

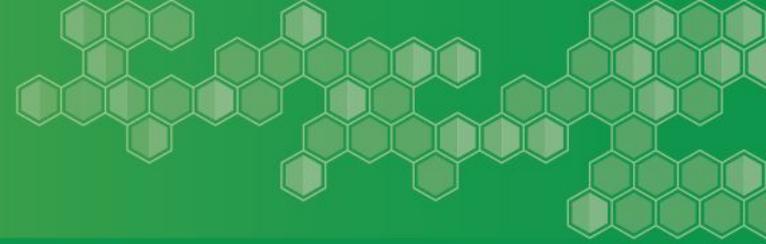
School Finance Update

CASBO

May 20, 2021

Legislative Updates for School Finance and Other Relevant Funding Issues

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 Act as Introduced**
 - Budget Stabilization Factor = \$572.4M (-\$479.7M)
 - Average Per Pupil Funding = \$8,858 (+\$734)
 - Total Program = \$7.8B (+\$631.7M)

SB 21-268: Highlights of the 2021-22 School Finance Act

- **Base per pupil funding.** The bill increases base per pupil funding for FY 2021-22 by \$141.67 to \$7,225.28, which reflects a 2.0 percent inflation rate.
- **Budget stabilization factor.** The bill decreases the budget stabilization factor by \$478.7 million, from \$1.05 billion in FY 2020-21 to \$572.4 million in FY 2021-22. For FY 2022-23, the bill specifies that the budget stabilization factor cannot exceed the FY 2021-22 level.
- **Additional at-risk funding.** In FY 2021-22 only, the bill provides \$77.4 million in additional funding for students who qualify for reduced-price lunch and English language learners who currently qualify as at-risk students. This amount is distributed outside the funding formula to local education providers on a per-eligible student basis.

- [Fiscal Year 2021-22 School Finance Funding](#)
 - Contains FY 2021-22 District Funding Calculation Worksheet - May 12, 2021 DRAFT Projections
 - This model is based on the **draft** school finance bill **as introduced**
 - Any changes by the legislature to the bill may result in additional changes to amounts for total program, state share and per pupil revenue
 - The model does not include additional at risk funding
 - Estimates for these funds are available in the [Fiscal Note](#)
- Funding runs do **not** include rescission funding
 - Joint Budget Committee discontinued the use of the rescission (withholding) mechanism starting in FY 2021-22

- **Carry Over Provision:** School Finance Rule [1 CCR 301-39](#)-6.03(1)(a) states:
Absent the current year application (for free or reduced price school meals), a district may submit the pupil's prior year application, which application shall be valid evidence for a maximum of 30 school days into the current year.

- **Variance Waiver:** A variance waiver may be requested to extend the carry over through the Pupil Enrollment Count Day, if it does not fall within the first 30 school days for a district/school.. Send a request to okes_j@cde.state.co.us.

Therefore, a students on the Direct Certification list or with a valid FRL application for SY20-21 can be submitted for At-Risk funding for SY21-22.

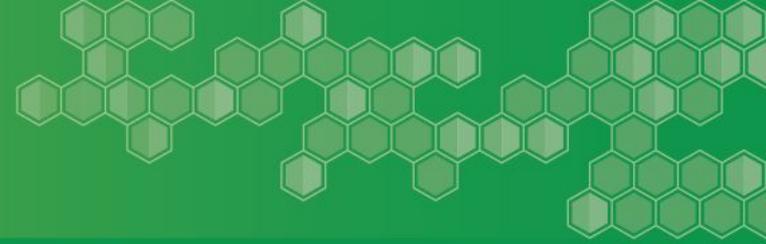
- **District Considerations:**
 - Ensure matching is completed for all students against the Direct Certification list
 - Targeted communications to families that have not submitted FRL applications
 - P-EBT Benefits may be incentive to submit FRL application

SB 21-268: Other Provisions in School Finance Act

- **CDE-40 Transportation Funding:** Deadline for district submission is moved to September 15th and CDE must make payments by November 15th
- **READ Act:** Allows carry forward more than 15% of the per-pupil intervention money for the 2020-21 budget year for use in the 2021-22 budget year
- **Budget Deadlines:** Extends the budget deadlines for the 2021-22 budget year
 - Prepare/submit by June 23rd
 - Publish by June 25th
- **School Finance Audit Payments:** Increases appropriation to \$1M for CDE to make payments to underfunded districts
 - Remaining issue for FY 2018-19 and FY 2019-20
 - May result in delays in completing audits prior to mid-year true up for this spending authority

SB 21-268: Other Provisions in School Finance Act

- **Alternative Pupil Count Day:** Changed to within 45 school days after the first school day (vs. after pupil enrollment count date)
- **Felony Convictions:** SBE can take action against educator convicted of felony in other states
- **Accreditation:** Extends 2021-22 contract to 18 months
- **Innovation Schools/Zones:** SBE review must be based on serving the best interests of students, families, and the community
- **Charter Conversions:** Addresses at-risk funding for convert to/from CSI



The following grant programs to be restored this session:

- Workforce Diploma program: \$212,222
- Computer Science Grant program: \$250,000
- School Food Purchasing Program: \$675,255
- BEST Cash Grant: \$100,000,000
- Ninth Grade Success Program*: \$800,000
- School Leadership Program*: \$375,807
- Accelerated College Opportunity Exam Fee*: \$280,730
- John Buckner Auto Enrollment in AP Courses*: \$250,000
- School Counselor Corps*: \$2,000,000 & removes cap on appropriations

**Pending passage of School Finance Act*



• 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

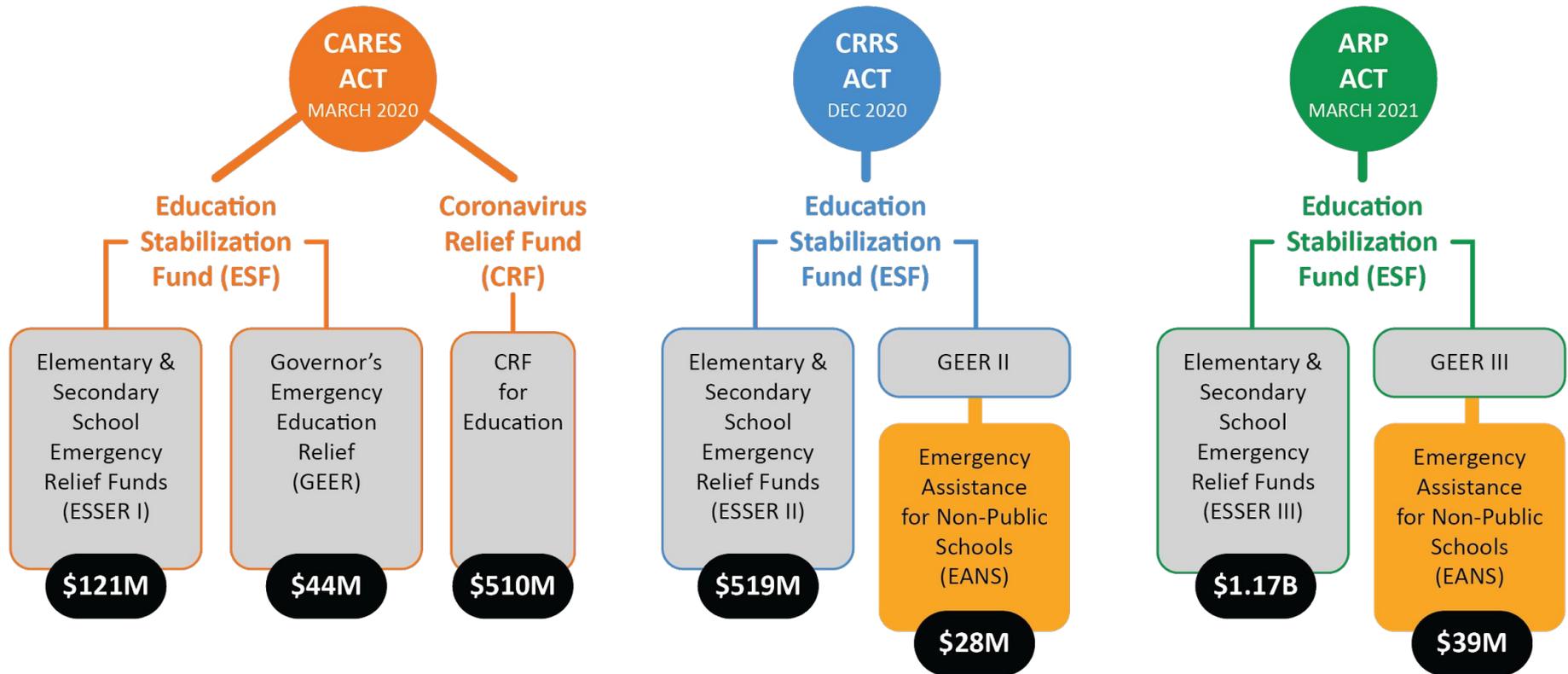
- Confirmation of Mill Levy Tax Credits
 - Legislative staff have flagged the mill levy credit certified for the Property Tax Year 2020 by a number of districts in December 2020.
 - CDE will follow-up with individual districts to confirm the mill levy credit, including supporting documentation for the tax credit.
- Correction Plan 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.

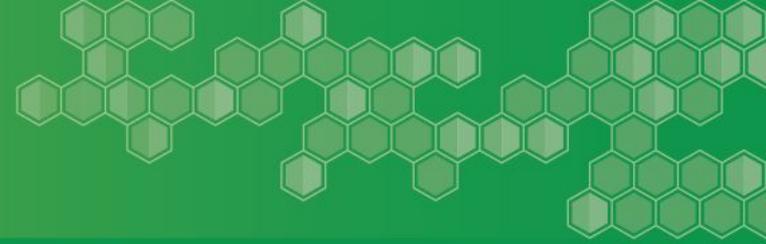
Senate Bill 21-202

- Provides \$10 Million for public school air quality improvement projects grants
- Prioritize grant awards for applicants with the lowest matching money percentage
- May not issue grants as reimbursement for projects funded or completed before April 1, 2021
- Bill is still pending
- Related Topic: Based upon guidance from CDPHE and data from the EPA, Hydrogen Peroxide and Bipolar Ionization HVAC systems will not be approved for ESSER funding prospectively.

Federal Stimulus Funding

Overview of Federal COVID Relief for K-12 Education

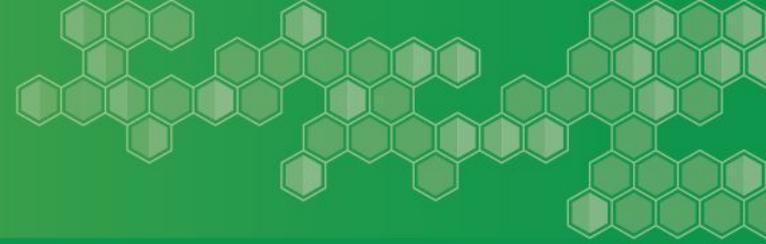




- **What has happened so far?**
 - Office of the State Controller engaged KPMG to do a sampling monitoring of districts regarding their expenditure of CRF funds
- **What's new?**
 - CDE has learned from OSC that the department is now also required to perform monitoring
 - We are working on a protocol for this that will place the least possible burden on districts
 - Monitoring must be performed by December 2021



Total ESSER Funding



	ESSER I (CARES Act) March 2020	ESSER II (CRRS Act) December 2020	ESSER III (ARP Act) March 2021
Total State Allocation	\$120,993,782	\$519,324,311	\$1,166,328,632
Allocation to LEAs	\$108,894,404 \$0-\$723 per pupil 90% of total funding Title I formula	\$467,391,880 \$0-\$2,944 per pupil 90% of total funding Title I formula	\$1,049,695,769 \$0-\$6,611 per pupil 90% of total funding Title I formula
State Reserve	\$12,099,378 10% of total funding	\$51,932,431 10% of total funding	\$116,632,863 10% of total funding
CDE Admin	\$604,969 0.5% of total funding	\$2,596,622 0.5% of total funding	\$5,831,643 0.5% of total funding
Funding Period	Through Sept. 30, 2022	Through Sept. 30, 2023	Through Sept. 30, 2024



ESSER Comparisons

	ESSER I (CARES Act) March 2020	ESSER II (CRRS Act) December 2020	ESSER III (ARP Act) March 2021
Use of Funds See allowable uses matrix	Costs related to preventing, preparing for, and responding to COVID-19 (including addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings*)		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 (EANS)	Separate program under GEER (EANS)
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





**Passed in
March 2021**

Allocated additional
funding to existing
education and
nutrition programs



Overview of American Rescue Plan



NATIONAL ALLOCATIONS

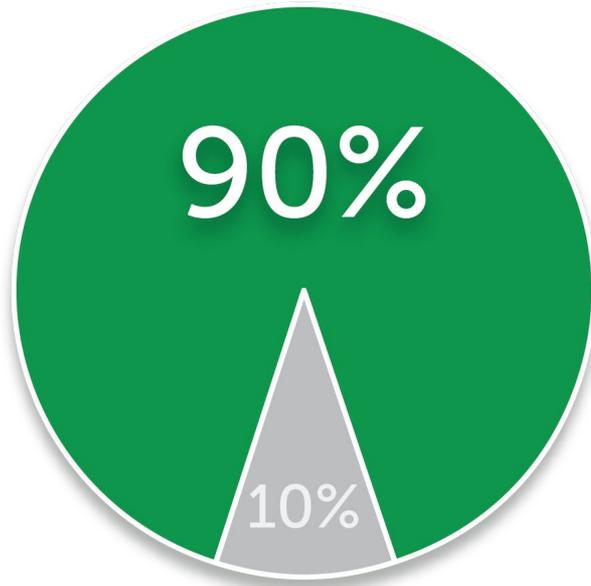
- \$122 billion to the Elementary and Secondary School Emergency Relief (ESSER) Fund (which we are calling ESSER III)
- \$450 billion to the Individuals with Disabilities Education Act (IDEA)
- \$800 million to support homeless children and youth



COLORADO ALLOCATIONS

- \$1.17 billion to the ESSER III fund
- \$41.5 million to IDEA
- \$7.6 million for students experiencing homelessness
- \$3.4 million for library services and technology

Separate federal legislation includes additional federal funds for emergency costs for child nutrition program



90% of the funding will flow to districts through the Title I formula

- **At least 20% of funding** must be used to address the learning impacts of COVID-19 through interventions, summer programming, and after-school opportunities (\$210M)

Aside from these requirements, allowable uses of ESSER III funds are like ESSER I and ESSER II and must be used to address the impacts of COVID-19

LEA Plans & Stakeholder Consultation - Breaking!

- The US Department of Education released Interim Final Rules for ESSER III in late April with several requirements that are *not in statute*.
 - **Safe Return to In-Person Instruction and Continuity of Services Plan**
 - **LEA ARP ESSER Plan**



- LEAs must post **Safe Return to In-Person Instruction and Continuity of Services Plans (regardless of whether the district is already open--or has been all year)**
 - The extent to which the LEA has adopted policies and a description of any such policies on each of the following health and safety strategies:
 - masks
 - physical distancing
 - cleaning and maintaining healthy facilities, including improving ventilation
 - contact tracing
 - testing
 - efforts to provide vaccinations
 - appropriate accommodations for children with disabilities
 - how the LEA will ensure continuity of services

Start where you are, tell us what you have, within the ESSER III application.

- LEAs must submit **LEA ARP ESSER Plans** within a reasonable timeline established by CDE
- Plans must be developed in consultation with stakeholders and at a minimum describe:
 - How funds will be used to implement prevention and mitigation strategies,
 - How the LEA will use the mandatory 20% set-aside for to address the academic impact of learning loss or “lost instructional time” through the implementation of evidence-based interventions,
 - How the LEA will use the remaining ARP ESSER funds consistent with statutory requirements.

More to come!

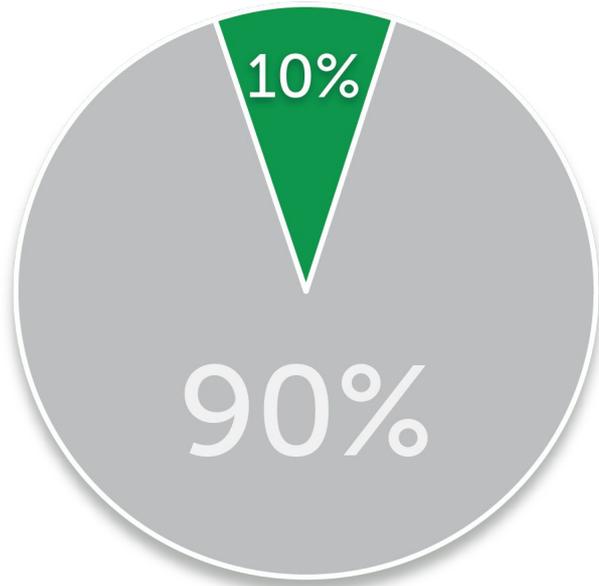
- **What is meant by “meaningful consultation?”**

- Students, Families, School admins, District admins, Spec. Ed admins, Teachers, Principals, Other educators, School staff, Employee unions
- And other groups, i.e. Tribes, as relevant

- **What is the ED’s rationale?**

“An LEA’s decisions about how to use its ARP ESSER funds will directly impact the students, families, and stakeholders in their school district, and thus the LEA’s plans must be tailored to the specific needs faced by students and schools within the district.”

- **The SEA must also engage in meaningful consultation on the development of the SEA ARP ESSER Plan.**



10% of funding will be set aside for state-level priorities

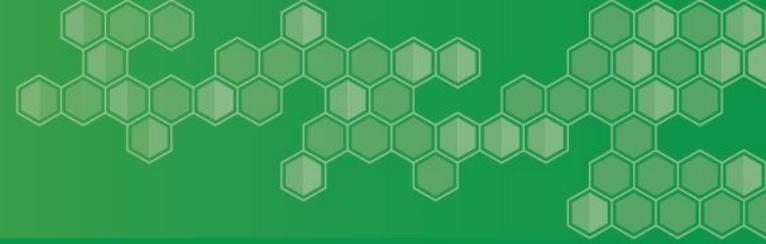
- States must use a portion of funds for grants or contracts to address the impacts of COVID-19
- **At least 5% of funds** must be used to support evidence-based interventions to address learning loss (\$58M)
- **At least 1% of funds** must be used to support summer programming (\$12M)
- **As least 1% of funds** must be used to support after school programming (\$12M)

Aside from these requirements, allowable uses of ESSER III funds are like ESSER I and ESSER II and must be used to address the impacts of COVID-19

ESSER III State Reserve Decision Making Process

- 1 We recognize the once in a generation opportunity to support our education system with these funds.
- 2 We want to think big and creatively, gather input, and use this funding to truly make a difference for our students in Colorado.
- 3 Our top priority is to close the opportunity and achievement gaps that have been exacerbated by the pandemic.
- 4 We are planning processes for gathering diverse input, including listening sessions and design sessions.

ESSER State Reserves Summary



	ESSER I (CARES Act)	ESSER II (CRRSA)	ESSER III (ARPA)
Use of 10% State Set Aside 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 to be determined</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>

Reflections

It's been bananas!



Unprecedented times in school finance

- *Large, new investments at both the state and federal levels*
 - Per pupil revenue recovering and then some, budget stabilization factor down
 - \$1.8B in federal stimulus funds to Colorado from ESSER I-III alone
- *Potential structural changes to school funding through mill levy correction*
 - If implemented, will relieve pressure on state share
- *Balancing act for schools and districts*
 - One-time or short-term investments required to spur recovery, combat learning loss
 - Significant influx of one-time funds that are relatively flexible but require a tremendous amount of time to manage
 - Fundamental challenges like educator pay haven't gone away
 - Fundamental changes to education here to stay
- *Balancing act for CDE*
 - Leveraging and learning from new practices
 - Significant influx of one-time funds that are relatively flexible but require a tremendous amount of time to manage
 - Fundamental changes to education here to stay. Allowing time for policy to catch up

Questions?

Contact Info:

Jennifer Okes, Chief Operating Officer, okes_j@cde.state.co.us

Kate Bartlett, Executive Director of School District Operations, bartlett_k@cde.state.co.us