



**COLORADO**  
Department of Education

# School Finance Update

CASE Winter Conference  
February 2019

# Total Program Funding Formula



# 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 Statewide -36%

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

## State Share Statewide- 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

# 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

# Revenues Outside of School Finance

State Grants

Federal Grants

Mill Levy Overrides Revenues

Other Local Revenues



# 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





# Budget Process and Current Budget Requests



# 2019 Legislative Session

November 2018	Governor Hickenlooper Submits Budget Request for 2019-20 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2018	Joint Budget Committee Hearings with Department The JBC hears about the 2019-20 Budget Request from the Department and seeks additional information
January 2019	Governor Polis Submits <i>Supplementals</i> for 2018-19 Adjusts current year's actual pupil counts, AVs, etc. Governor Polis Submits <i>Budget Amendments</i> for 2019-20 Revises estimates for next year's pupil counts, AVs, etc. Governor Polis Submits <i>other budget requests</i> for 2019-20 Budget requests may rescind or revise prior budget requests or may include new budget requests to reflect the new Governor's priorities
Spring 2019	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law (HB18-1379 for School Finance)
Spring 2019	School Finance Bill Is Introduced and Passed Adjusts the Appropriation included in the Long Bill



# Total Program Supplemental for FY18-19

Includes an inflation rate of 2.7%

Funded pupils decreased by 1,057 (0.12%) from PSFA

At-risk pupils decreased by 9,893 (3.25%) from PSFA

Total Program decreased by \$21.5M from PSFA to \$7.07B

Local Share increased by \$56.1M from PSFA

State Share decreased by \$77.6M from PSFA

Budget Stabilization Factor remains at \$672.4M (8.7%)

Average Per Pupil Revenue After BSF decreased by \$14.83 to \$8,122.58



# Total Program Budget Amendment for FY19-20

Includes an inflation rate of 2.7%

Funded pupils decreased by 1,060 (0.12%) from FY18-19 PSFA

At-risk pupils decreased by 10,794 (3.55%) from FY18-19 PSFA

Total Program decreased by 281.7M from FY18-19 PSFA to \$7.370B

Local Share increased by \$308.2M from FY18-19 PSFA

State Share decreased by \$26.5M from FY18-19 PSFA

Budget Stabilization Factor remains reduced by \$77M - a decrease from \$672.4M (8.7%) to \$595.4M (7.4%)

Average Per Pupil Revenue After BSF increased by \$313.04 to \$8,450.45

Includes \$545,147 to address underfunding of At-Risk funding for CSI for FY15-16 and FY16-17 error of \$1.1M (\$562K paid in FY17-18)



# 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 January Budget Amendment

- Budget Stabilization Factor = \$595.4M (-\$77M)
- Average Per Pupil Funding = \$8,450 (+\$313)
- Total Program = \$7.370B (+\$29M)

# Categorical Program Revenues

Funding provided for specific programs that serve particular groups of students or student needs

State and federal revenues only covers a portion of the full cost of these programs

- English Language Proficiency Act (ELPA) – 21% of costs covered
- Gifted and Talented Education – 34% of costs covered
- Special Education – 37% of costs covered
- Transportation – 24% of costs covered
- Vocational Education – 30% of costs covered
- Small Attendance Centers
- Expelled and At-Risk Student Services
- Comprehensive Health

# Categorical Budget Amendment for FY19-20

Increase Categorical Programs by \$8.3M from FY18-19 to \$483.6M (a decrease of \$923,224 from Nov 1)

Includes inflation rate of 2.7%

Requested allocation of \$237,700 to Small Attendance Center Aid Program to full fund statutory calculation

Requested allocation of remaining funds based upon gap in funding:

- Special Education: \$4,535,936
- English Language Proficiency Act: \$1,438,197
- Transportation: \$1,370,779
- Vocational Education: \$558,676
- Gifted and Talented Education: \$167,729
- Expelled and At-Risk Student Services: \$0
- Comprehensive Health: \$0



# Full-Day K Request for FY19-20

Increases kindergarten funding from 0.58 to 1.0 FTE

Repurposes current hold-harmless kindergarten funding

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

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

Proposed statutory change to state school districts cannot charge tuition for kindergarten students that are receiving funding equivalent to 1.0 FTE

Evaluating approaches for declining enrollment districts





# Full-Day K Request for FY19-20 (continued)

Currently 49,941 (79%) students are in full-day programs and 13,324 (21%) are in half-day programs

Of the students in full-day programs, 88.5% are funded part-time and 11.5% are funded full-time

- Full-time funding is provided for students funded with ECARE slots, eligible students with an IEP, and students retained because of a SRD

Of the students in half-day programs, 99.7% are funded part-time

Request assumes all 63,265 students will transition to a full-day program and therefore be funded at 1.0 FTE

- Students enrolled in half-day programs will continue to receive 0.58 FTE
- Funding not distributed in FY19-20 will be reverted to State Education Fund



# Full-Day K Implementation Request for FY19-20

Funding for full-day kindergarten implementation is requested as an additional 0.05 FTE for each student enrolled in a full-day kindergarten

Intent is to assist districts with up-front costs for implementing full-day K

Funding is to be distributed as early in the fiscal year as possible

Funding not distributed in FY19-20 will be reverted to the State Education Fund



# Full-Day K Implementation Feedback

Feedback on distribution of full-day K implementation funds is welcomed

- FPP Subcommittee was created at January meeting

## Potential Approach:

- CDE provide districts with FY18-19 kindergarten enrollment
- Districts confirm intention to transition from half-day to full-day program by school
- CDE distributed 80% of funds in July based upon district intentions based upon FY18-19 student counts
- CDE distributes remaining 20% during mid-year true up in December

# Preschool Request for FY19-20

An estimated 8,202 additional children are eligible to participate in the Colorado Preschool Program (CPP)

Full funding of full-day kindergarten will free up 5,136 Early Childhood At-Risk Enhancement (ECARE) slots for preschool

An additional 3,066 slots are requested to expand CPP to cover eligible children



# Per-Pupil Expenditure Reporting



# Financial Transparency for Colorado Schools

- Locations:
  - <https://coloradok12financialtransparency.com>
  - CDE main website
  - Financial transparency website of each school district and charter school
- Version 2 implemented July 1, 2018
  - Two years of financial data
  - Total Program Mills: Other Mills, Bond Redemption Mills
- Version 3 implemented July 1, 2019
  - Three years of financial data
  - ESSA Compliant: Includes per pupil school level expenditures and district level allocations as well as breakdown between federal and state/local funds



# ESSA Per-Pupil Expenditure Reporting

ESSA requires state report card to include:

the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual non-personnel expenditures of federal, state, and local funds, disaggregated by source of funds, for each local education agency and each school in the state for the preceding fiscal year.

Federal reporting is optional for FY2017-18 and is required for FY2018-19

Colorado will report school level data for all school districts for FY2017-18 on July 1, 2019



# ESSA Per Pupil Expenditures Reporting

## Interstate Financial Reporting

		• District 1 •			
		Elementary School #11	Elementary School #12	Middle School #17	Criteria Descriptions
<b>A</b>	Enrollment	375	511	992	Students are counted at the school that serves them, regardless of district of origin. The counts reported here are not weighted. The method of student count (ADA, ADM) is up to each individual state.
<b>Site Level</b>					Expenditures accounted for at the school site include at a minimum the actual salary and benefit costs of the school site's full-time staff (as ESSA requires). These three numbers represent expenditures directly assigned to school sites. D is the sum of B and C.
<b>B</b>	Federal	\$456	\$209	\$164	
<b>C</b>	State/Local	\$6,111	\$4,756	\$5,998	
<b>D</b>	Site Level Total	\$6,567	\$4,965	\$6,162	
<b>Site Share of Central</b>					Any shared expenditures accounted for at a central level, but reattributed to the site level via state- or district-preferred method. Whether to prescribe site- versus central-level accounting and, if so, what methods to use to separate the two are decisions left to each state. For schools where all public funds are reported at school level, fields E, F and G can be zero.
<b>E</b>	Federal	\$161	\$161	\$161	
<b>F</b>	State/Local	\$5,378	\$5,378	\$5,378	
<b>G</b>	Site Share of Central Total	\$5,539	\$5,539	\$5,539	
<b>H</b>	Total School Expenditures	\$12,106	\$10,504	\$11,701	This is the number states can use to make apples-to-apples comparisons across states. Critically, the sum of D and G represents the total public funds expended on behalf of students at the school.
<b>I</b>		<b>\$2,416,986</b>			Total excluded expenditure amounts at the district level, remaining total district expenditures, and the list of excluded expenditures. IFR excludes certain expenditures and permits (but does not require) exclusion of others. See appendix on p. X for chart listing IFR exclusions and optional exclusions and related NCES codes.
Total District Exclusions/ Total District Expenditures		<b>\$21,514,686</b>			
<b>J</b>	Excluded Expenditures	Debt, capital, equipment, special education transfers to private schools, adult education, community services			
<b>K</b>	Enrollment Count Procedure	ADA, student count Oct. 1			Count method used for Criteria A, up to each state to determine.



# ESSA Per Pupil Expenditures Reporting



FISCAL YEAR  
2016 - 2017

Search by city, name or zip code

< ABC District

Historical Data

Compare

## Spending Overview



### About Spending

Expenditure describes the monies expended by the school, district, or BOCES. Expenditures are described by the following dimensions: Type, Areas, and Job. Each of these dimensions is then aggregated by sub-component.

### Per Student Spending



**\$6,213**

TOTAL PER STUDENT



**\$7,025**

State Average

#### School Level Spending per Student

Federal ..... \$265

State/Local ..... \$4,712

**Total ..... \$4,977**

#### School Share of Central Spending per Student

Federal ..... \$34

State/Local ..... \$1,202

**Total ..... \$1,236**

Download Report



Spending Overview



Learning Environment



Operations



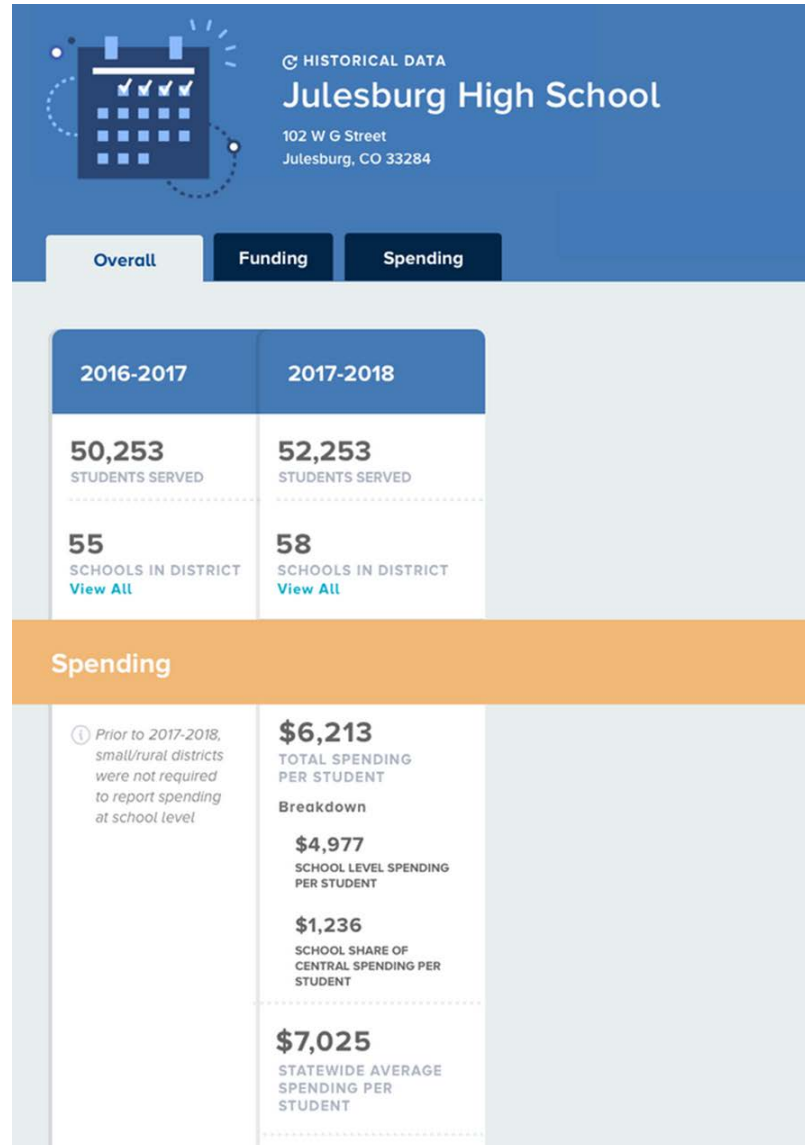
Construction, Debt,  
Refinancing & Other



Funds



# ESSA Per Pupil Expenditures Reporting



# Financial Management of School Nutrition Programs



# Unpaid Meal Charges

All school food authorities are required to have a meal charge policy in place as of July 1, 2017

## Unpaid Meal Charges Resources:

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

## Unpaid Meal Charges

- Outstanding amount due for meals already provided
- Reported as accounts receivable in the food service fund
- Tracked as negative balances on students' accounts in the point of sale (POS)

## Delinquent Debt

- Overdue balances with active, reasonable collection efforts being made to collect the outstanding amount due
- Debt owed to the nonprofit food service account is an asset (accounts receivable)



# Unpaid Meal Charges

## Uncollectable Debt and Bad Debt

- Overdue balance no longer considered collectable due to efforts determined as unproductive or too costly (credit the accounts receivable and debit another asset, such as cash or due from account within Fund 21).
- Must be reclassified as “bad debt” in order to be written off and replenished by sources of funds from outside the food service fund

## 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 using source code 1920
- Remove from balance sheet of food service fund with credit to accounts receivable and debit to cash



# Resource Management

Administrative Reviews includes a Resource Management section to assess the financial condition of the nonprofit food service account.

It includes maintenance of the nonprofit school food service account, paid lunch equity, revenue from non-program foods, and indirect costs.

Resource Management reviews require coordination between business official and food service director.



# Miscellaneous

Food Service Fund (Fund 21) should be reported as a Special Revenue Fund, using a modified accrual accounting system (not a cash basis or full accrual basis).

Correct coding pursuant to the Chart of Accounts is critical for the Resource Management review, especially as it relates to non-program revenue.

# Impact of Federal Regulations on School Transportation





# School Transportation Unit

Assist districts/charters to maintain compliance of all federal and state regulations/laws pertaining to pupil transportation.

## Federal

Federal Motor Carrier Safety Administration (FMCSA)

CDL Drug and Alcohol Training and Testing

CDL licensing/testing/training/physicals

## State

State statutes

CDE Minimum Vehicle Standards 1 CCR 301-25

CDE Operation, Maintenance and Annual Inspection Rules 1 CCR 301-26



# Federal Motor Carrier Safety Administration Rules

## Entry Level CDL Training

- Effective February 2020
- Includes:
  - Training Provider Registry (TPR)
  - Theory and Behind the Wheel
  - Self-Certification – Trainer qualifications
  - Electronic reporting/subject to audit
- Power Point Developed to Cover Required Theory
  - 440 slides
  - Pilot trainings will be conducted in March
  - Regional trainings to be held June 3<sup>rd</sup> to 6<sup>th</sup> and June 17<sup>th</sup> to 28<sup>th</sup>



# Federal Motor Carrier Safety Administration Rules

## Drug and Alcohol Clearinghouse

- Effective February 2020
- Includes:
  - No change to testing procedures
  - Pre-employment and Annual Requirements
  - Electronic reporting

## Seat Belts

- Potential federal legislation and/or federal regulations may be on the horizon



# Discussion and Questions



# Reference Materials On Constitutional Constraints



# 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 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



# 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

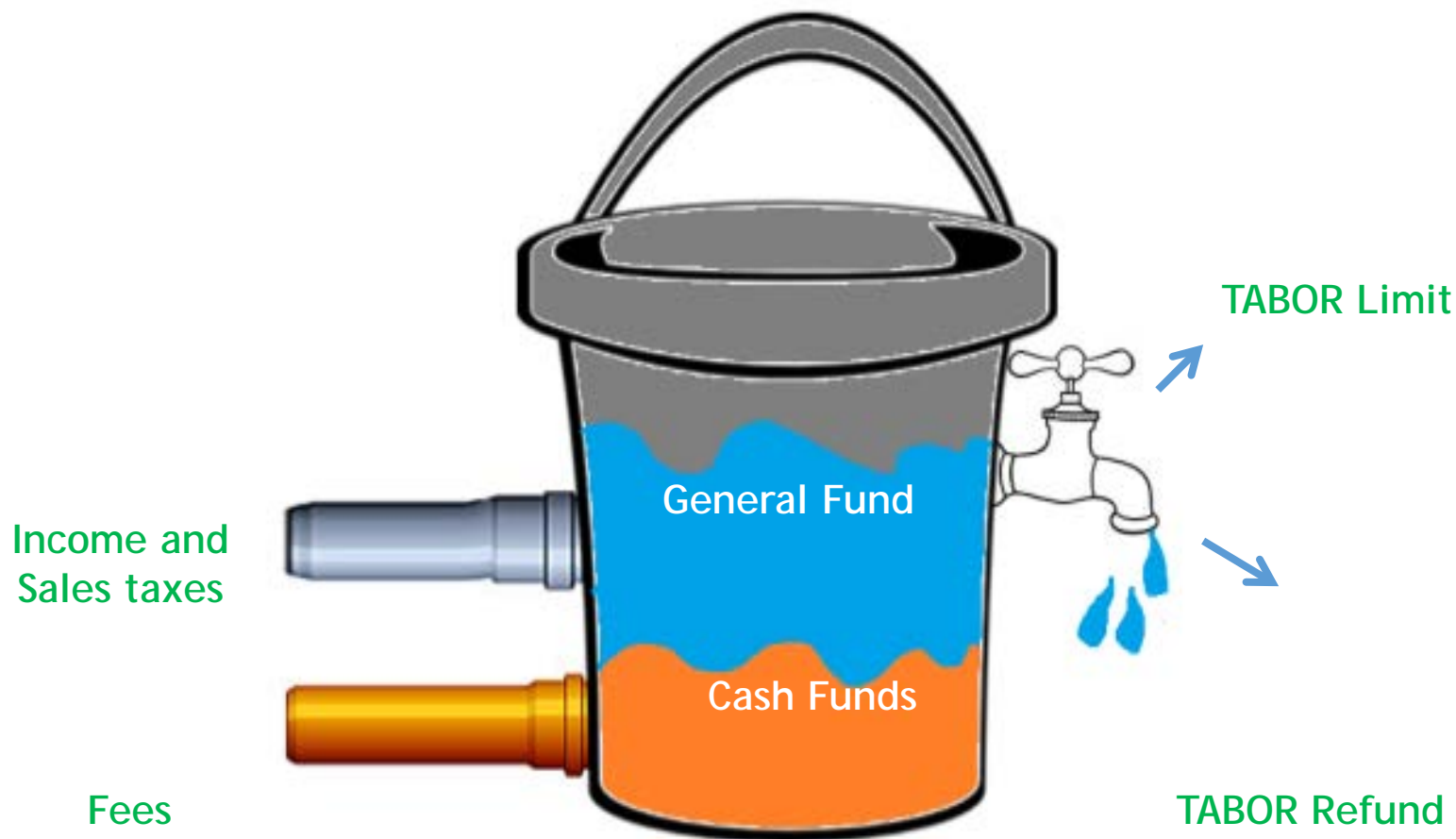
- Total program mill levies cannot go higher than 27 mills – some districts may have levies lower than this





# 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

