



**COLORADO**  
Department of Education

# New Superintendents School Finance Update

August 2019

# 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 and Financial December

## 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 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 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/sfadministratate>

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



# Financial Transparency for Colorado Schools

Website translates the expenditures into a format that is readable and comparable by a layperson

- FY15-16, FY16-17, and FY17-18 data available
- Small rural districts are exempted from state reporting

<https://coloradok12financialtransparency.com>

## ESSA Per Pupil Expenditure Reporting

- Require school-level per-pupil expenditures disaggregated by source of funds
- Small rural districts are NOT exempted from federal reporting
- Federal reporting is optional for FY17-18 data and required for FY18-19 data
- Colorado began reporting school level data for all school districts for FY2017-18 on July 1, 2019



# School District Revenues

School Finance Total Program Funding

Categorical Funding

State Grants (~16 new/increased competitive grants this year)

Federal Grants

Mill Levy Overrides Revenues

Other Local Revenues



# Total District Revenues and Expenditures

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



# 2020 Legislative Session

November 2019	Governor Submits Budget Request for 2020-21 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2019	Joint Budget Committee Hearings with Department The JBC hears about the 2020-21 Budget Request from the Department and seeks additional information
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 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

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: 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 Share Funding Sources

## Local Funding Statewide -37% in FY18-19

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

## State Share Statewide- 63% in FY18-19

- 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 School Finance Act

- Budget Stabilization Factor = \$572.4M (-\$100M)
- Average Per Pupil Funding = \$8,476 (+\$339)
- Total Program = \$7.39B (-\$326M)



# 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 programs

Frees up 5,136 Early Childhood At-Risk Enhancement (ECARE) slots for preschool

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

School districts cannot charge tuition for kindergarten students that are receiving funding equivalent to 1.0 FTE

# Full-Day Kindergarten Bill (HB 19-1262)

## 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 Bill (HB 19-1262)

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

- This equates to an additional 3,789 students transitioning to a full-day K program next year

The anticipated implementation in SY19-20 represents approximately a 99% utilization/adoption rate for all kindergarten students

This will be tried up during the supplemental process

# BEST/Full-Day K Capital Funding (HB 19-1055)

Provides \$25 million in formula-based grants for furniture, fixtures, or equipment (FFE) to conduct a full-day kindergarten or a preschool educational program

Calculation incorporates:

- Students Enrolled in FDK
- Per Pupil Funding
- Size factor
- FRL Percent
- SPED Percent
- ELL Percent

# READ Act (SB19-199)

READ Act per-pupil funding will be less for FY19-20 by approximately 20% compared to previous years

- Distribution of funds is anticipated the week of Aug 12th

Modifies allowable funding uses for students with significant reading deficiencies (SRD):

- Core reading instructional program on advisory list
- Tutoring services in reading
- Professional development for educators to teach reading
- Targeted, scientifically or evidenced-based intervention services
- Summer school Literacy Program

Webinar Recordings Available:

- <http://www.cde.state.co.us/coloradoliteracy>



# Capital Construction (BEST) Unit

- Grants are available for any school capital improvement project with a focus on health, safety, security, overcrowding, technology and others
  - Awarded 319 grants in 135 districts, 409 schools, for 180,000 students
- 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>



# School Nutrition Unit

- 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>



# Unpaid Meal Charges

## Donations

- Donated funds for unpaid meal charges must first be used to offset bad debt
- The use of donated funds should be fair and consistent (not student specific)
- Deposit donated funds outside of the food service fund

## Coordination between Food Service, Student October, and Financial operations is critical

- Accurate reporting of Free Lunch eligible students is critical for accurate school finance funding and Title funding
- Recommend doing analysis to confirm reasonability of data before finalization of Student October data submission

# 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 2020
  - 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



# TABOR Amendment - 1992

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



# 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

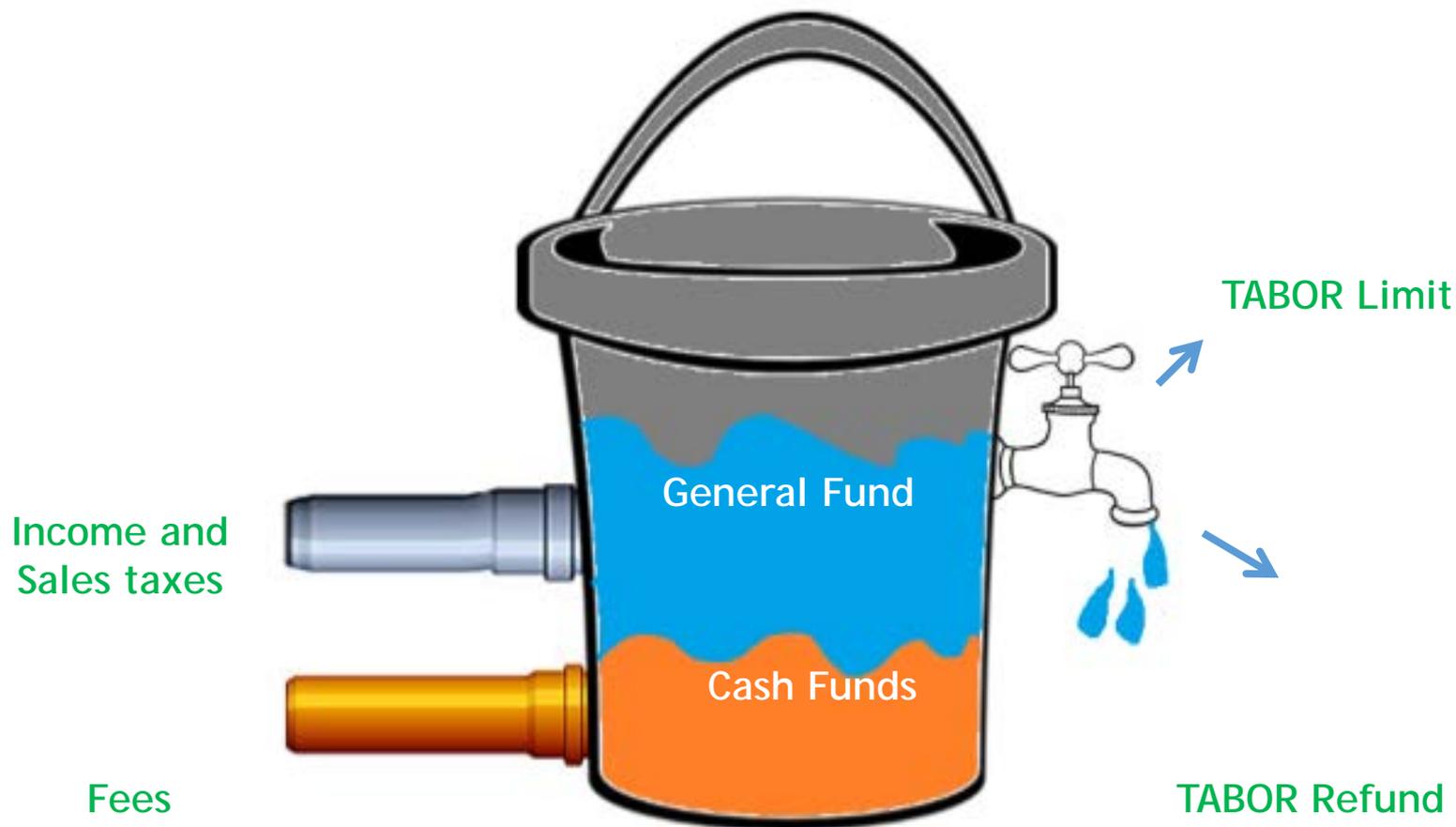
Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- 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

Creates additional pressures on the state budget with these requirements

# Marijuana Tax Revenue and Education

- Excise tax: 90 percent or the first \$40 million 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>

