



COLORADO
Department of Education

Colorado Charter Schools Program 2018-19 Annual Finance Seminar School Finance Overview

September 7, 2018

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
 - 7.20%
 - 7.96% from 2003 to 2017 and 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

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

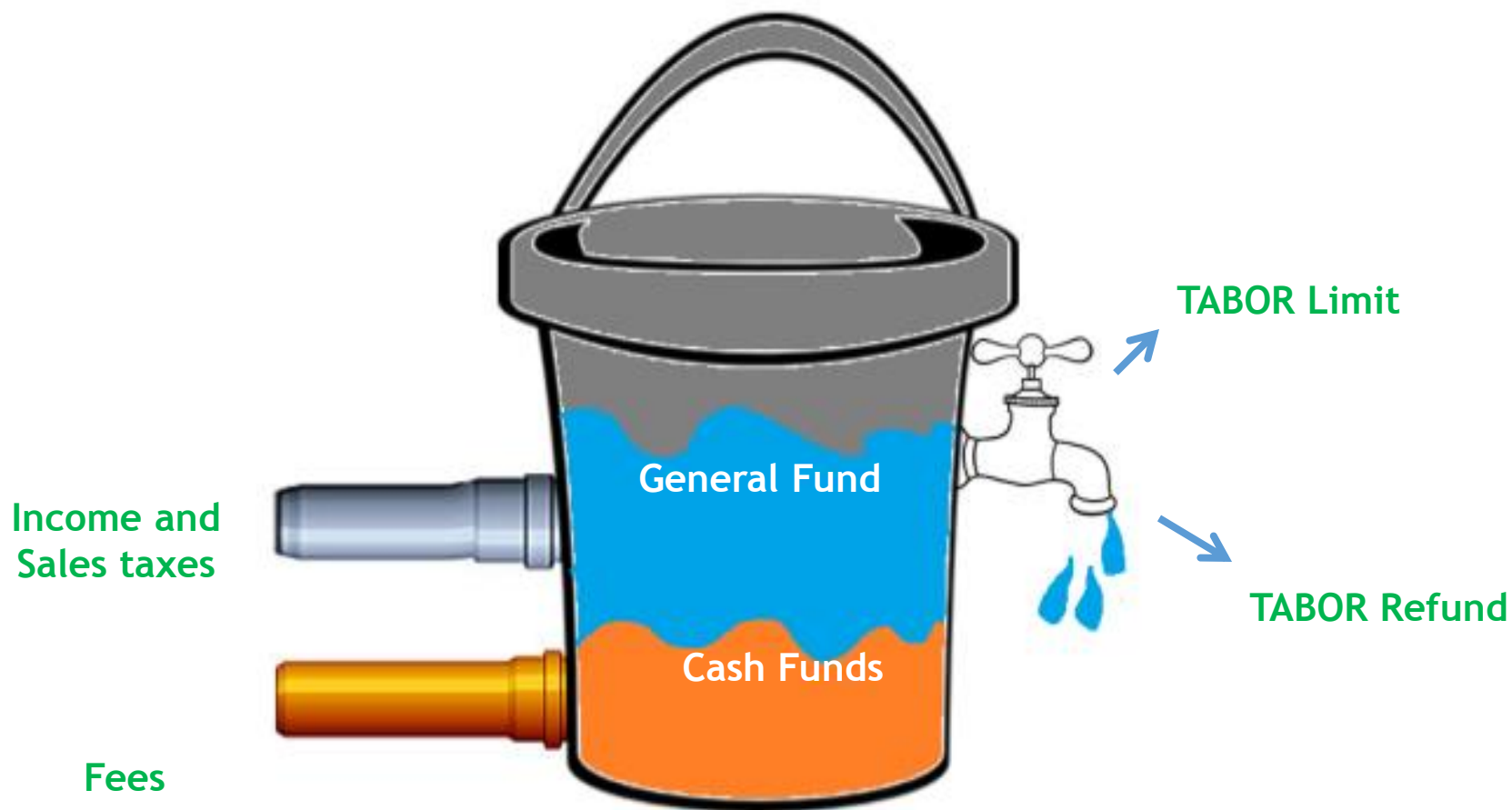
Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- 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

Total District Revenues and Expenditures

FY16-17 Total Revenue: \$10.2 Billion

Local: 43.7%

State: 50.6%

Federal: 5.7%

Most revenue to districts are provided through the School Finance Act of 1994: \$6.3 Billion or 61.8%

FY16-17 Total Expenditures: \$9.6 Billion



Timeline for School Finance Funding

November 2018:

- Governor submits budget request for FY19-20 - This is only a proposal!

December 2018:

- Joint Budget Committee Hearings with CDE

January 2019:

- Governor submits supplemental request for FY18-19 - Adjusts the current year budget for actual pupil counts, assessed values, etc.
- Governor submits budget amendments for FY19-20 - Adjusts estimates for next year's pupil counts, assessed values, etc.

Spring 2019:

- JBC develops state budget through figure setting
- General Assembly passes Long Bill
- General Assembly passes School Finance Bill – adjusts the Long Bill



Total Program Funding Formula

Total Program Funding

Equals (funded pupil count
times per pupil funding formula)
plus at-risk funding
plus online & ASCENT 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 -36%

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

State Share - 64%

- 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



School Finance Historical Recap

2016-17

- Budget Stabilization Factor = \$828.3M
- Average Per Pupil Funding = \$7,420
- Total Program = \$6.37B

2017-18 Supplemental

- 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 = \$8,131 (+\$475)
- Total Program = \$7.08B (+450M)



Financial Policies and Procedures Advisory Committee

FY 2018-19 Meetings

- Thursday, November 1, 2018
- Thursday, January 24, 2019
- Friday, May 3, 2019
- Thursday, June 6, 2019

Locations Across the State

- Jefferson County Education Center
- Centennial BOCES in Greeley
- Durango 9-R
- East Central BOCES
- Mesa County Valley 51
- Swink 33
- San Luis Valley BOCES in Alamosa
- Pikes Peak BOCES
- Steamboat Springs
- Northeast BOCES

Charter School Liaisons

- Sarah Gennie Colazio, Windsor Academy Charter, August 2019

Finance List Serve

Additional Information:

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



Audit & 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 governmental audit
- Authorizers may require submission earlier than November 30th
- Charter schools are included as a component unit of the district
- Charter school audits are submitted to CDE with district's audit
- District may require charter schools to complete a separate Assurances for Financial Accreditation

Additional Information:

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



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 prior to January 31

After January 31, adopt supplemental appropriation to spend additional funds

Additional Information:

www.cde.state.co.us/cdefinance/sfbudgettraining



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 in FY14-15
- Requested for 2 district in FY15-16 and FY16-17

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

School Transportation Unit

Regulations on school transportation vehicles and operations and maintenance

- Ensure school buses are compliant before purchasing

School Transportation Advisory Reviews (STAR) are performed on a 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>

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>



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>



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Discussion *and* Questions

