

CASE

School Finance Update

July 26, 2019



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

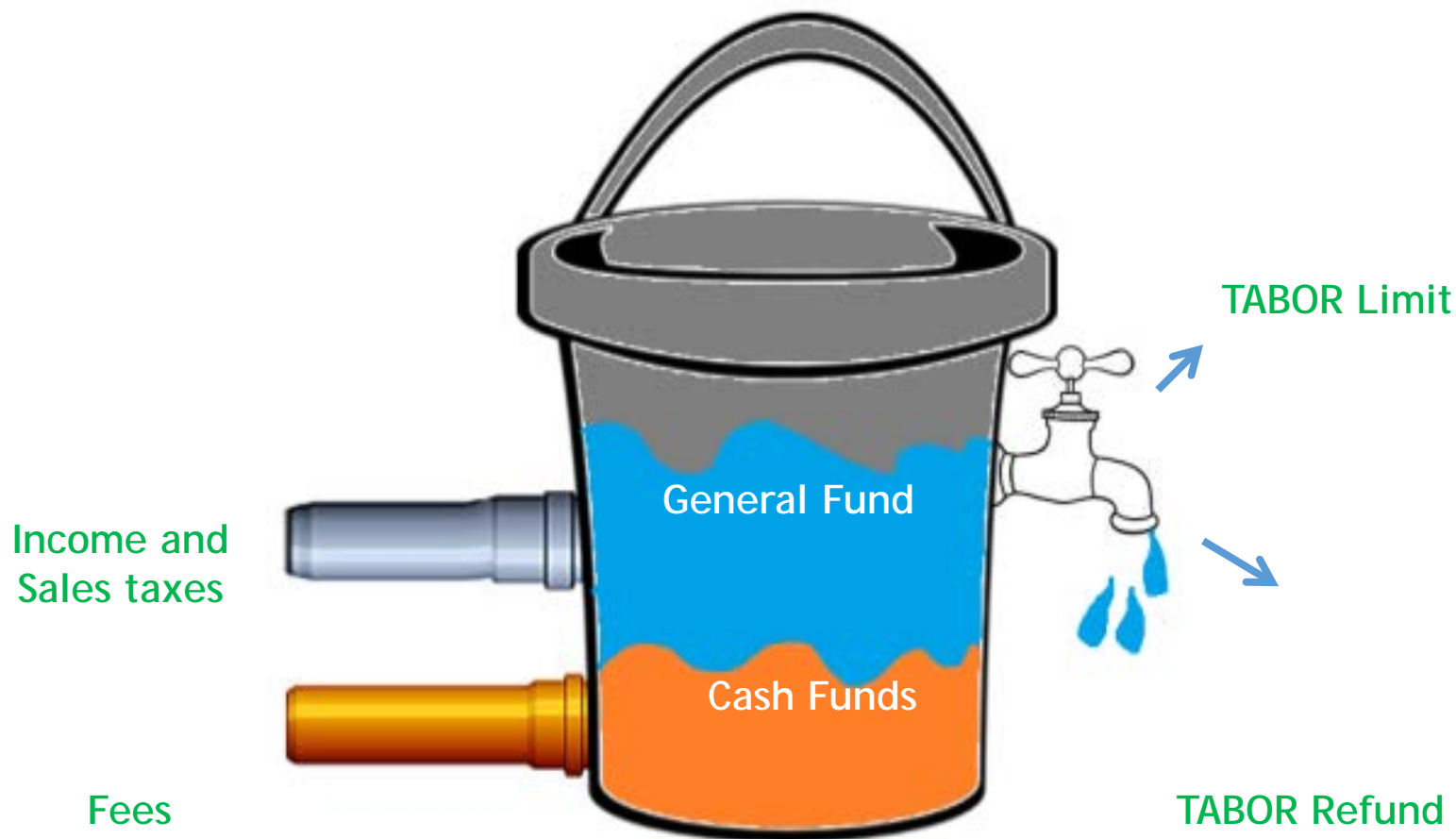
Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- 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

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)

School Finance Act (SB 19-246)

Total Program decreased by \$325.7M from FY18-19 PSFA to \$7.39B

Local Share increased by \$359.9M from FY18-19 PSFA

State Share decreased by \$34.3M from FY18-19 PSFA

Budget Stabilization Factor was reduced by \$100M (requested at a \$77M decrease)- a decrease from \$672.4M to \$572.4M

Average Per Pupil Revenue After BSF increased by \$339 to \$8,476



Funding for Rural Schools

- \$20 million
- Same allocation as prior years: 55% large rural and 45% small rural, based upon funded pupil count for the FY 2018-19
- Report required on specific expenditures and how the nonrecurring expenditures are related to improving student learning and the educational environment

School Finance Act (SB 19-246)

ELPA Professional Development and Student Support Program allocation change

- Was 75% NEP/LEP and 25% Monitor 1/2
- Change to proportional based upon annual student counts for each group
- To be consistent with change to ELPA per pupil funding allocations made in 2018 School Finance Act

Ninth Grade Success Grant Program

- \$800,000
- 15% match for small rural, 25% match for other LEPS



School Finance Act (SB 19-246)

Funding for Behavioral Health Issues

- \$5 million
- \$20,000 to each district and CSI
- Remaining amount to be distributed on per pupil basis using FY2018-19 counts (funded pupil count for districts and total enrollment for CSI)

Special Education Funding

- \$22 million for Tier B students

School Finance Act (SB 19-246)

Health and Wellness Through Comprehensive Quality Physical Education Instruction Pilot Program Grant

- \$1.1 million from MTCF
- 3 year pilot program grant
- 15 eligible schools or school districts

Student Re-engagement Grant Program

- From MTCF



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

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; requires districts to submit a plan on how it could phase-in a FDK program

Addresses concerns for declining enrollment districts

- Prior year miscoding will be corrected in supplemental



Full-Day Kindergarten Bill (HB 19-1262)

In SY18-19, 49,941 (79%) students were in full-day programs and 13,324 (21%) were in half-day programs

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

Full-time funding has been provided for students:

- Funded with ECARE slots
- Eligible students with an IEP
- Students retained because of a SRD

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

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

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

All of money collected from Excise Tax on Retail Marijuana to BEST

- Initially, the first \$40 million
- FY2018-19, the greater of 90% or \$40 million

Charter School Capital Construction

- Allocation based on proportional to pupil enrollment rather than 12 5/10th
- \$4.25 million for FY 2018-19
- \$656,559 for FY 2019-20

FY 2019-20 - +\$5M Lease Payments

FY 2019-20 - +\$50M for Matching Cash Grants

FY 2020-21 - \$160M for Matching Cash Grants

Maximum total lease payments increased:

- FY2017-18 and FY2018-19 - \$100M
- FY2019-20 - \$105M
- FY2020-21 - \$110M

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

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

Of the 179 districts, 158 applied for the FFE grants and 21 did not apply.

- 153 requested the district's prorated share of the \$25 million
- 5 districts request lesser amounts ranging from \$2,800 to \$30,000

Distributions:

- Districts reviewed assumptions and calculations earlier this week
- Adjustments are being made based on feedback
- Distributions will be made later this week



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>



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

Per-Pupil Expenditure Reporting

House Bill 10-1036 Public School Financial Transparency Act

House Bill 14-1292 required development of a financial transparency website

- Translates expenditures for major categories into a format that is readable by the layperson
- Designed to ensure the greatest degree of clarity and comparability by laypersons of expenditures among school sites, school districts, and BOCES

<https://coloradok12financialtransparency.com>



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 began reporting 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
A	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.
Site Level					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	Federal	\$456	\$209	\$164	
C	State/Local	\$6,111	\$4,756	\$5,998	
D	Site Level Total	\$6,567	\$4,965	\$6,162	
Site Share of Central					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.
E	Federal	\$161	\$161	\$161	
F	State/Local	\$5,378	\$5,378	\$5,378	
G	Site Share of Central Total	\$5,539	\$5,539	\$5,539	
H	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.
I		\$2,416,986			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		\$21,514,686			
J	Excluded Expenditures	Debt, capital, equipment, special education transfers to private schools, adult education, community services			
K	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



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

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



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

