



**COLORADO**  
Department of Education

# School Finance New Superintendents

**Jennifer Okes**

September 2015

# Agenda

- **Financial Reporting:**

- Accreditation, Audits & Financial December, Budget & Appropriation, and Financial Transparency

- **Funding:**

- Total Program Funding Formula, Funding Sources, Base Per Pupil Funding, 2017 Legislative Session

- **Other:**

- BEST Program, School Nutrition, Grants Fiscal, Field Analyst Support Team, School Transportation, Contacts



# Accreditation

## 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 & Financial December

- **Local Government Audit Law - 29-1-601 et al C.R.S.**
  - Audits submitted to school board by November 30<sup>th</sup>
  - Audits submitted to the State Auditor and CDE by December 30<sup>th</sup>
  - Extensions may be requested to February 28<sup>th</sup> through the Office of the State Auditor
  
- **Charter School Audits**
  - Each charter school is required to provide a separate independent gov't audit
  - Authorizers may require submission earlier than November 30<sup>th</sup>
  - Charter schools are included as a component unit of the district
  - Charter school audits are submitted to CDE with district's audit



# Audit & 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 prior to January 31
- After January 31, adopt supplemental appropriation to spend additional funds
- Additional Information :

[www.cde.state.co.us/cdefinance/sfbudgettraining](http://www.cde.state.co.us/cdefinance/sfbudgettraining)



# Financial Transparency: School Level Reporting

- School-Level Financial Reporting website will translate the expenditures into a format that is readable and comparable by a layperson.
  - FY2015-16 data goes live July 1, 2017
  - Based on data posted on district financial transparency webpages in Spring of 2017
  - Small rural districts are not required post school-level data, except for charter schools
- Additional Information:  
<http://www.cde.state.co.us/cdefinance/sfFinancialTransparency>
- ESSA Proposed Regulations require school-level per-pupil expenditures disaggregated by source of funds
  - FY17-18 data reported by December 31, 2018
  - CDE submitted comments: unreasonable timeline, burden on LEAs, unreasonable requirements for uniform statewide procedure



# Total Program Funding Formula

**Total Program Funding equals:**

$$\begin{aligned} &= (\text{funded pupil count} \times \\ &\quad \text{formula per pupil funding}^*) \\ &\quad + \text{at-risk funding} + \text{online \& ASCENT funding} \end{aligned}$$

**After Total Program is calculated, the Negative Factor is Applied**  
(11.51% in FY 2016-17)

**\*Base per pupil funding is adjusted by factors:**

- Cost of Living
- Personnel & Non-personnel costs
- Size of district

**Additional Information:**

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





# Funding Sources

- **Total Funding (FY 2016-17: \$6.396 Billion)**
- **State Funding (\$4.115 B – 64%)**
  - General Fund
  - State Education Fund
  - State Public School Fund
- **Local Funding (\$2.280 B – 36%)**
  - Property Taxes – mill levies
  - Specific Ownership Taxes – vehicle registration fees
- **The percentage split varies widely for individual districts**



# Base Per Pupil Funding

## ■ 2015-16

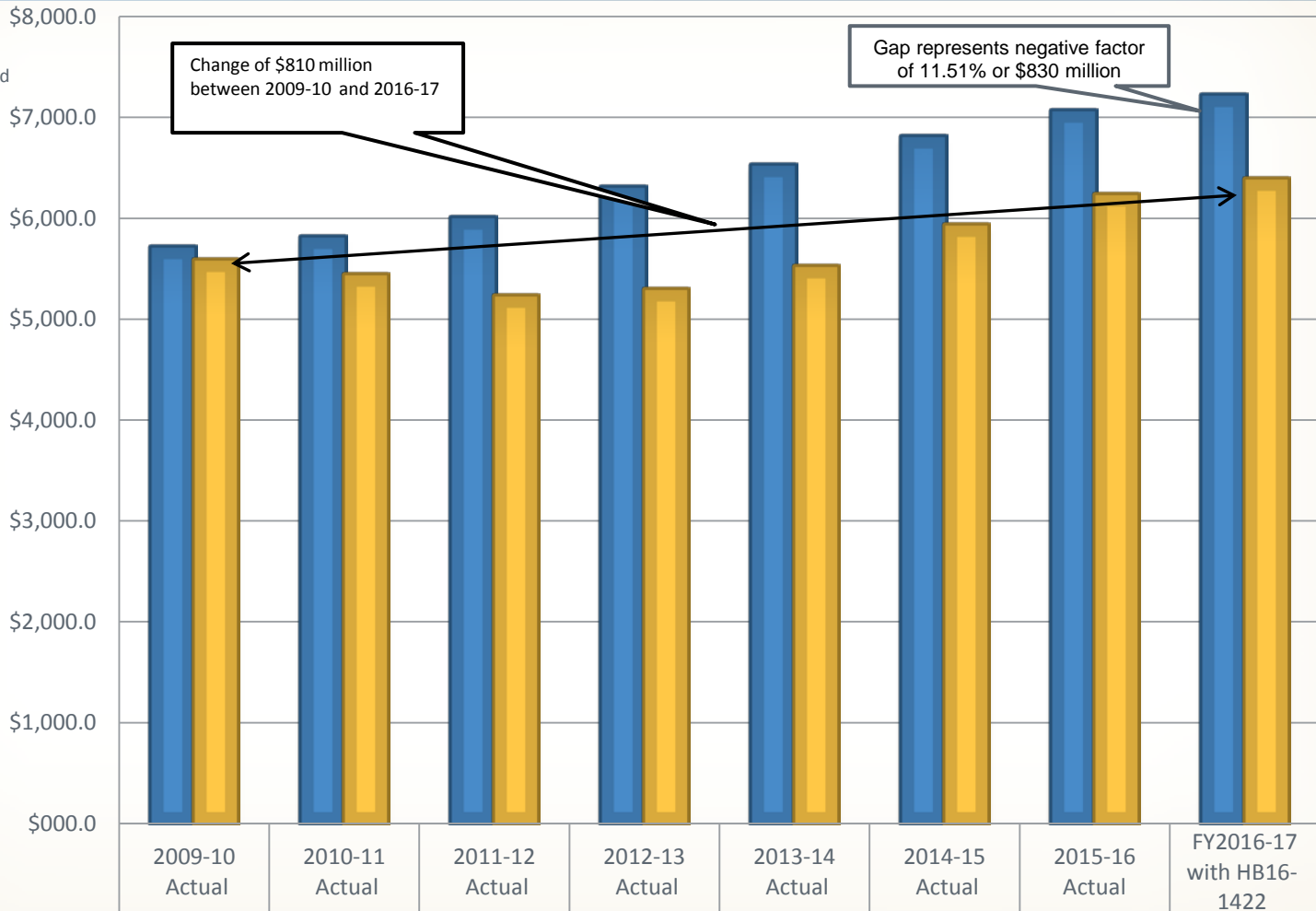
- Base Funding - \$6,292.39
  - Increase of \$171.39
  - Inflation of 2.8%

## ■ 2016-17

- Base Funding - \$6,367.90
  - Increase of \$75.51
  - Inflation of 1.2%

# State of Colorado

## Total Program Funding



■ Total Program Prior to Legislative Actions	\$5,717.3	\$5,822.3	\$6,006.5	\$6,309.4	\$6,531.2	\$6,813.6	\$7,070.3	\$7,226.6
■ Total Program Less Rescissions / Legislative Actions	\$5,586.1	\$5,439.7	\$5,232.4	\$5,298.0	\$5,526.9	\$5,933.4	\$6,239.6	\$6,395.6

# 2017 Legislative Session

November 2016	Governor Submits Budget Request for 2017-18 THIS IS ONLY A PROPOSAL!
Late November/December 2016	Joint Budget Committee Hearings with Department The JBC hears about the 2017-18 Budget Request from the Department and seeks additional information
January 2017	Governor Submits <i>Supplemental</i> Budget Request for 2016-17 Adjusts the Current Year Budget for actual Pupil Counts, AVs, etc. Governor Submits <i>Budget Amendments</i> for 2017-18 Revised estimates for next year's students, AVs, etc. based on current year actuals
Spring 2017	JBC Develops State Budget Through Figure Setting and Long Bill Passed by General Assembly – HB16-1422 sets starting point
Spring 2017	School Finance Bill Introduced and Passed Adjusts the Long Bill figures



# BEST Program

- The Division anticipates awarding both cash and leased purchased grants in the coming year
- Grants are available for any school capital improvement project with a focus on health, safety, security, overcrowding, technology and others
- Contact Division staff to get started on next year's BEST application
- Additional Information:  
<http://www.cde.state.co.us/cdefinance/capconstbest>



# BEST Program

- **Updating the Statewide Facility Assessment**
  - The Division of Capital Construction recently implemented an in-house assessment program to update the statewide facility assessment performed in 2010.
    - CDE assessors will make site visits to schools to assess facility conditions and suitability;
      - In the case the school already has an assessment program CDE will work with the district to obtain the relevant data points;
    - CDE assessors will update the assessment data on an ongoing basis;
    - The Capital Construction Assistance Board and the Division will use this data to solicit applications, review grant requests and provide technical support to schools.



# Office of School Nutrition

- Contact CDE OSN upon the leave/hire of food service directors
  - Directors receive **important** weekly communication and updates
  - Old director has access to the claim and application system until OSN is contacted
- Relay training needs to OSN
  - Menu Planning and Purchasing
  - Meal Requirements and Dietary Specifications
  - Required State and Federal Documentation
- Additional Information:  
<http://www.cde.state.co.us/nutrition/nutritrainings>

# Office of Grants Fiscal

- 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>



# Field Analyst Support Team Audits

- Audits to ensure accuracy of school finance and transportation funding
- Districts will be provided with an engagement letter outlining expectations, including audit documentation and data privacy
- Additional Information:  
<http://www.cde.state.co.us/cdefinance/auditunit.htm>

# School Transportation Unit

- Regulations on minimum standards and operation, maintenance and annual inspections for school transportation vehicles
- School Transportation Advisory Reviews (STAR) are performed on a two year rotating cycle:
  - Fleet/Maintenance
  - Operations/Training
- Technical assistance reviews can be performed upon request.
- Additional Information:  
<http://www.cde.state.co.us/transportation>

# Primary Contacts

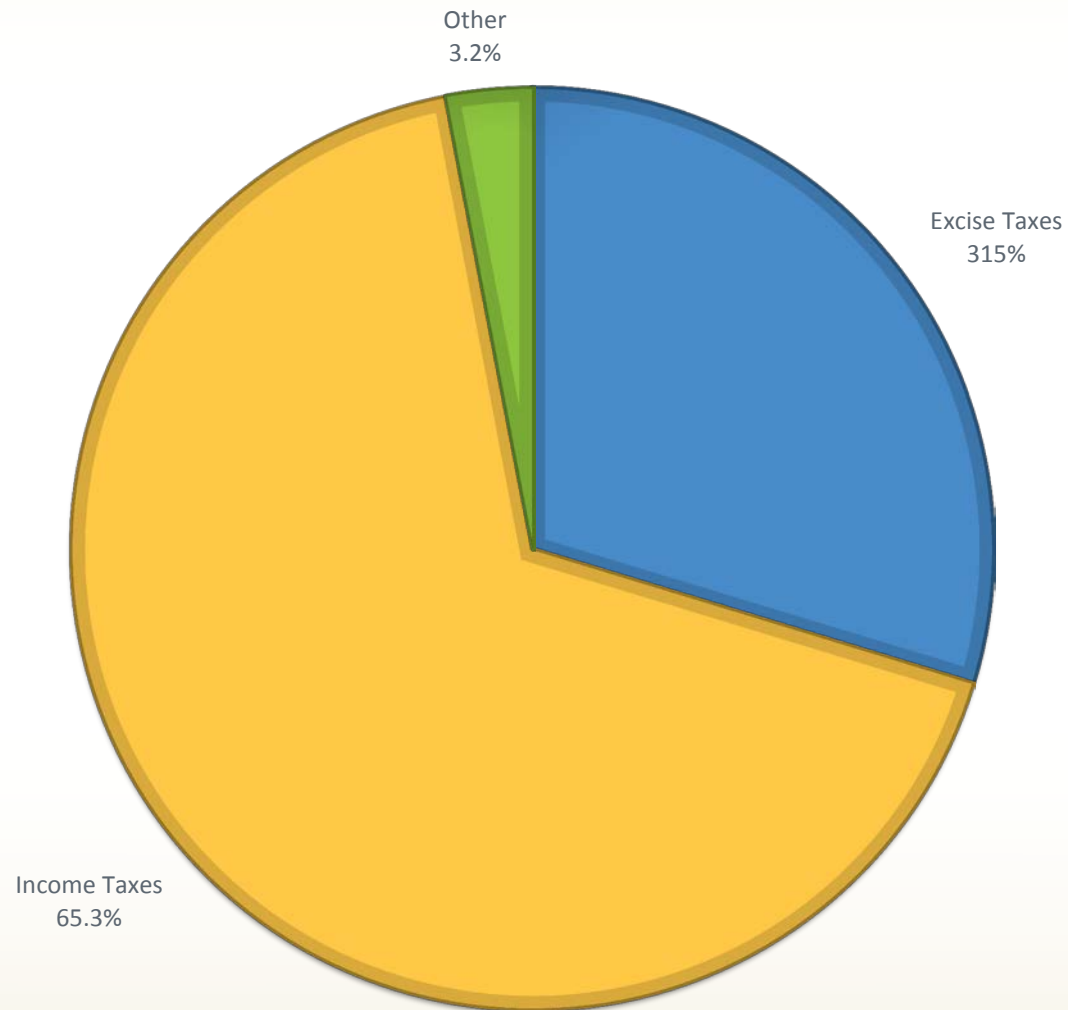
Name	Phone	Email	Primary Duties
Leanne Emm	303-866-6202	<a href="mailto:Emm_l@cde.state.co.us">Emm_l@cde.state.co.us</a>	Associate Commissioner
Jennifer Okes	303-866-2996	<a href="mailto:Okes_j@cde.state.co.us">Okes_j@cde.state.co.us</a>	School Finance Director
Mary Lynn Christel	303-866-6818	<a href="mailto:Christel_m@cde.state.co.us">Christel_m@cde.state.co.us</a>	School Finance Formula
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Brian Vasina	303-866-6655	<a href="mailto:Vasina_b@cde.state.co.us">Vasina_b@cde.state.co.us</a>	Transportation Analyst
Megan Richardson	303-866-6141	<a href="mailto:Richardson_m@cde.state.co.us">Richardson_m@cde.state.co.us</a>	Executive Assistant



# Additional Reference Materials

- **State's General Fund Revenues and Expenditures**
- **Gallagher Amendment**
- **TABOR Amendment**
- **Amendment 23**
- **Categorical Program Revenues**
- **Mill Levy Overrides**
- **Marijuana Tax Revenue and Education**

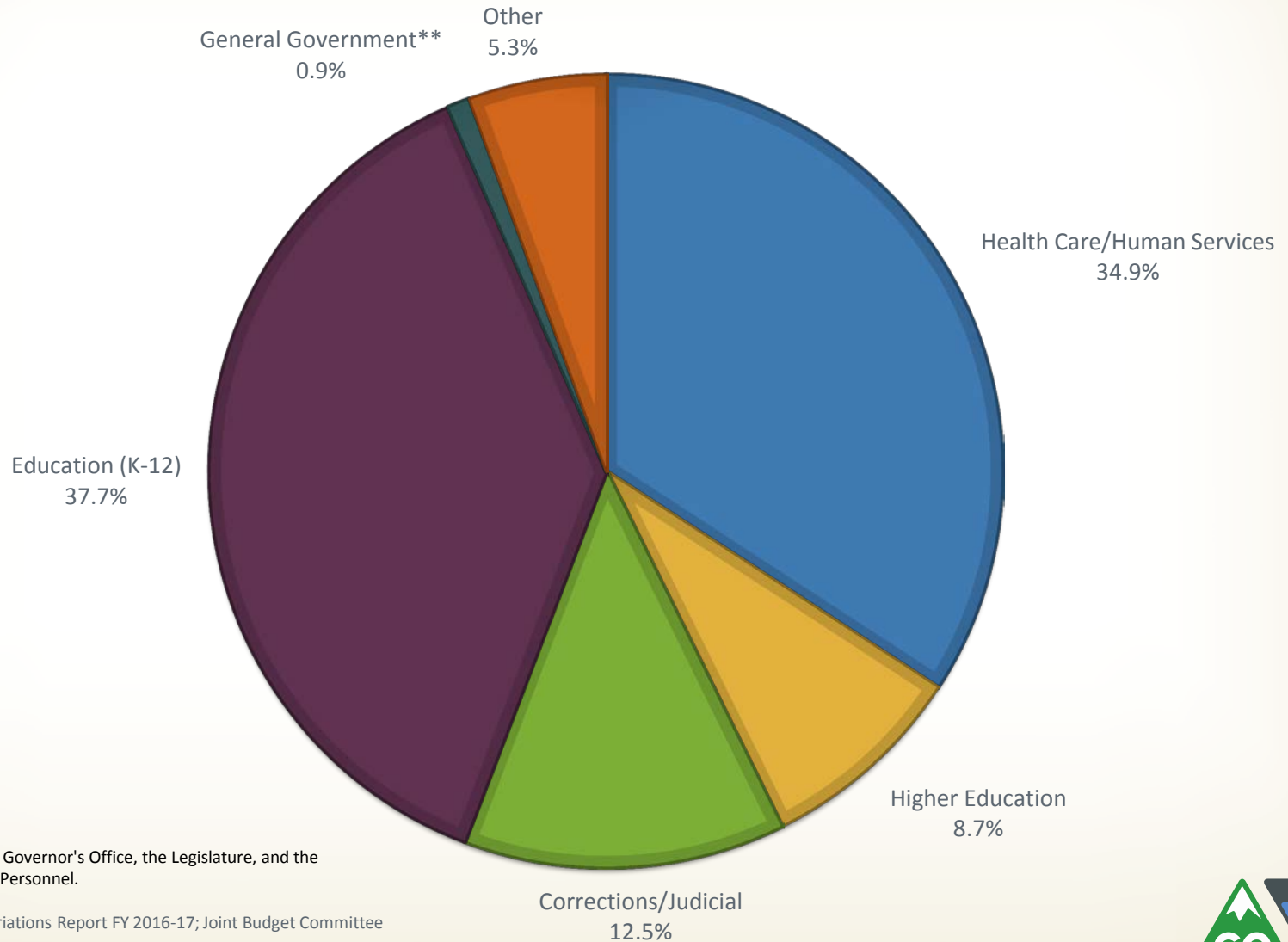
**State of Colorado**  
**General Fund Revenue - \$10.536 Billion**  
**2016-17**



# State of Colorado

## General Fund Expenditures - \$9.99 Billion

### 2016-17



\*\* Includes the Governor's Office, the Legislature, and the Department of Personnel.

Source Appropriations Report FY 2016-17; Joint Budget Committee



# 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
    - 7.96% since 2003 (Was 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 – the Total Program**
- **State share for K-12 education has increased to 64% from 44% while the local share has decreased from 56% to 36%**



# TABOR Amendment - 1992

- **Impact of the TABOR amendment on school finance**
  - 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**
  - When revenues exceed the limit, refunds must be given

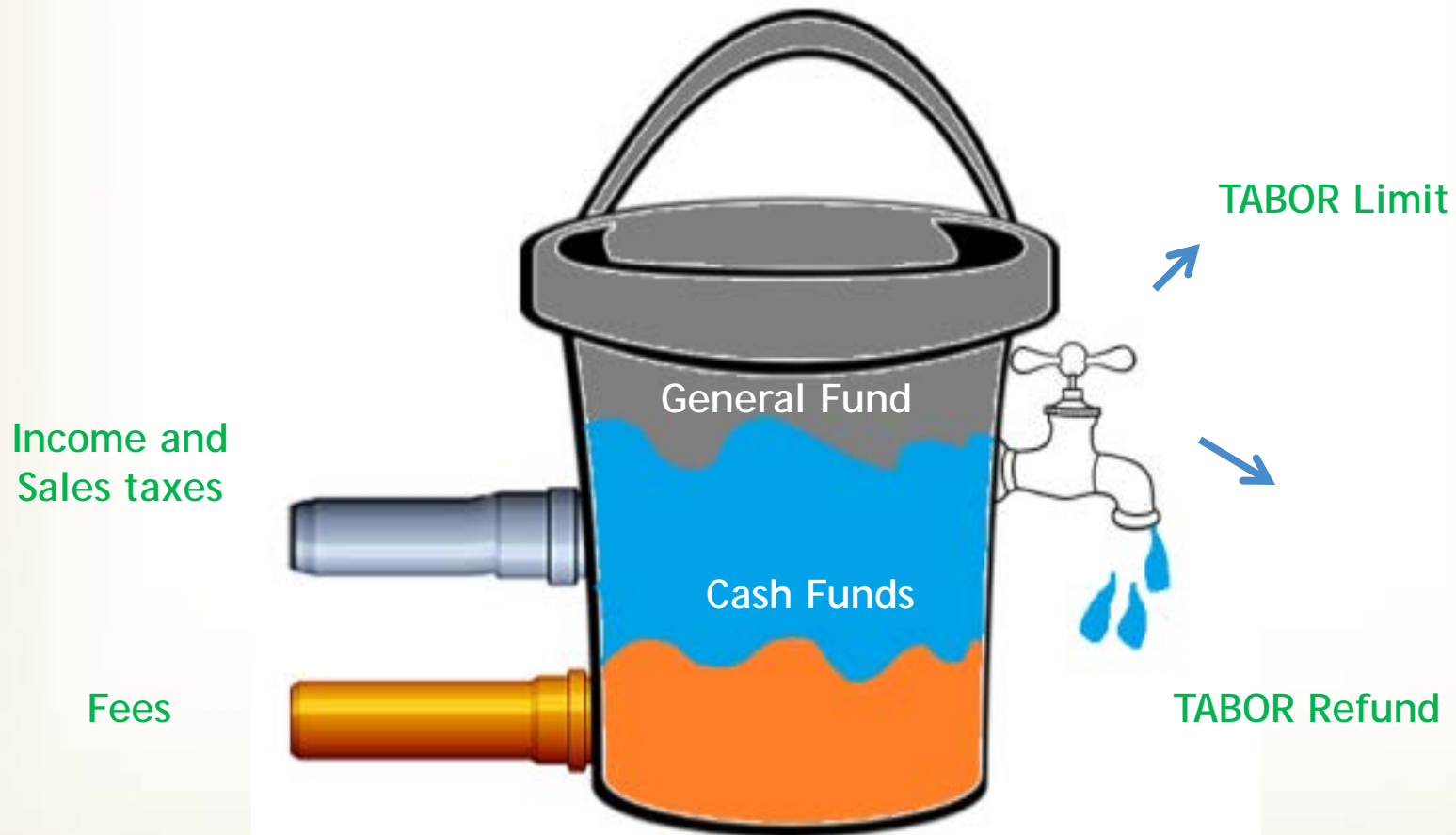


# TABOR Amendment - 1992

- 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**
- **The State Education Fund was created which transfers one-third of one percent of federal taxable income from the State's General Fund**
- **Creates additional pressures on the state budget with these requirements**



# Categorical Program Revenue

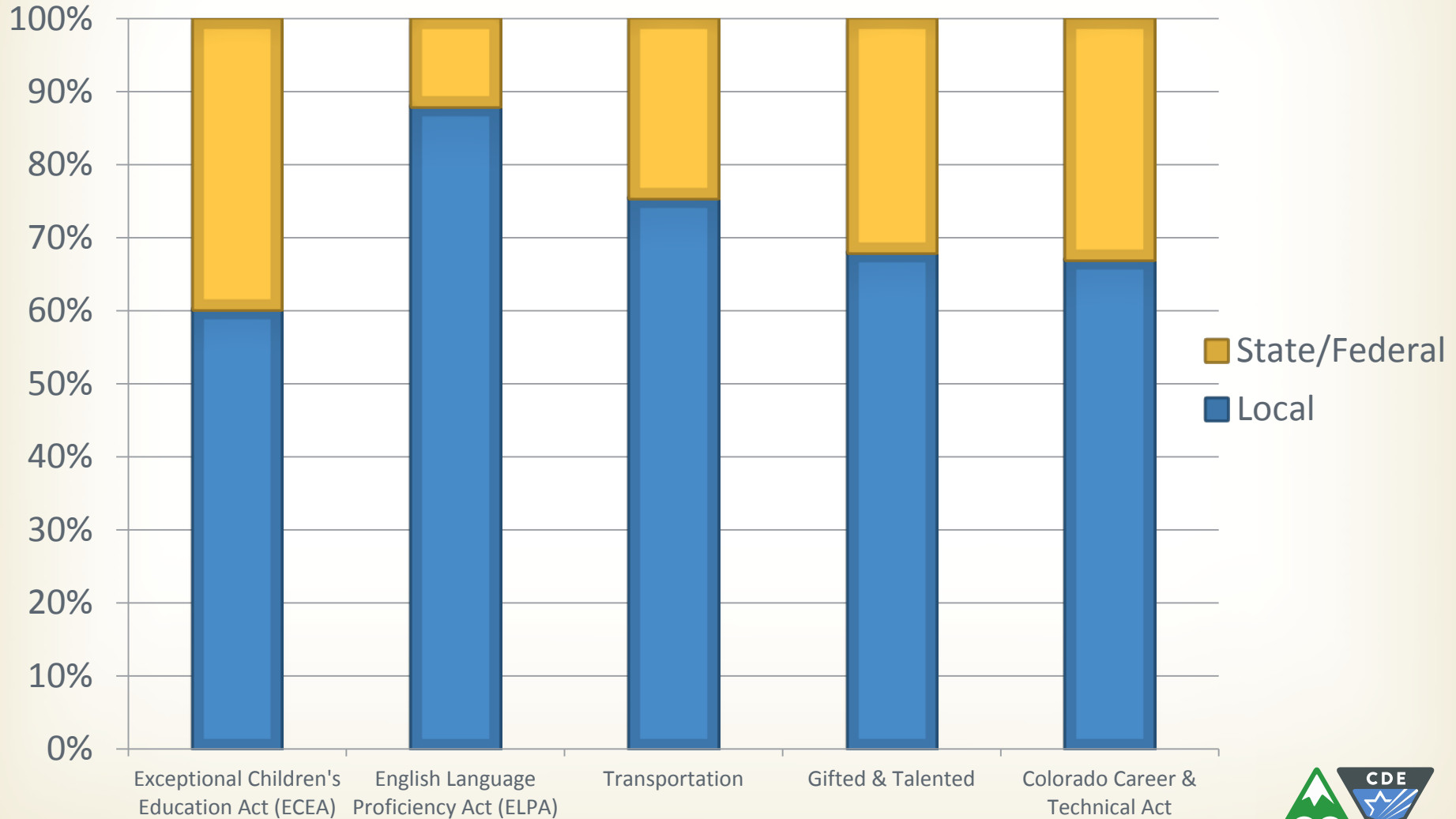
- Funding provided for specific programs that serve particular groups of students or student needs
  - English Language Proficiency Act (ELPA)
  - Gifted and Talented Education
  - Special Education
  - Transportation
  - Vocational Education
  - Small attendance centers

These sources of revenue do not cover the full cost of these programs.

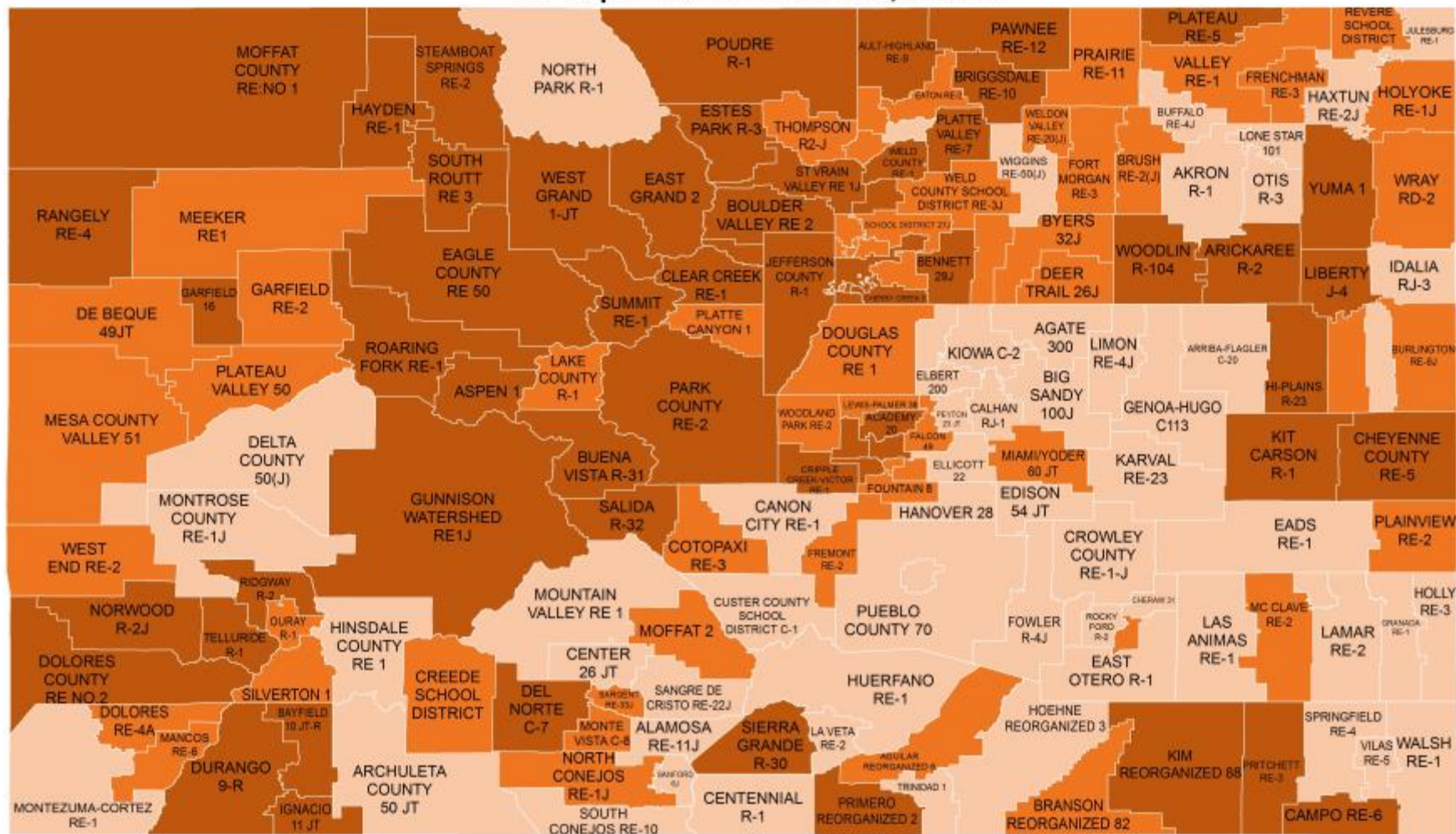
Districts spent over \$1.4 billion on these programs. The state estimate of the “gap in funding” in 2013-14 was over \$900 million statewide.



# 2013-14 Estimated Categorical Gap



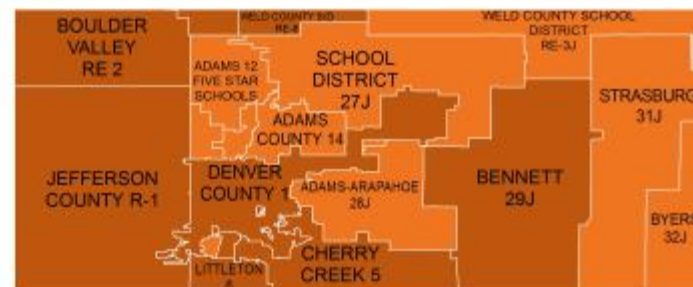
## Per Pupil Override Revenues, 2015-16



### Legend

#### Per Pupil Override Revenues

- No override or zero
- 2. Override at \$1000 or less per pupil
- 3. Override greater than \$1000 per pupil



# Financial Transparency; Mill Levy Overrides Report

- Required beginning in FY14-15 by CRS 22-2-113.8
- Report shows additional local property tax revenues each district is authorized to collect, actually collected, distributed to charter schools, distributed to non-charter schools and retained by district
- Addendums show capital construction and facilities funding, technology funding, and any other funding that the school districts distributes to charter schools of the district
  - Requested for 17 districts
- <http://www.cde.state.co.us/cdefinance/milllevyoverriderevenuereport>





# Marijuana Tax Revenue and Education

- **Excise tax:** The first \$40 million in marijuana excise tax is credited to the state's Building Excellent Schools Today (BEST) fund.
  - The BEST fund is used to renew or replace deteriorating public schools.
  - Revenue in excess of \$40 million is credited to the Public School Fund.
- **Sales tax:** 15% of the revenue from the 10% tax on marijuana retail sales is allocated to local governments. The remaining 85 percent is credited to the Marijuana Tax Cash Fund (MTCF). The entirety of the 2.9% sales tax on retail and medical marijuana also is credited to the MTCF.
  - The General Assembly makes appropriations from the MTCF through the Long Bill or other bills.
  - In Fiscal Year 2016-17, CDE received almost \$8.5 million for behavioral health treatment in schools, school bullying prevention grants, drop-out prevention program and early literacy competitive grants.

