

Southern Superintendents School Finance Update

November 6, 2019



2020 Legislative Session

November 2019	Governor Submits Budget Request for 2020-21 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2019	Joint Budget Committee Briefing and Hearing with CDE covering various budget-related topics relevant to K-12
January 2020	Governor Submits <i>Supplementals</i> for 2019-20 Adjusts current year's actual pupil counts, AVs, etc., including Full-Day Kindergarten enrollment Governor Submits <i>Budget Amendments</i> for 2020-21 Revises estimates for next year's pupil counts, AVs, etc.
Spring 2020	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law (HB19-246 for School Finance)
Spring 2020	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 projected 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-June: Actuals
 - Pupil count and Assessed Valuations updated for the second half of the year payments
 - December and January true up from projections to actuals
 - Rescissions updated

School Finance Formula Models

Questions have arisen related to the use of two separate models by CDE and Legislative Council

Each model has different purpose and primary audience

General consensus that two models offers a valuable check and balance for the complex School Finance calculations

Two models do present some challenges, including different naming conventions and differing levels of detail on inputs

Efforts are underway to improve the crosswalk between the two models

School Finance Formula At-Risk Calculations

Questions have arisen related to At-Risk funding calculations for FY19-20.

At-Risk calculations ***have not changed***. The funding calculations are accurate and reflect the School Finance Act.

July through November state share payments are calculated based upon ***projected*** funded pupil counts and at-risk counts.

The December/January mid-year true up incorporates ***actual*** funded pupil counts and at-risk counts.

The calculation of Free lunch percent in Grades 1-8 compared to K-12 Free lunch counts is disabled during the projection period (July through November) and enabled with actual counts (December through June).

The presentation of this calculation is not as clear as possible. We will be revising how this is shown to avoid confusion moving forward.

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

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: Determined by statutory formula based on enrollment. Actual personnel costs may differ from the statutory factor calculation. Cost of living factor is applied to the calculated personnel amount.
- Size of district: Determined by statutory formula based on enrollment. Small districts have larger size factors than districts with higher enrollment.

Local Share Funding Sources

Local Funding Statewide -39% in FY20-21

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

State Share Statewide- 61% in FY20-21

- 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%

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 = \$8,477 (+\$340)
- Total Program = \$7.58B (+516M)

2020-21 Governor's Nov 1 Budget Request

- Budget Stabilization Factor = \$532.4M (-\$40M)
- Average Per Pupil Funding = \$8,674 (+\$197)
- Total Program = \$7.77B (\$187M)

Full-Day Kindergarten Bill (HB 19-1262)

Increases full-day kindergarten funding from 0.58 to 1.0 FTE

Keeps funding for 0.58 for half-day kindergarten

Repurposes current hold-harmless kindergarten funding

Transition from half-day to full-day is not mandatory

Bill assumes 85% of half-day programs will transition to a full-day program

Anticipated implementation in SY19-20 based on district survey response indicates a higher adoption rate

This will be trued up during the supplemental process

Full-Day Kindergarten Bill (HB 19-1262)

In June districts reported planned implementation of Full-Day K:

- SY19-20 for an estimated 414 schools representing 97% of the 13,324 students enrolled in half-day programs in SY18-19;
- SY20-21 in 5 schools representing 1% of students;
- SY22-23 in 2 schools representing 1% of students;
- SY23-24 in 1 school representing less than 1% of students; and
- Do not plan to implement full-day kindergarten in 2 schools representing less than 1% of students

Full Day Kindergarten Furniture Fixture and Equipment Funding

Districts can apply for their proportionate share of \$25 million in formula-based grants for furniture, fixtures, or equipment (FFE) to conduct a full-day kindergarten or a preschool educational program

Initial distribution of funds (80% of appropriation) was based upon projected FDK counts

Remaining 20% will be distributed following mid-year true-up based on actual FDK counts

To date, *14 districts have not applied* for these funds

These *districts may still apply* for these funds by contacting Tim Kahle at kahle_t@cde.state.co.us

Full Day Kindergarten FFE Allowable Uses

Grant code: 3250 for revenue and expenditures

Revenue Source Code: 3000

Fund: District Choice (e.g. fund 10, fund 43, etc.)

Object Codes: 0730-0739

0730 Equipment. Expenditures for the initial and replacement items of equipment, such as machinery, furniture, fixtures and vehicles. Machinery, furniture and fixtures (including teacher desks, chairs and file cabinets), technology equipment and other equipment that are used for instructional purposes should be charged to appropriate instructional programs.

0731 Machinery. Expenditures for equipment usually composed of a complex combination of parts (excluding vehicles). Examples are lathes, drill presses, printing presses, microscopes, etc.

0732 Vehicles. Expenditures for vehicles which are licensed that are used to transport persons or objects. Examples are automobiles, trucks, buses, station wagons and vans.

0733 Furniture and Fixtures. Expenditures for equipment used for sitting; as a support for writing and work activities; and, a storage space for material items.

0734 Technology Equipment. Expenditures for computers and other technology equipment.

Examples are computers, laser printers, CD ROM equipment, VCRs, Software, etc.

0735 Non-Capital Equipment. Expenditures for items classified as equipment, but costing less than the district policy for capital assets inventory. Alternatively, non-capital equipment may be coded as a supply to an object in the 0600 series.

0739 Other Equipment. Expenditures for all other equipment not classified elsewhere in the 0730 object series.

Funding for Rural Schools

The School Finance Act (SB19-246) included:

- \$20 million
- Same allocation as prior years: 55% large rural and 45% small rural, based upon funded pupil count for the FY 2018-19
- Report required on specific expenditures and how the nonrecurring expenditures are related to improving student learning and the educational environment

Categorical Program Revenues

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

State and federal revenues only cover 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

Election Reporting Timelines

Election Results

- Form sent to districts by October 31st
- Need to be returned within 10 days following the election

Mill Levy

- Certification form posted and districts notified by November 18th
- Certification with counties no later than December 15th
- Due to CDE by December 20th

Student October Count Timeline

Fri., November 8

- Deadline for all districts to submit/accept their Student October Snapshot through the Data Pipeline

Tues., November 12

- Deadline for all districts to submit duplicate count documentation to the School Auditing Office

Fri., November 15

- School Auditing Office will communicate funding decisions related to the duplicate count

Wed., November 27

- Deadline for all districts to resubmit /accept their Student October Snapshot with duplicate count changes through the Data Pipeline

Fri., December 6

- Deadline for all districts to submit their Student October Snapshot “Signature Page” to CDE (signed by local board of education)

Student October Count – Data Validation

Districts are encouraged to:

Coordinate across the district to review reported data including grade level, funding code, pupil attendance information code, postsecondary program education code, free and reduced price meal status

- Student October Count Data Respondent (IT)
- Pupil Count Coordinator (IT/Admin)
- School Nutrition Director/Free and Reduced Price Meal Specialist
- Finance/Budget Personnel

Review Reported Data

- Compare current year vs projections vs prior year for reasonableness

Student October Count – FRL Data Validation

At the district and school level, verify the following

- Students who appear on a Direct Certification list from July 1 through the pupil enrollment count date must be reported as free lunch eligible
- Students who are identified categorically eligible for free lunch (e.g., foster, migrant, homeless, runaway, etc.) from July 1 through the pupil enrollment count date should be reported as free lunch eligible
- Identify schools reporting no free lunch eligible students

During the October 2018 Student October data collection, 2,200 directly certified students were not reported as free lunch eligible

Proposed SNAP Rule Change

Proposed rule to change TANF recipients automatic enrollment/categorical eligibility for SNAP benefits

Decline in number of households qualifying for SNAP, decrease number of students directly certified

Estimated 8,500 students losing SNAP benefits

Impact districts/site eligibility to participate in provisional programs

Immigrant/Migrant Families

Clarification of Public Charge Final Rule

Applying for free or reduced-price school meals is not considered a public charge

Will not affect the probability of household members receiving a green card or visa

Important to communicate to district staff and households

Helpful resources:

<https://protectingimmigrantfamilies.org/know-your-rights/>

Grants Fiscal Management

Grants Fiscal payment processing for the month went from 26 hours, to <5 hours from receipt of request to money out the door.

- Continue to refine our processes in anticipation of becoming even more efficient
- Districts get their reimbursements quicker!
- Frees up more time to support the field in other ways
- Continue to streamline our overall Grants Fiscal Processes
- New process improvement to focus on streamlining grants processes



Internal Controls

2 C.F.R. 200.303 Internal Controls gives reasonable assurance that the organization will achieve its objective through:

- Effective and efficient operations
- Reliable reporting
- Compliance with applicable laws and regulations

Segregation of duties is an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task.

- Can be difficult for districts with a small staff
- Compensating controls may include maintaining and reviewing decision making logs and supporting documentation, with signatures on support from a program individual reviewing the submission

New Federal Regulations and Associated Costs

New US Department of Transportation - Federal Motor Carrier Safety Administration Rules

- Entry Level Commercial Driver's License (CDL) Training – **Feb 2022**
- Drug and Alcohol Clearinghouse – Jan 2020

CDE recently became aware that there will be a fee for conducting queries into the Clearinghouse

- Queries include annual check on currently-employed CDL drivers and pre-employment check on prospective CDL drivers
- Individual queries cost \$1.25
- Unlimited query plan is \$24,500 annually

Districts should contact the agency performing their drug and alcohol testing to determine the cost impact to the district

Homeland Security/TSA have issued warnings that school buses are soft targets

E-Learning Days

Some districts are considering use of “E-Learning Days” in lieu of canceling a scheduled student contact day for any reason (such as weather, etc.)

The following criteria must be met and documented:

- District board of education definition of educational process (e.g., in board policy, board resolution, governance document, etc.), which includes E-Learning Days (with corresponding definition)
- Documentation (e.g., regulations, course syllabus, handbook, etc.) outlining district policy (if not included in board policy) that describes the following:
 - Acceptable ways in which teacher-pupil instruction and contact time can occur outside the classroom during E-Learning Days, including how teacher-student interaction will be documented
 - Acceptable ways in which attendance/participation should be documented

Further, the district must ensure that all students have the appropriate electronic equipment and resources, including but not limited to hardware and internet access, to participate in the E-Learning Days.

School District Calendar Guidance

<http://www.cde.state.co.us/sites/default/files/docs/cdefinance/Instructional%20Hours%20Resource%20Guide> Updated DEC2018.pdf

Questions? Concerns? Complaints?

Please contact:

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