



COLORADO
Department of Education

CASBO

School Finance Update

October 14, 2020

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



School Finance Historical Recap

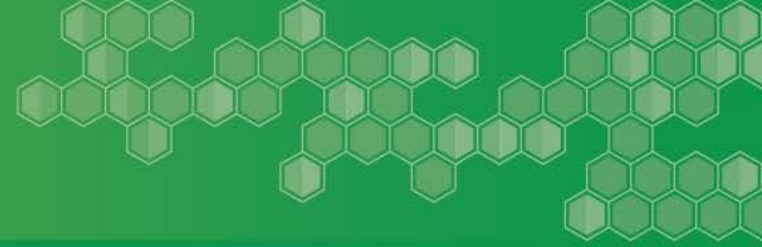


- 2016-17
 - Budget Stabilization Factor = \$828.3M
 - Average Per Pupil Funding = \$7,420
 - Total Program = \$6.37B
- 2017-18
 - Budget Stabilization Factor = \$822.4M (-\$5.9M)
 - Average Per Pupil Funding = \$7,662 (+\$242)
 - Total Program = \$6.63B (+\$250M)
- 2018-19
 - Budget Stabilization Factor = \$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)

FY 2020-21 Budget Changes



- FY20-21: \$3.3 billion total reduction in state funds of which \$1.4 billion is one-time funding
- The School Finance Act and Long Bill included reductions to school districts and programs within CDE
- The final budget increased the BS Factor by \$601.1M, 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)
- Federal funding was provided- ~\$640.3M

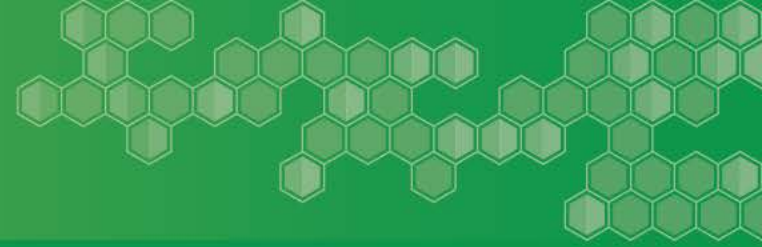


- September forecast was better than June's forecast
- Economists project revenue growth -- but it is growth from an historic low
- Caseload growth continues especially in Medicaid
- Projected revenue growth is likely insufficient to forestall budget cuts

Budget Priorities - Decision Making Criteria for FY22

- Strategic plan priorities
 - Strong Foundations for our earliest learners
 - Quality Schools
 - All Means All
- Grant programs
 - Evidence of effectiveness
 - Extent of reach
 - Support for students impacted the most by COVID
- Core CDE infrastructure

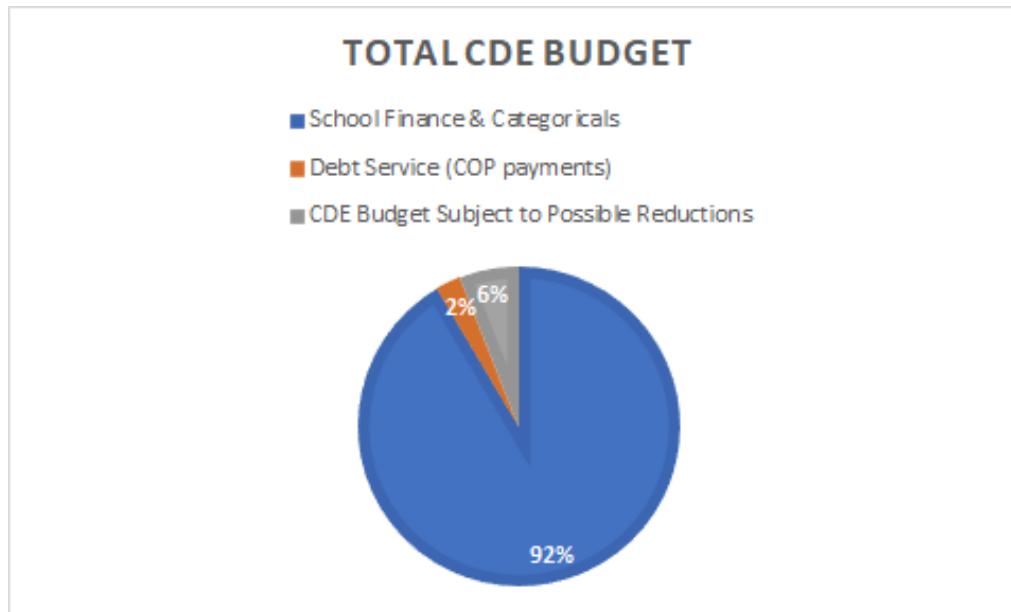
CDE FY22 10% Budget Cuts



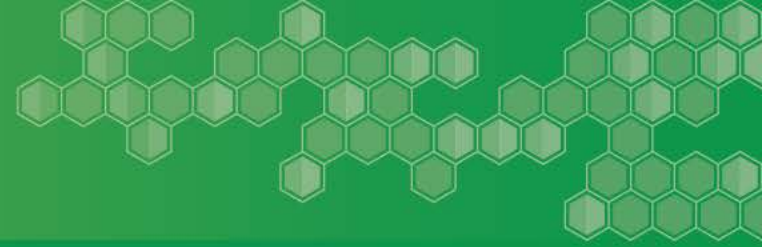
Total CDE Budget = \$4.96B

- School Finance & Categoricals = \$4.53B or 91.5%
- Debt Service (COP payments) = \$125M or 2.5%
- CDE Budget Subject to Possible Reductions = \$293.9M or 6%

10% Target = \$29.4 Million



Operational Reductions



CDE operational reductions include:

- Operating savings of \$884,647
- Personal services savings of \$972,330
- Total CDE Operational Reductions of \$1,856,977

Grant Program Reductions

Continue FY20-21 Reductions:

- School Counselor Corps (\$250K, 3%)
- Local Food Purchasing (\$675K, 100%)
- Computer Science Education (\$250K, 100%)

Reduce Grant Programs:

- BEST Cash Grants (\$8.9M, 15%)
- Charter School Capital Construction (\$3.1M, 10%)
- Concurrent Enrollment Expansion (\$500K 34%),
- Career Development Incentives (\$2M, 44%)

Suspend Grant Programs:

- Workforce Development Pilot (\$200K, 100%)

Return Unused Fund Balances:

- Early Literacy Fund Balance (\$5.5M, 100%)
- PE Pilot Bill (\$750K, 100%)
- At-Risk Supplemental Aid Reversion (\$250K, 5%)



Reductions include:

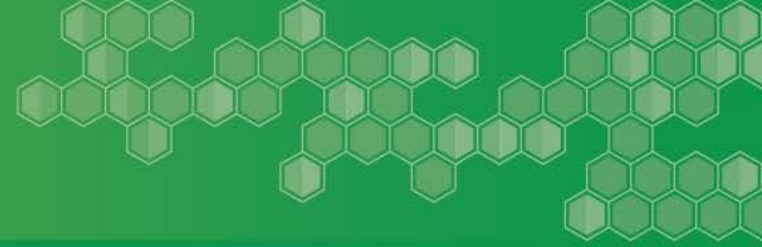
- Reduce ASCENT Slots from 500 to 250 (\$2.1M, 50%)
- Reduce Colorado Library Consortium contribution (\$100K, 10%)
- Suspend P-TECH Program (\$578K, 100%)
- Suspend 4th and 7th Grade Social Studies Assessments (\$1M, 4%)
- Suspend Innovative Learning Opportunity Pilot (\$1.2M, 100%)
- Eliminate Basic Skills Placement Test Reimbursement (\$50K, 100%)

If the legislature decides it is not necessary to cut the full \$29 million, **focus on students** in prioritizing what is protected.

- First Priority for Restoration - Grant Programs with direct student impact
- Second Priority for Restoration - Programs with direct student impact
- Third Priority for Restoration - Operations with direct student and/or district impact

State Funding Reductions and Federal Funding Supplements FY 2020-21

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

SEA 10% Less SEA Admin = \$11,494,410

Initial Distribution = \$4,614,002

- \$2.6 million of ESSER state reserve will be directed to school districts, BOCES and Tribes that received little or no relief funding
- \$2 million for broadband connectivity

Remaining Funds = \$6,880,408

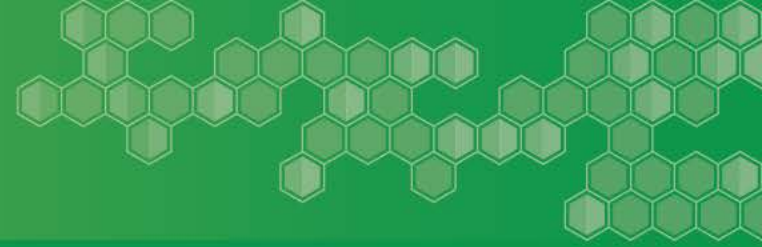
- CDE will reserve the remaining \$6.9 million set aside for state-level activities to address future pandemic-related issues
- Determined by the Commissioner in late fall of 2020

Colorado ESSER
\$120,993,782

LEAs 90%
\$108,894,404

SEAs 10%
\$12,099,378

SEA Admin
\$604,969



- 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



COLORADO
Department of Education

Coronavirus Relief Fund (CRF) K-12 At-Risk Pupils

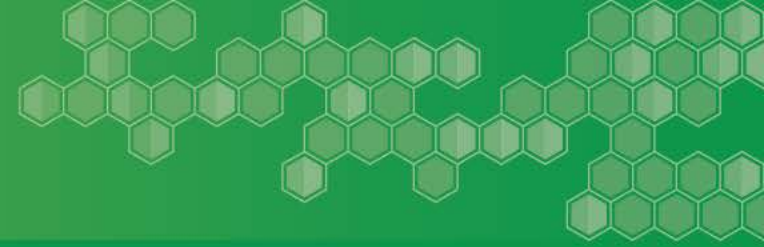
\$37 Million Transfer to CDE

- Thirty-seven million dollars from the Coronavirus Relief Fund, allocated by the governor to the Colorado Department of Education for Colorado public school expenditures incurred to respond to second-order effects of the COVID-19 emergency, in particular the increased number of at-risk students due to the COVID-19-driven recession.
- The governor has directed that Colorado schools shall use federal money in accordance with federal law to, among other things, facilitate distance learning and social distancing for in-person contact hours, mitigate lost learning, provide additional resources and supports to respond to the unexpected increase in at-risk students due to the COVID-19 emergency, and provide economic support in connection with the COVID-19 emergency to stimulate the economy by supporting Colorado's workforce through free instructional hours for the kindergarten through twelfth grade education system.

- Legislative Council staff included these increased at-risk counts into the Total Program projections for each district.
- These funds are part of the State Share of Total Program and not in addition to this funding.
- Districts will receive the same monthly total amount of state share in October as was received in the months of July – September 2020.
- The October payment will have split funding between grant codes 3110 (State Share) and 5012 (CRF K-12 At-Risk Pupils).
- These two amounts will total the regular monthly state share amount.
- *Example:*
 - *District A receives a monthly state share payment of \$200,000. The district's proportionate amount of the \$37M is \$30,000. The October payment will be \$170,000 from 3110 and \$30,000 from 5012. The total payment remains \$200,000.*



Basis for Funding



- Increased At-Risk projections were developed using information from the prior recessions.
- Using CRF funding was done to cover the State's increased costs of higher numbers of at-risk pupils due to the COVID-related economic recession.
- This does not negatively impact the December/November true-up of Total Program and State Share for districts.
- This does require districts to do additional reporting per the next slide.

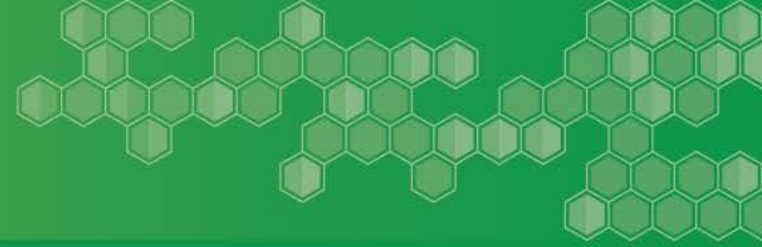


Reporting and Allowable Uses

The district allocation as reported for Grant Code 5012 in the October State Share payment is from Coronavirus Relief Fund (CRF). Therefore:

- These funds are subject to the CRF Allowable Use Guidance located at: <http://www.cde.state.co.us/caresact/crf-allowableexpenditures>
- Districts will need to report how these funds were spent.
 - A separate reporting mechanism, similar to the CRF reporting structure will be used.
- These funds will need to be used prior to December 30, 2020.





- If you have additional questions not addressed in these slides, please contact:
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