bartlett_k@cde.state.co.us) or Tim Kahle (kahle_t@cde.state.co.us) at CDE.

● **Communications resources in development**

  ○ CDE press release - *early September*
  ○ One pager
  ○ FAQs
  ○ Sample letter for districts to use
  ○ Slide deck for districts to use
  ○ Talking points for County Assessors and Treasurers
Review: Main takeaways

- Mill Levy Correction is a legislative and legal directive to correct a historical undercollection of local property taxes.
- The historical undercollection resulted in districts collecting less in property taxes for education than their voters had approved by de-TABORing.
- Mill Levy Correction is in law, dictated by state statute; it is not a local decision to raise property taxes.
- Mill Levy Correction is a phased approach to restoring local property taxes to the levels voters authorized.
- Mill Levy Correction will result in local taxpayers increasing their taxes to previously approved levels, or to an appropriate level as defined by HB20-1418.
- There are no retroactive payments or penalties--the law only applies to future years.
- **Funds generated through Mill Levy Correction will result in more fiscal resources overall being available for education.**
Other Fiscal Topics
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](http://www.cde.state.co.us/cdefinance/Accreditation.htm)
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
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
Other CDE Offices
Supporting District Operations
• 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
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
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 + State Rules In Progress
  • 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
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
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

- General Fund
- Cash Funds
- Income and Sales taxes
- Fees
- TABOR Limit
- TABOR Refund
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