



COLORADO
Department of Education

School Finance 101 Part II

September 2021

Overview

Primary Topics for Today's Discussion

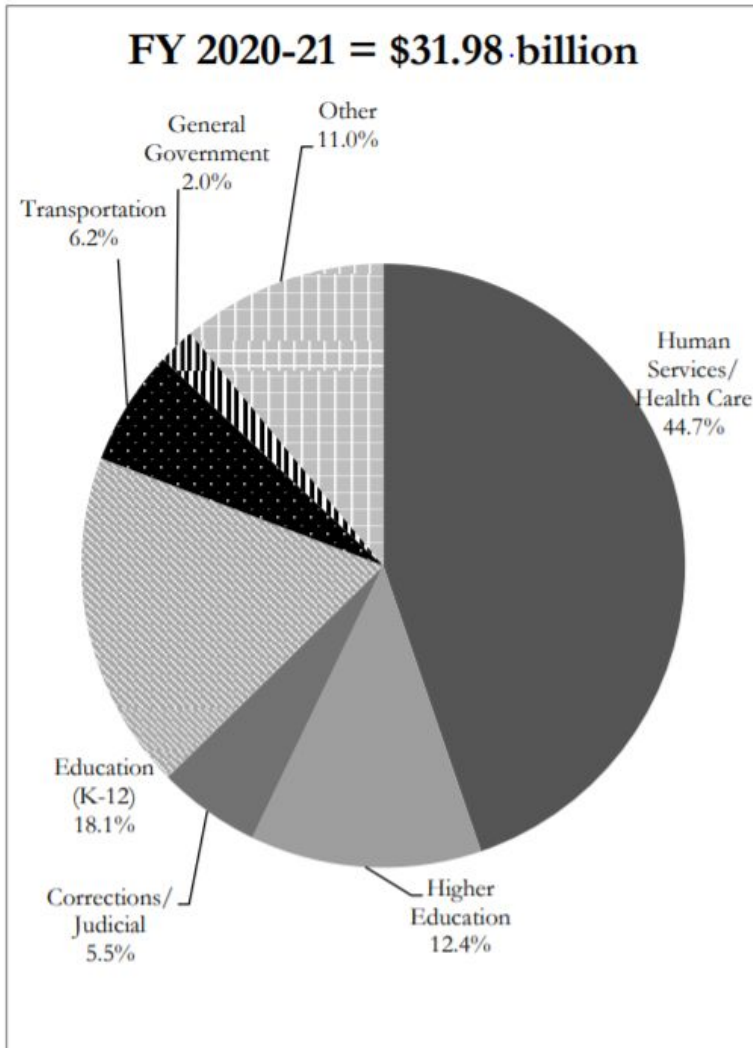
- Overview of State Funding
- Overview of Federal Funding - ESSER
- Mill Levy Correction

Plus lots and lots of details and reference materials are included below

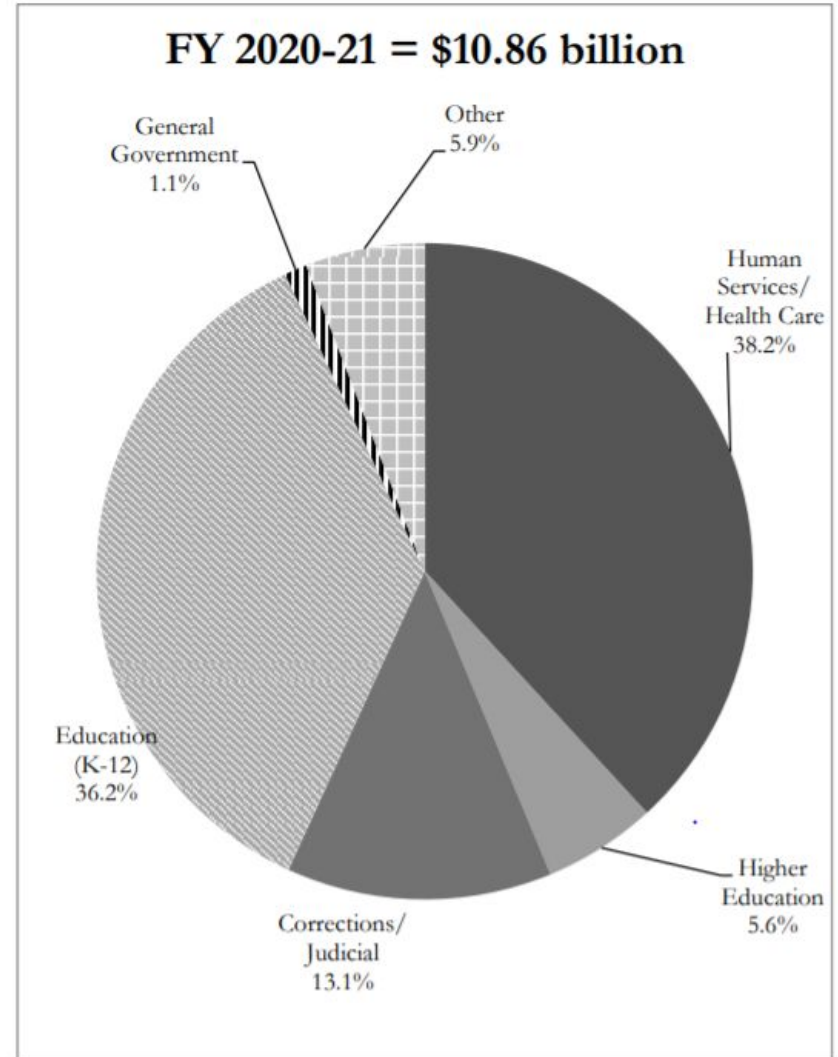
Overview of State Funding

What the State Budget Pays For – FY 2020-21

Total Funds



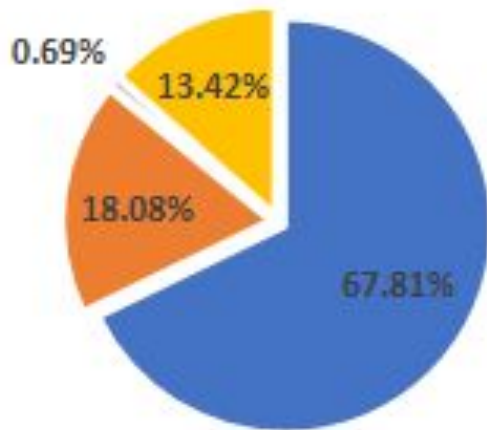
General Fund



CDE's Budget

By Fund Source

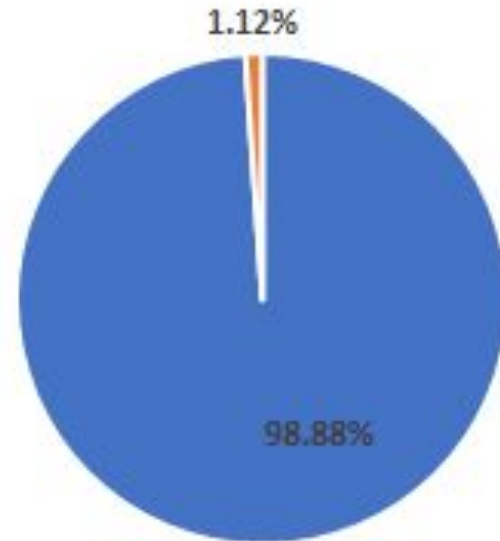
FY 2020-21-\$5.79 billion



- General Fund
- Cash Funds
- Reappropriated Funds
- Federal Funds

By Type

FY 2020-21-\$5.79 billion



- Distribution
- Operating

Total District Revenues and Expenditures

FY19-20 Total Revenue: \$14.5 Billion

Local: 46.8% - prop tax, MLOs, donations, fees

State: 38.3% - state share, categoricals

Federal: 5.8% - Title, federal grants, nutrition

Other: 9.1% - bond rev, other sources

Most revenue to districts are provided through the School Finance Act of 1994: \$7.6 Billion or 52.3% of total revenues



2021-22 Legislative Session

November 2021	Governor Submits Budget Request for 2022-23 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2021	Joint Budget Committee Hearings with Department The JBC hears about the 2022-23 Budget Request from the Department and seeks additional information
January 2022	Governor Submits <i>Supplementals</i> for 2021-22 Adjusts current year's actual pupil counts, AVs, etc., Governor Submits <i>Budget Amendments</i> for 2022-23 Revises estimates for next year's pupil counts, AVs, etc.
Spring 2022	JBC Develops State Budget Through Figure Setting General Assembly Passes the Long Bill based on current law
Spring 2022	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 (recently changed)
plus multi-district online
plus extended high school funding

Budget Stabilization Factor is applied after total program is calculated



Funded Pupil Count

Based on October pupil count

- Enrollment, Schedule, Attendance

Funded pupil count

- Greater of the current year's pupil count OR
- Best average over the last two to five years

Full-time vs. part-time students

- Full-Time = 1.0
- Part-Time = 0.5

- **English Language Learners:** Adds new factor for qualified English language learners - replaces ELPA Professional Development and Student Support Services
- **Students Eligible for Reduced-Priced Lunch:** Added to students eligible for at-risk funding (students eligible for free lunch)

Remote Learning for Brick and Mortar Students: 2021-2022

- 100% Remote Learning Due to COVID
 - In order to receive funding, the district must have:
 - Completed the 100% Remote Learning Assurances
 - Provided a copy of the Board Policy that defines the remote learning program
 - Provide 20% weekly synchronous instruction
- Blended learning and supplemental online courses
 - Applies to courses where the student is participating some or all of the time from an off-site location (on campus courses not impacted)
 - In order to receive funding, these courses must:
 - Be limited to 40% of a student's schedule
 - Include 20% synchronous instruction

OR the district must have completed a request for a two-year variance waiver

Factors that Adjust Base Per Pupil Funding

- **Factors adjust 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.
-

School Finance Historical Recap

- **2018-19**
 - Budget Stabilization Factor = \$672.4M (-\$150M)
 - Average Per Pupil Funding = \$8,137 (+\$475)
 - Total Program = \$7.08B (+\$450M)
- **2019-20**
 - Budget Stabilization Factor = \$572.4M (-\$100M)
 - Average Per Pupil Funding = \$8,489 (+\$352)
 - Total Program = \$7.6B (+\$520M)
- **2020-21 School Finance Act (HB20-1418)**
 - Budget Stabilization Factor = \$1.174B (+\$601.1M)
 - Average Per Pupil Funding = \$8,077 (-\$412)
 - Total Program = \$7.2B (-\$367.6M)
- **2020-21 School Finance Mid-Year Supplemental**
 - Budget Stabilization Factor = \$1.052B (-\$121.4M)
 - Average Per Pupil Funding = \$8,123 (+\$46)
 - Total Program = \$7.24B (+/- \$0)
- **2021-22 School Finance Act (SB21-268)**
 - Budget Stabilization Factor = \$571.2M (-\$480.8M)
 - Average Per Pupil Funding = \$8,991 (+\$867)
 - Total Program = \$7.99B (+\$750.8M)

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



Overview of Federal Funding

Total ESSER Funding

	ESSER I (CARES Act) March 2020	ESSER II (CRRS Act) December 2020	ESSER III (ARP Act) March 2021
Total State Allocation	\$120,993,782	\$519,324,311	\$1,167,153,961
Allocation to LEAs	\$108,894,404 \$120.81 per pupil 90% of total funding Title I formula	\$467,391,880 \$518.70 per pupil 90% of total funding Title I formula	\$1,050,438,565 \$1,164.93 per pupil 90% of total funding Title I formula
State Reserve	\$12,099,378 10% of total funding	\$51,932,431 10% of total funding	\$116,715,396 10% of total funding
Funding Period	Through Sept. 30, 2022	Through Sept. 30, 2023	Through Sept. 30, 2024

Additional Federal Money for Education

Governor's
Emergency
Education
Relief
(~\$44M)



Included in
the first
stimulus bill

Coronavirus
Relief Funds for
Education
(~\$550M)



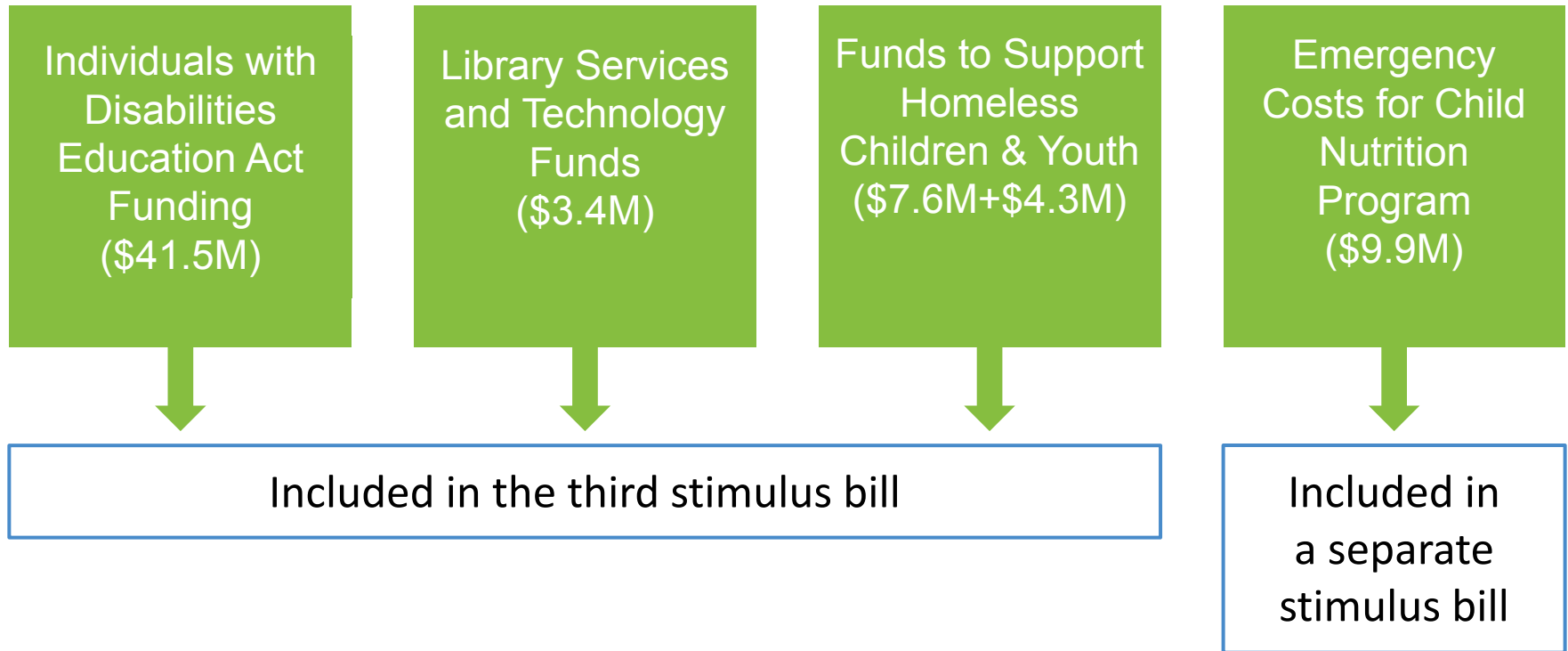
Included in
the first
stimulus bill

Emergency
Assistance for
Non-Public
Schools
(~\$57M)



Funding available
for non-public
schools in the
second and third
stimulus bills

Additional Federal Money For Education



ESSER Funding Directly to Districts

ESSER I:
~\$109M
90% Allocation



- Applications due December 31, 2020
- Funds must be spent by September 30, 2022

ESSER II:
~\$467M
90% Allocation



- Applications due September 30, 2021
- Funds must be spent by September 30, 2023

ESSER III:
~\$1B
90% Allocation



- Initial applications due May 23, 2021
- Final application due March 24, 2022
- Funds must be spent by September 30, 2024

Funds distributed to districts based upon Title I formula

At least 20% of ESSER III funding must be used to address the learning impacts of COVID-19 through interventions, summer programming, and after-school opportunities

ESSER State Set Aside Funds

Funding Gap Support
(~\$3.2 M)

Provide Broadband
(~\$1.3 M)

Statewide Capacity
Building
(~\$5 M)

Expand Learning
Opportunities
(~\$2 M)

ESSER II: \$49.3 Million

Funding Gap Support
(~\$16.8 M)

Other Allowable Activities
(~\$21.4 M)

Statewide Capacity
Building
(~\$650K)

Expand Learning
Opportunities
(~\$10.5 M)

ESSER III: \$110.8 Million

Evidenced-Based
Interventions for Learning
Loss
(~\$58.3 M)

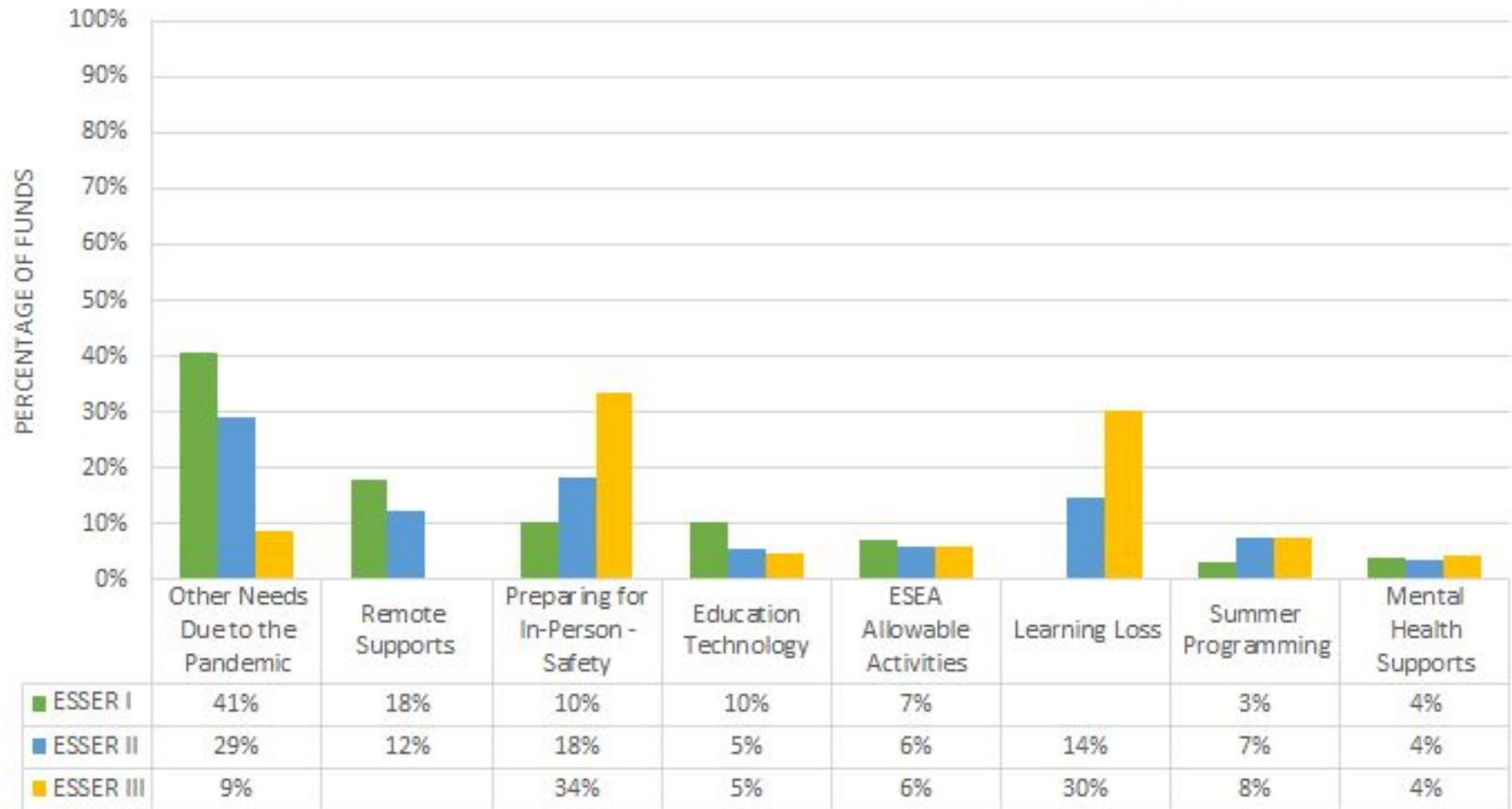
Other Allowable
Activities
(~\$29.2 M)

Summer
Programming
(~\$11.7 M)

After School
Programming
(~\$11.7 M)

District Process Context

USES OF FUNDS (AS OF JULY 23, 2021)



Allowable Uses of District ESSER Funding

ESSER I	ESSER II	ESSER III
<p data-bbox="216 382 749 468">Addressing the impact of COVID-19 on schools, such as:</p> <ul data-bbox="92 496 865 1061" style="list-style-type: none"><li data-bbox="92 496 865 532">● Coordination with public health departments<li data-bbox="92 568 865 604">● Purchasing educational technology<li data-bbox="92 639 865 675">● Planning for long term closures<li data-bbox="92 711 865 746">● Training and supplies for sanitation<li data-bbox="92 782 865 818">● Mental health support<li data-bbox="92 853 865 889">● Summer school and afterschool programs<li data-bbox="92 925 865 961">● Funds for principals to address local needs<li data-bbox="92 996 865 1061">● Other activities to continue school operations and employment of existing staff	<p data-bbox="973 382 1348 468">Same as ESSER I with emphasis on:</p> <ul data-bbox="962 511 1387 918" style="list-style-type: none"><li data-bbox="962 511 1387 589">● Addressing learning loss<li data-bbox="962 625 1387 704">● School facility repairs and improvements<li data-bbox="962 739 1387 918">● Other activities that are necessary to maintain the operation of schools	<p data-bbox="1437 382 1862 675">Same as ESSER I with a requirement to direct at least 20% of funding to address the learning impacts of COVID-19 through interventions</p>

All ESSER funds may be used for activities allowable under ESEA, IDEA, the Adult Education and Family Literacy Act, the Perkins CTE Act, or the McKinney-Vento Homeless Assistance Act, in response to COVID-19.

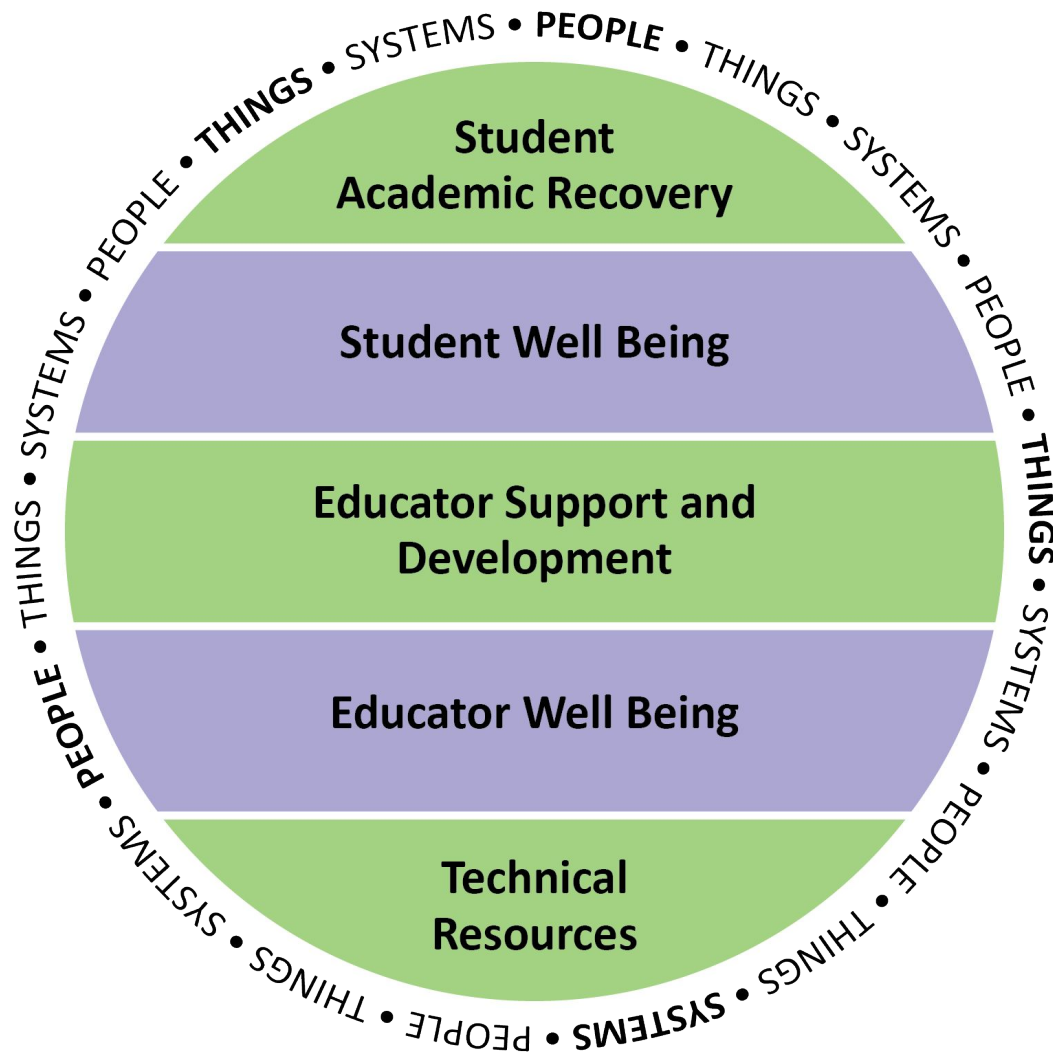


CDE contracted with Keystone Policy Group to conduct a community input process

- Focus groups with parents, educators, students, community organizations, school leaders, district administrators, educator preparation programs and CDE staff
- Statewide survey
- Other input received, including a special listening session with legislators

The process occurred during the month of July

Feedback - Themes and Ideas



ESSER State Reserve Decision Making Process

1

We recognize the once-in-a-generation opportunity to support our education system with these funds.

2

We want to ensure we stop, think big and creatively, gather input, and use this funding to truly make a difference for our students in Colorado.

3

Our top priority is to close the opportunity and achievement gaps that have been exacerbated by the pandemic.

Proposed Criteria/Priorities

Addresses the needs of our students most impacted by the pandemic and historically

Builds capacity for our state both in the moment and longer-term

- Includes evaluation to inform potential long-term adjustments to our education system

Magnifies impact by funding at the state level, versus being funded by individual districts

Focuses the funding on fewer priorities to have a more significant impact

- Supports existing programs as opposed to creating brand new structures, when possible

Allowable use – specifically in response to COVID-19

1

Support academic acceleration for students most impacted by the pandemic with a focus on math and literacy for students in grades K-8.

\$30 million – high-dosage tutoring, summer school, before and after-school

\$25 million – supplemental for districts, BOCES, SPED, tribal nations, high-risk populations

\$6 million – additional support for Empowering Action through School Improvement (EASI), proactive grants for schools

\$10 -12 million – high-quality instructional materials and curriculum bank

\$15 million – tutoring corps, preservice, recruitment, mentoring retention grants

\$5 million – professional development learning modules



2

Expand learning opportunities to strengthen student engagement in learning in both the traditional school day and beyond.

\$12 million – before and after-school, summer school, enrichment, academic innovation, school climate and other supports

\$15 million – career connected learning (Career and Technical Education, rural collaboration zones)

\$2 million – technical assistance for developing partnerships across schools, districts and/or with community partners



3

Strengthen state capacity to best support the state's districts and schools in accelerating and expanding learning opportunities for all students – both now and in the future.

\$7-10 million – data pipeline for improved district and state decision making, customer relations and grant management tool, with data visualization

\$1 million – Data and Evaluation Office (includes blended learning facilitator and communicating to field on results)

\$4 million – reserved for future emergency, recovery needs



Mill Levy Correction

Summary



... school districts in Colorado, based on an interpretation of statute by CDE, began collecting less local property tax for education than their voters had authorized, in some cases for years. How this came to pass is a complicated story that we will try to tell succinctly. **Mill Levy Correction is a legislative and legal directive to fix this undercollection of local property taxes for education.**

Terminology

- **Mill:** One mill is equal to one tenth of one penny or one 1/1000 of a dollar. Mills are used to calculate property taxes using a formula of mills x assessed property value = property tax. The assessed property value is the actual property value x the assessment rate. Currently, the residential assessment rate in Colorado is 7.15%.
 - If you live in an area where the total mills levied on all homes is 27 mills, and the assessed property value of your \$200,000 home is \$14,300 (7.15%), your property tax is $.027 \times \$14,300 = \386 .



\$200,000

$$\begin{array}{ccccccc} \times & \text{Residential} & = & \text{Assessed} & \times & \text{Mill} & = & \text{Property} \\ & \text{Assessment} & & \text{Property} & & \text{Levy:} & & \text{Tax Bill for} \\ & \text{Rate:} & & \text{Value:} & & .027 & & \text{Education:} \\ & 7.15\% & & \$14,300 & & & & \text{\$386} \end{array}$$

- **Total Program Mill Levy:** The mill levy is the total number of mills the school district collects from local property taxpayers to fund the local share of Total Program.

Assessed Valuation (AV): The taxable portion of property value in the school district. As an index of property wealth, AV varies significantly between districts and can vary a lot from year to year (particularly for oil and gas districts).

Total Program: Refers to the total amount required by the formula to fund the school district on an annual basis. Typically has two portions: *local share* (property taxes) and *state share* (state funds appropriated by the Legislature). Some districts can fully fund Total Program with only local share (property taxes).

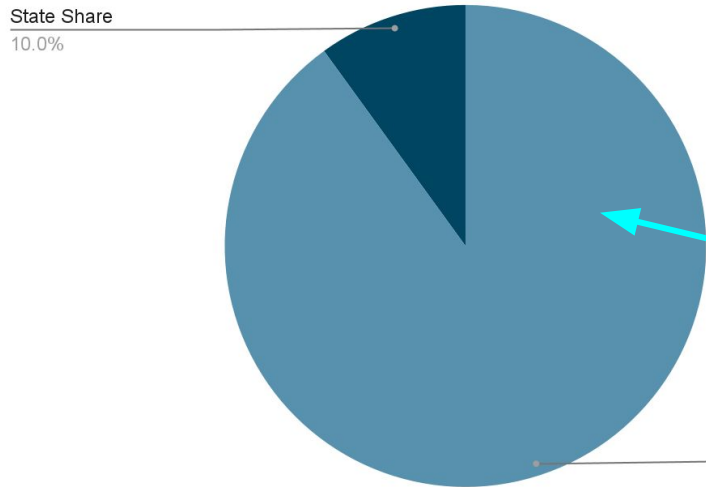
- Districts have different ratios of local to state share in their Total Program. Some are totally funded by local share; others receive most revenue from state share. The ratio depends on multiple factors, including the district's Assessed Valuation.
- Districts may have Mill Levy Overrides and/or bonds that allow them to collect property taxes above and beyond the amount required for Total Program.

Example

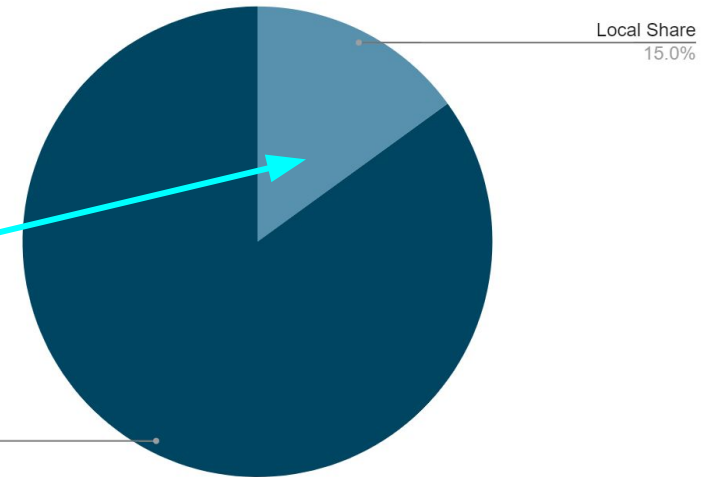
District A includes a large, active mine. The district's Assessed Valuation is very high.

District B is a district without a lot of industry. The district's Assessed Valuation is very low.

District A: Total Program



District B: Total Program



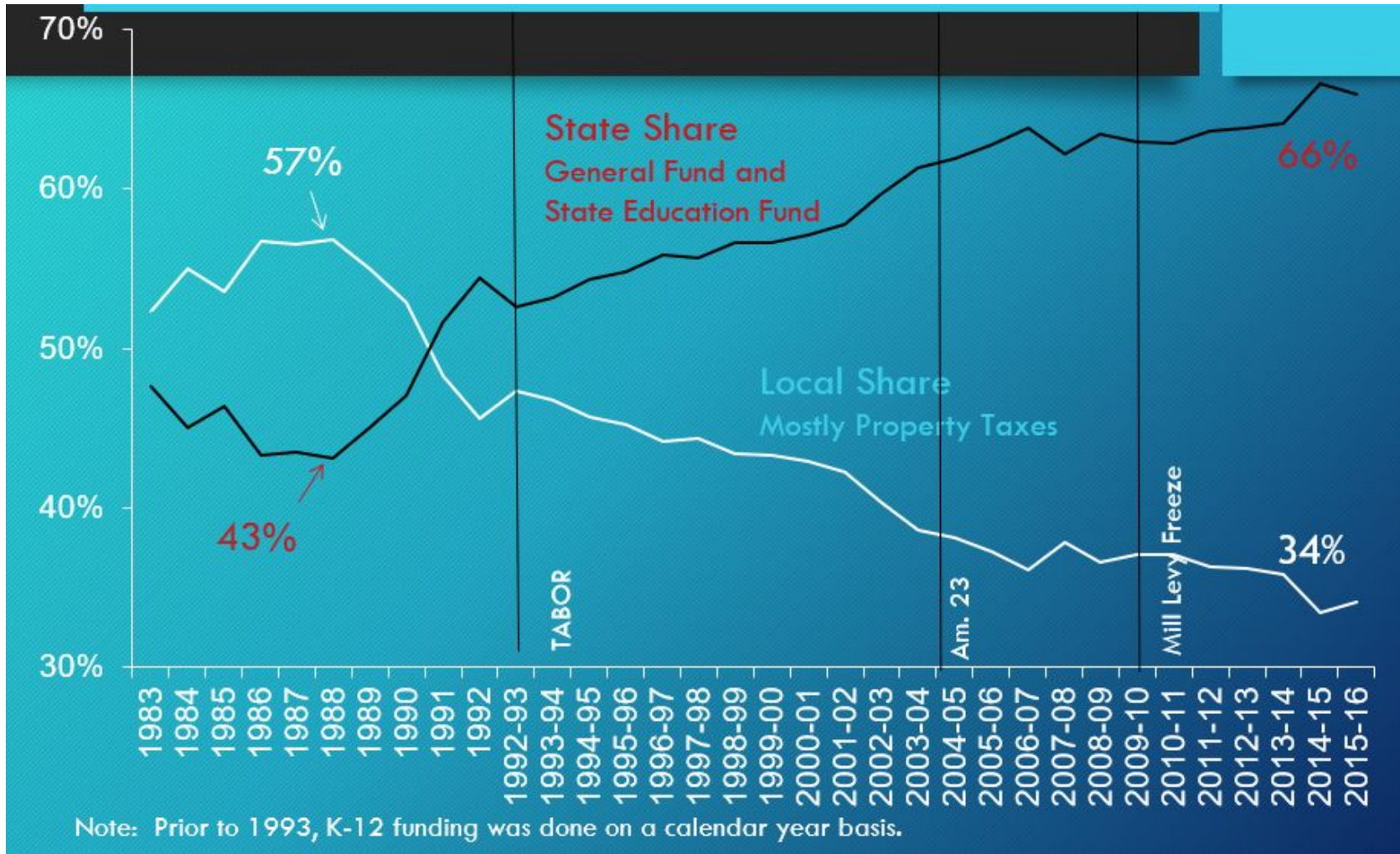
The district funds the local share by levying the mills determined by CDE and required by statute.

The size of the **pie** is fixed per the school finance formula. The size of the **slices** is dependent on local factors.

Background: How did we get here?

- **In the 1990s and 2000s, many school districts** obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR.
 - You may hear this referred to as “de-Brucing” or “de-TABORing”
- Districts that de-TABORed had permission from the voters to keep their local property tax mill levies (their local share) at the level in place at the time of the de-TABOR vote.
- Without de-TABORing, districts would not have been able to retain revenues above their TABOR limitation due to interactions of various factors unique to Colorado.
 - Rapid and significant growth in residential property value;
 - TABOR, which prevents taxes from increasing without voter approval;
 - And Gallagher, which has driven the residential assessment rate down in order to preserve the required ratio of residential/commercial property tax rates.

Background: How did we get here?

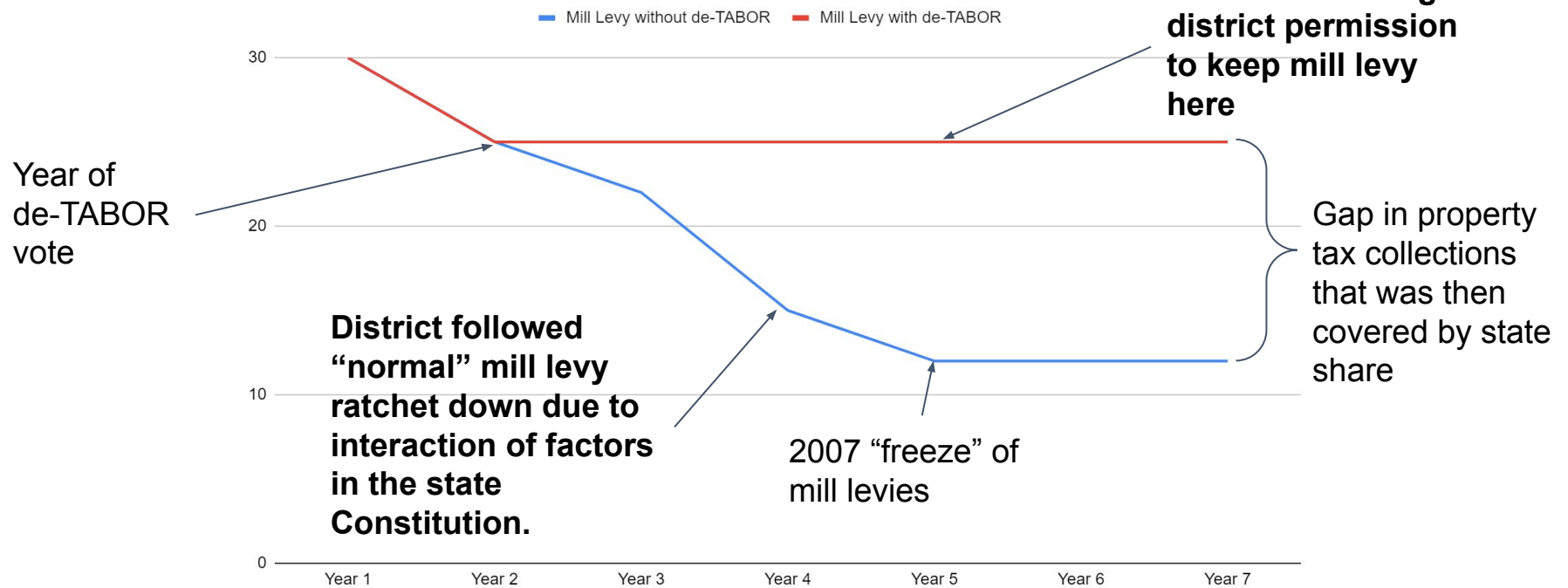


Background: How did we get here?

- CDE interpreted the statute such that **some de-TABORed districts should reduce their local share** through 2007.
 - However, because de-TABORed districts had permission from the voters to keep their mill levies at a higher level, it is now clear that local share should not have been reduced.
- In 2007, school district mills were frozen through legislation, then litigated in a debate about how local school districts should have treated their local mills per statute.
- **Because of the reduction to mill levies made between the early 1990s and 2007, the local share collected by those districts went down, and state share went up.**

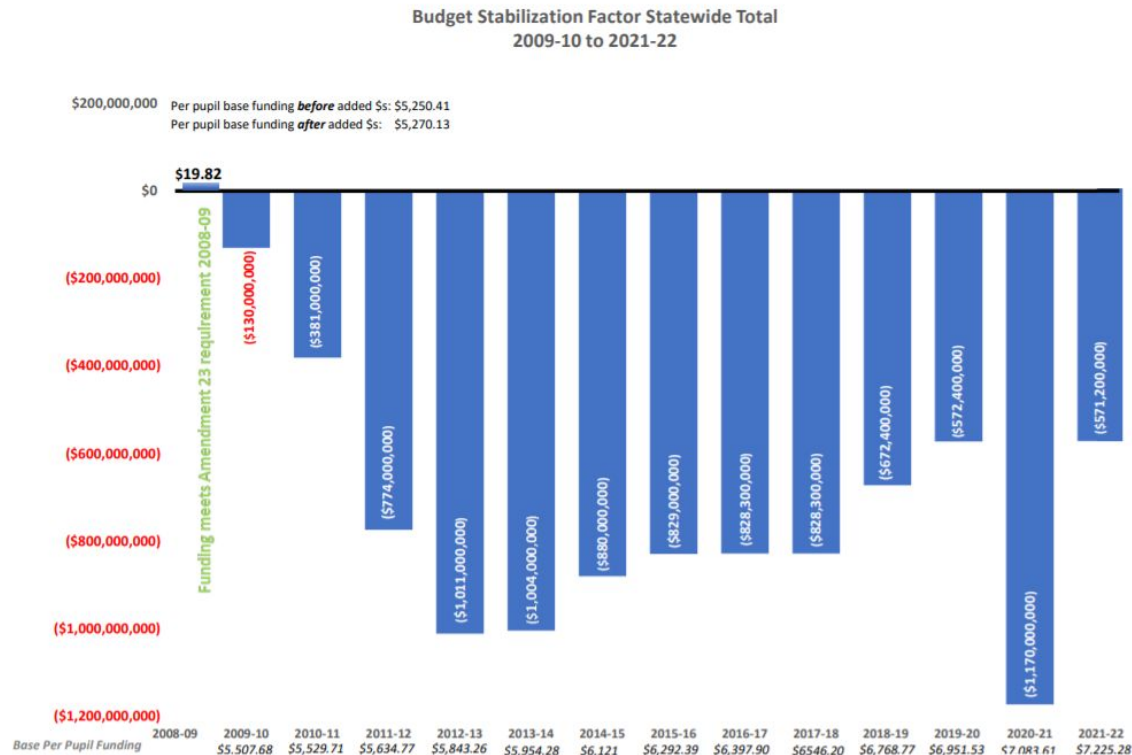
Background: How did we get here?

Sample District with de-TABOR Vote in Place



Background: How did we get here?

- Beginning in 2008-2009 with the Great Recession, the state's budget was under increasing pressure. As state share went up, and the economy went through ups and downs, the state was forced to implement the **Budget Stabilization Factor**.



Background: How do we fix it?

- **The legislature has now taken steps to restore, going forward, the local share that was erroneously reduced.**
 - This created a reduction in local share and resulted in the non-collection of local property taxes that were already authorized by voters.
 - The legislature is only seeking to fix this issue going forward--it is **NOT** seeking to recover local tax property revenue that should have been collected in the past.
- **Mill Levy Correction is a state law.** While the responsibility for setting the mill levy lies with the local school board, the local school board must set the Total Program levy in accordance with state law.

Background: How do we fix it?

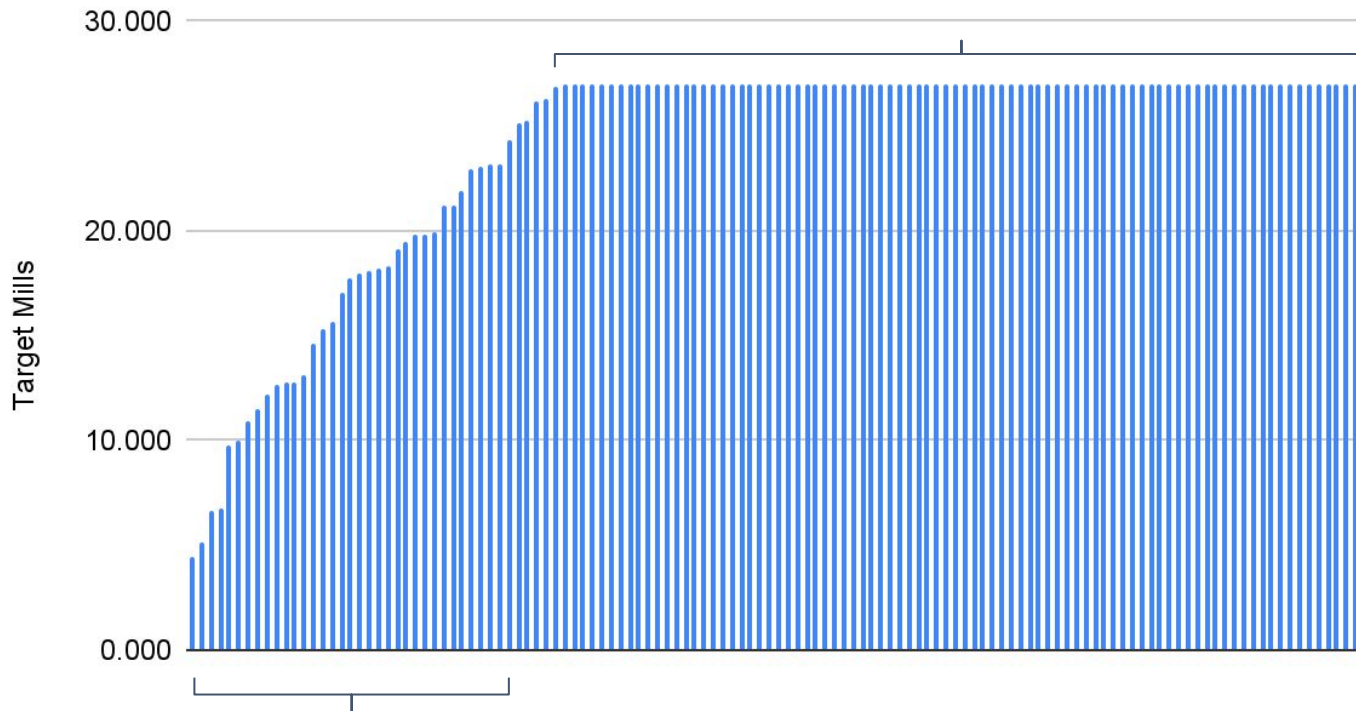
Step 1: Passage of HB20-1418

June 2020: [HB20-1418](#) signed (see Section 33). The 2020-2021 School Finance Act required districts to levy the number of mills specified by the requirements in the bill, including the establishment of temporary tax credits, if necessary, to correct historical errors. The bill required districts to set a mill levy target equal to **the lowest of:**

1. The mills required to fully fund the district with local property taxes;
2. The mills in place at the time the district obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR (de-Bruce); **or**
3. 27.000 mills.

Background: How do we fix it?

Target Mills per HB20-1418: Districts Impacted by Mill Levy Correction



86 out of 127 districts (68%) have target mills of 27. This means that the mills required to fully fund the district, **and** the mills in place at the time of deTABOR, are both greater than 27.

41 out of 127 districts (32%) have target mills under 27. This means that either the mills required to fully fund the district, **or** the mills in place at the time of deTABOR, are less than 27.

Background: How do we fix it?

Step 2: District certification of Temporary Tax Credits

December 2020: If required, districts included temporary tax credits when [certifying property tax mills](#) related to the local share of total program for the 2020 tax year. The temporary tax credits were equal to the difference between the district's current total program mill and the mill levy target established by [HB20-1418](#). For example, if the district's current total program mill was 25, and its mill levy target is 27, the district implemented a temporary tax credit of 2 mills.



DISTRICT NUMBER	COUNTY OF ASSESSED VALUATION	SCHOOL DISTRICT	NET ASSESSED VALUATION	HB20-1418 TOTAL PRGM MILLS	TEMP TAX CREDIT	NET TOTAL PRGM MILLS
0010	ADAMS	MAPLETON 1	831,452,880			
0010		MAPLETON 1 TOTAL	\$831,452,880	27.000	0.920	26.080
0020	ADAMS	ADAMS 12 FIVE STAR	2,543,352,030			
0020	BROOMFIELD	ADAMS 12 FIVE STAR	542,844,087			
0020		ADAMS 12 FIVE STAR TOTAL	\$3,086,196,117	27.000	0.000	27.000

Background: How do we fix it?

Step 3: Introduction, challenge to, and passage of HB21-1164

March 2021: [HB21-1164](#) introduced. The bill requires CDE to implement a correction plan for districts with temporary tax credits. Specifically, the plan must ensure that districts incrementally reduce temporary tax credits “as quickly as possible but by no more than one mill each property tax year,” beginning in the 2021 tax year.

May 2021: Colorado Supreme Court ruled in an [interrogatory](#) that HB21-1164 is constitutional.

June 2021: [HB21-1164](#) signed into law.

Next Steps: What happens now?

- **HB21-1164 requires CDE to implement a correction plan that:**
 - Reduces a district's temporary tax credits "as quickly as possible,"
 - But by no more than 1 mill per year.

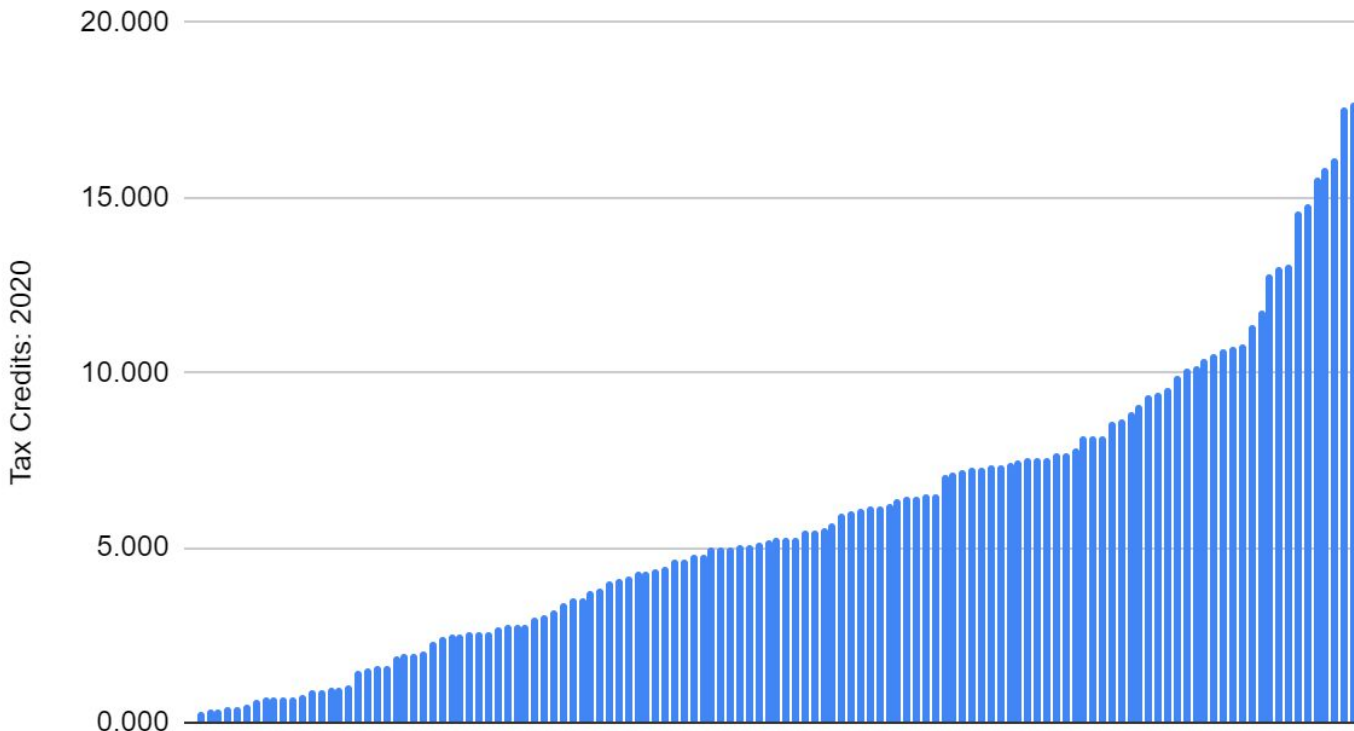
For Example:

District A has a mill levy target of 27 mills based on the requirements of HB20-1418. In 2020, it was levying 25.0 mills. Taxpayers in District A will see the following changes in their property taxes for the local share of Total Program:

2020 Tax Year (certified December 2020):	25.0 mills, 2 temporary tax credits
2021 Tax Year (certified December 2021):	26.0 mills, 1 temporary tax credit
2022 Tax Year and beyond:	27.0 mills

Background: How do we fix it?

Tax Credits per HB20-1418



Tax credits range from **.048** to **18.480**.

This means that districts will be implementing Mill Levy Correction for anywhere from 1 to 19 years.

107 out of 127 districts (82%) have fewer than 10 temporary tax credits

Find your district's temporary tax credits [here](#).

Next Steps: What happens now?

- How much more will this cost a generic taxpayer each year?



\$600,000

X

Residential
Assessment
Rate:
7.15%

=

Assessed
Property
Value:
\$42,900

X

Mill
Levy:
.015

=

**2020
School
Property
Tax Bill:
\$643.50**

One year later, when one tax credit has been implemented, the homeowner will pay **\$42.90** per year more in property taxes from mill levy correction, assuming a static residential assessment rate and static assessed property value:



\$600,000

X

Residential
Assessment
Rate:
7.15%*

=

Assessed
Property
Value:
\$42,900

X

Mill
Levy:
.016

=

**2022 School
Property
Tax Bill:
\$686.40**

Next Steps: What happens now?

What happens if a district does not implement Mill Levy Correction, despite being required to by law?

“If a district does not certify at least the mill levy required by subsection (2) OR (2.1) of this section, the department shall determine what the state's percentage share of the district's total program would have been had the district certified the required mill levy. The department of education shall reduce the district's state aid in an amount that will result in the state's percentage share of the district's total program remaining the same as if the district had certified the required mill levy.” - from HB20-1418

Next Steps: What happens now?

- **Where will the money go?**

- The estimate for the 2021-2022 school year is that Mill Levy Correction will generate ~\$90M in additional local share
- These are funds that won't need to be paid from state sources
- Therefore, the funds may be redirected, for example to the new factor changes in the finance formula:

“...THE GENERAL ASSEMBLY FURTHER DECLARES THAT THE REMAINING COSTS OF THE SCHOOL FINANCE FORMULA CHANGES ARE OFFSET BY THE SAVINGS TO THE STATE SHARE OF TOTAL PROGRAM THAT OCCUR **AS A RESULT OF CORRECTING THE UNAUTHORIZED REDUCTIONS IN DISTRICT PROPERTY TAX MILL LEVIES** AS PROVIDED IN SECTION 22-54-106 (2.1).”

- **Ultimately, use of these state funds is the legislature's decision.**

Next Steps: What happens now?

- **How much might Mill Levy Correction raise in additional property taxes over time?**

The following chart provides an *estimate* of the impact of Mill Levy Correction on property tax collection, all else being equal.*

FY2021-22 Projected Property Taxes with Credit Stepdowns			
	Current with No Stepdown	With Credit Stepdown	Approx Add'l Prop Taxes per Year
Year 1	2,853,909,591	2,945,599,960	91,690,369
Year 5	2,853,909,591	3,061,122,354	207,212,763
Year 10	2,853,909,591	3,096,358,015	242,448,424
Fully Implemented	2,853,909,591	3,106,891,398	252,981,807

*Note: the estimates above assume static Assessed Valuations and assessment rates.

Next Steps: What happens now?

What do districts need to do?

Review and organize documentation:

- Find the documentation used to support the mills the district levied in 2020, including any temporary tax credits. This supporting documentation may include previous district audits; information from the local county about the mills in place at the time the district obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR; and / or other district records.
- Questions or concerns? Reach out to Tim Kahle at CDE: kahle_t@cde.state.co.us. CDE will do everything possible to assist you with confirming and documenting the correct mill levy for your district, if needed.

Provide a copy of documentation supporting temporary mill levy tax credits to CDE:

- CDE strongly recommends that districts share a copy of the supporting documentation referenced above with the department.
- Please submit supporting documentation for any temporary tax credits established in 2020 by emailing it to schoolfinance@cde.state.co.us, as soon as possible, but not later than **October 15, 2021**.

Communicate with stakeholders:

- Start with informing your local Board of Education and your County Assessor--use this presentation if helpful
- Access CDE-provided communications resources to communicate with broader stakeholders

Support: What support is available?

- **Consultation**

CDE School Finance is offering technical assistance to districts in the form of webinars and individual district consultations. To request technical assistance with mill levy correction, please reach out to Kate Bartlett (bartlett_k@cde.state.co.us) or Tim Kahle (kahle_t@cde.state.co.us) at CDE.

- **Communications resources in development**

- CDE press release - *early September*
- One pager
- FAQs
- Sample letter for districts to use
- Slide deck for districts to use
- Talking points for County Assessors and Treasurers

Review: Main takeaways

- Mill Levy Correction is a legislative and legal directive to correct a historical undercollection of local property taxes.
- The historical undercollection resulted in districts collecting less in property taxes for education than their voters had approved by de-TABORing.
- Mill Levy Correction is in law, dictated by state statute; it is not a local decision to raise property taxes.
- Mill Levy Correction is a phased approach to restoring local property taxes to the levels voters authorized.
- Mill Levy Correction will result in local taxpayers increasing their taxes to previously approved levels, or to an appropriate level as defined by HB20-1418.
- There are no retroactive payments or penalties--the law only applies to future years.
- **Funds generated through Mill Levy Correction will result in more fiscal resources overall being available for education.**

Other Fiscal Topics

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 30th
- 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/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 before January 31
- After January 31, adopt supplemental appropriation to spend additional funds
- Additional Information:

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



Financial Transparency for Colorado Schools

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
- FY15-16, FY16-17, FY17-18, FY 18-19 data available
<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.

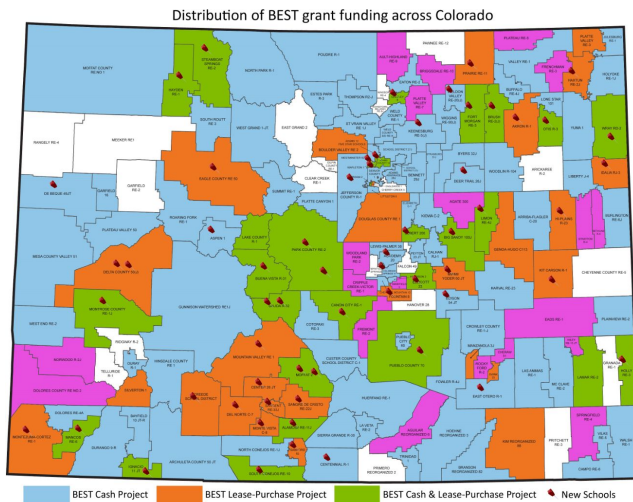
Colorado began reporting school level data for all school districts for FY2017-18 on July 1, 2019 through Financial Transparency for Colorado Schools website discussed above



Other CDE Offices Supporting District Operations

Capital Construction (BEST) Unit

- Grants are available for any school capital improvement project with a focus on health, safety, security, overcrowding, technology and others
- 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>

- 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>



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 7, 2022 + State Rules In Progress
 - 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

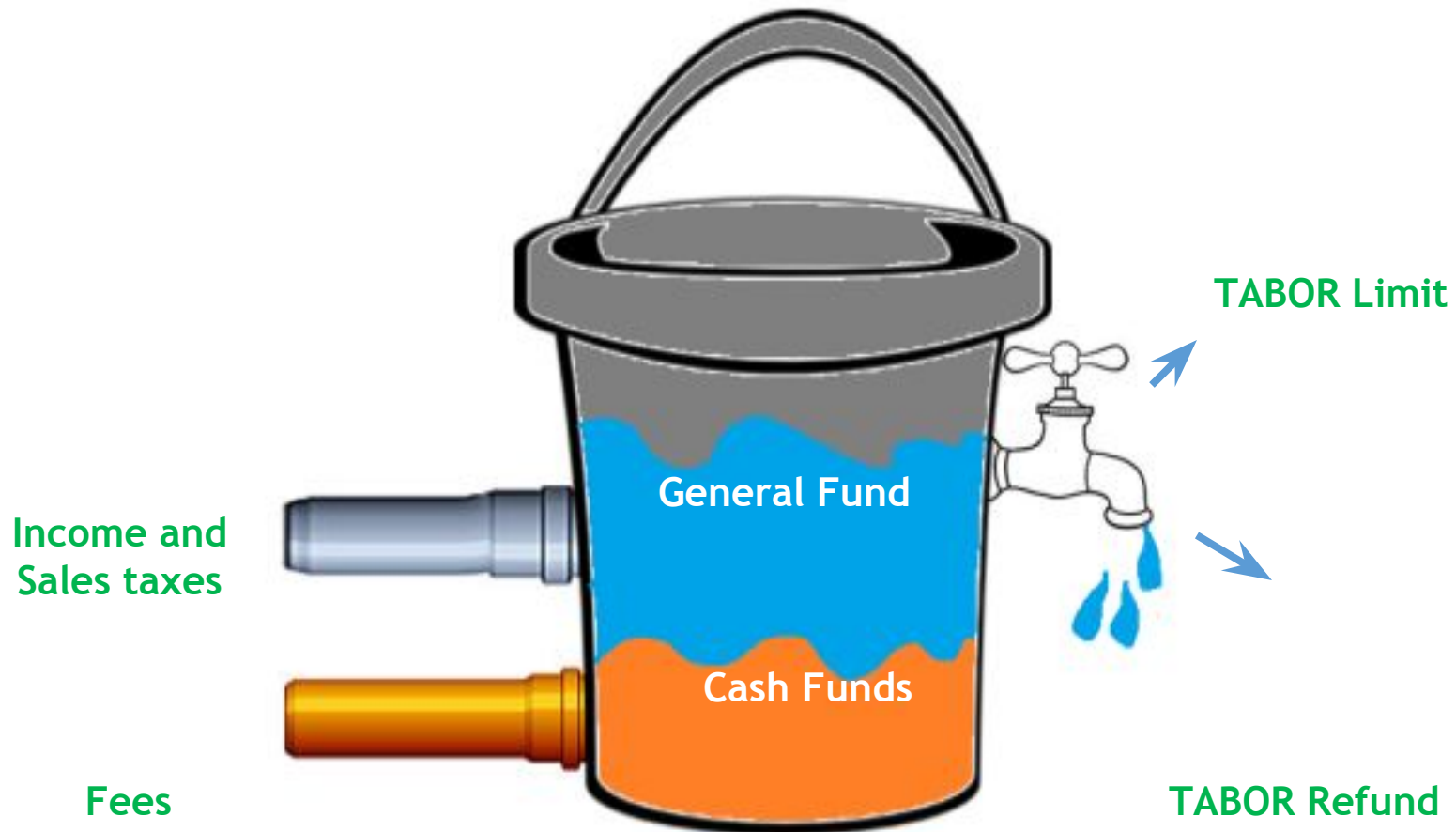
Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- 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: beginning FY20-21, the lesser of the first \$40 million or all of the money collected 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>

