



COLORADO
Department of Education

School Finance Update

CASE

February 6, 2020

Contextual Background & Constitutional Constraints

School District Sources of Revenues

- School Finance Total Program Funding
- Categorical Funding
- State Grants – Formula and Competitive
- Federal Grants – Formula and Competitive
- Mill Levy Overrides Revenues
- Other Local Revenues

Total District Revenues

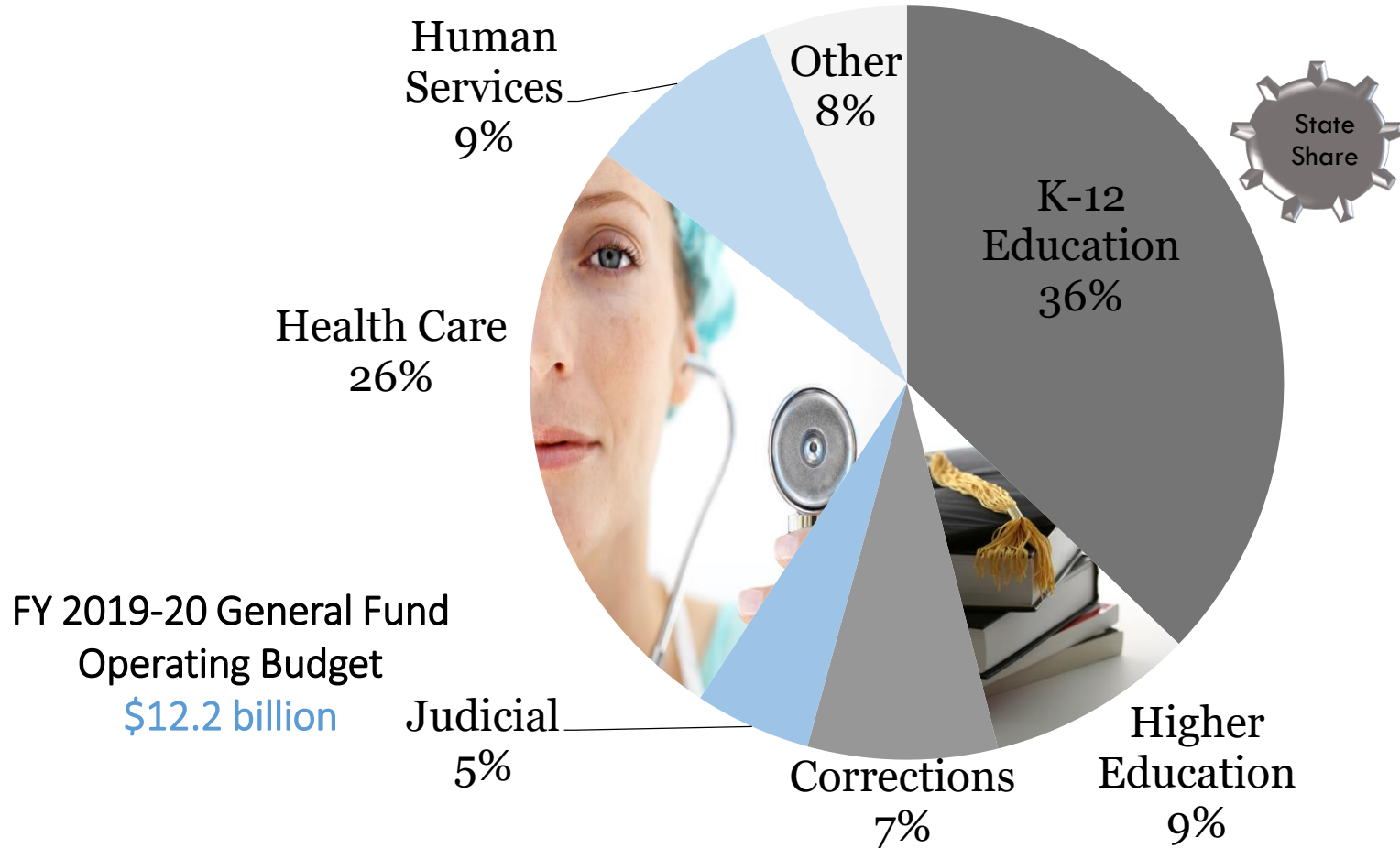


FY17-18 Total Revenue: \$12.3 Billion

- 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

What the General Fund Pays For – FY2019-20





- Set the statewide ratio of property taxes for residential properties at 45% and business properties at 55%
- Business = 29% of property's taxed value
- Residential = 7.15% of property's taxed value

Under TABOR, this rate cannot rise without a vote of the people

Effect = limited property taxes and put bigger burden for education funding on the state's budget (Equalization)



Sets limits on the amounts of revenues that can be collected and retained

Cannot raise tax rates without voter approval

Cannot spend revenues collected without voter approval if revenues grow faster than inflation and population growth

“TABOR Surplus”, must be refunded to taxpayers, unless approved by voters

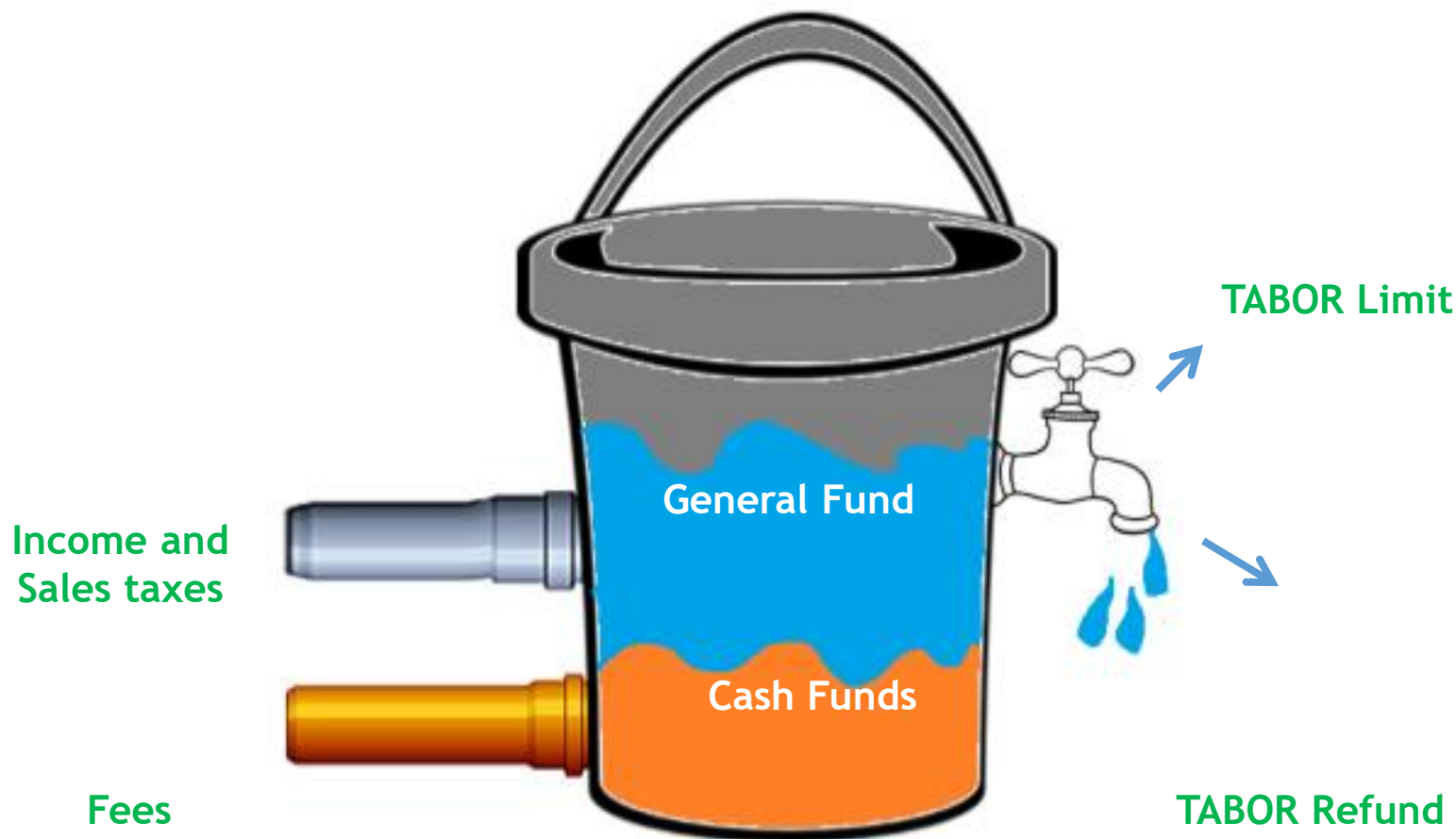
174/178 School Districts are De-TABORed, the State is not

Ratcheting down effect during recessions

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

A TABOR Simile

From Office of State Planning & Budgeting





Required growth + inflation for base funding and categorical funding

Provided a 1% catch up rate for 10 years

- Inflation based on the Denver/Boulder CPI
- Creates additional pressures on the state budget with these requirements

School Finance Formula

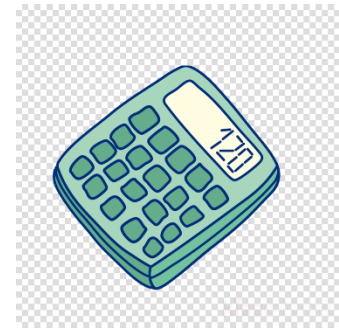
Total Program Funding Formula



Total Program Funding

Equals (funded pupil count
times per pupil funding formula)
plus at-risk funding
plus multi-district online funding

- 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: Determined by statutory formula based on enrollment. Actual personnel costs may differ from the statutory factor calculation. Cost of living factor is applied to the calculated personnel amount.
 - Size of district: Determined by statutory formula based on enrollment. Small districts have larger size factors than districts with higher enrollment.

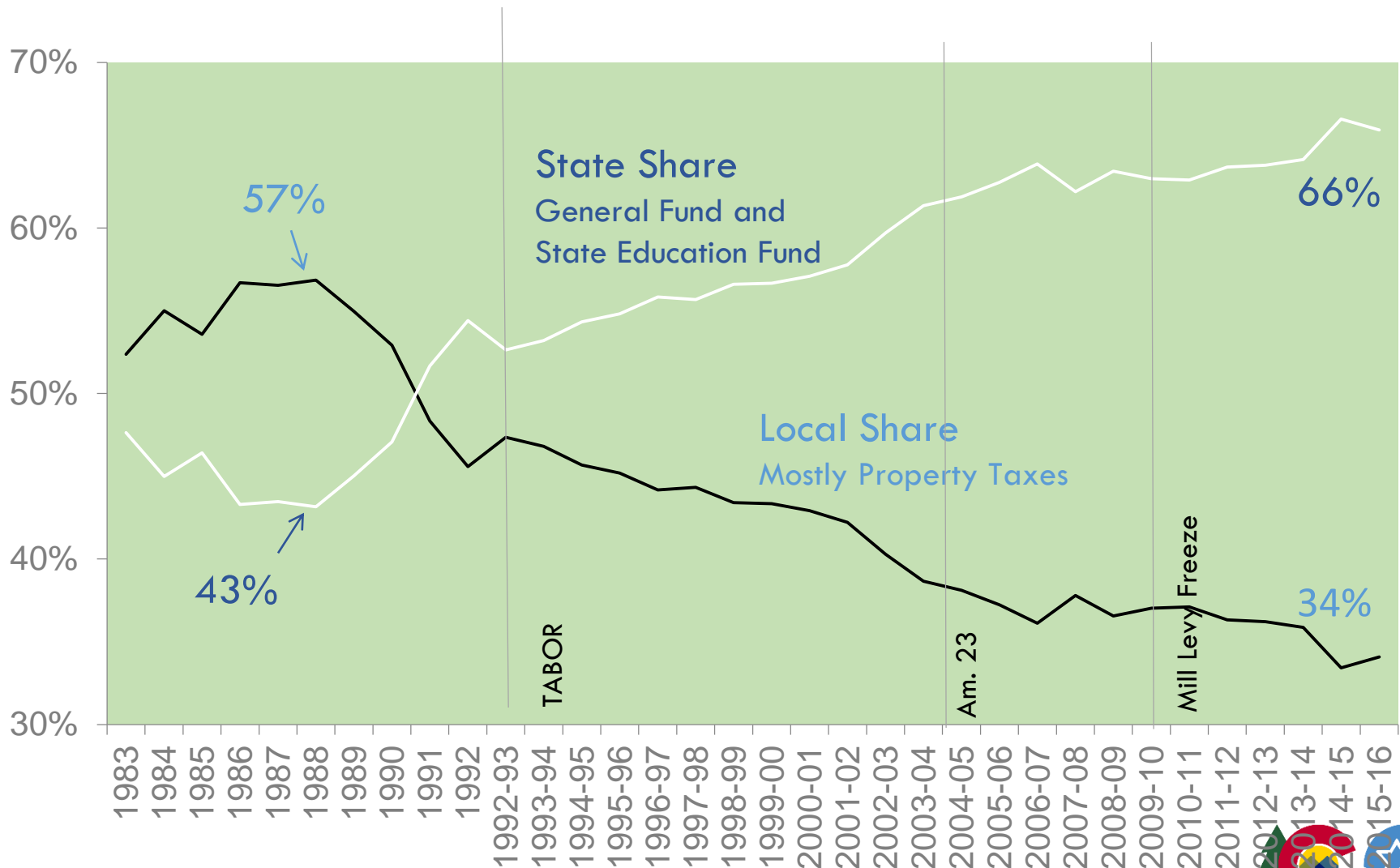
Local Share Funding Sources



- **Local Funding Statewide –39% in FY18-19**
 - Property Taxes – mill levies
 - Specific Ownership Taxes – vehicle registration fees
- **State Share Statewide– 61% 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 57% and state share was 43%

Relative State and Local Shares of School Finance



Note: Prior to 1993, K-12 funding was done on a calendar year basis.



2020 Legislative Budget Process

2020 Legislative Budget Process



November 2019	Governor Submits Budget Request for 2020-21 THIS IS ONLY A PROPOSAL/PLACEHOLDER!
December 2019	Joint Budget Committee Briefing and Hearing with CDE covering various budget-related topics relevant to K-12
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

2019-20 School Finance Act / FDK Bill

- Base Funding - \$6,695
- Budget Stabilization Factor - \$572.4M
- Average Per Pupil Funding - \$8,477

2019-20 Supplemental Request

- Increase in funded pupil count by 1,431
- Increase in funded at-risk count of 9,447
- Increase in Local Share by \$12.98M
 - Increase in Property Taxes of \$21.9M
 - Decrease in Specific Ownership Taxes of \$8.9M
- Increase in State Share by \$9.79M
- Increase in Total Program of \$22.8M
- No change to Budget Stabilization Factor
- Average Per Pupil Funding increase by \$12 to \$8,489



Compared to Supplemental Request:

- Decrease in funded pupil count by 249
- Increase in funded at-risk count of 93
- Inflationary factor of 1.9%
- Increase in Local Share by \$76.8M
- Increase in State Share by \$130.5M
- Increase in Total Program of \$207.4M
- Buy down of Budget Stabilization Factor of \$52M
- Average Per Pupil Funding increase by \$230 from \$8,489 to \$8,719

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 Supplemental Request
 - Budget Stabilization Factor = \$572.4M (-\$100M)
 - Average Per Pupil Funding = \$8,489 (+\$352)
 - Total Program = \$7.6B (+\$520M)
- 2020-21 Budget Amendment Request
 - Budget Stabilization Factor = \$520.4M (-\$52M)
 - Average Per Pupil Funding = \$8,719 (+230)
 - Total Program = \$7.8B (+\$200M)



School Finance Technical Changes Anticipated

Five Year Old First Graders

Section 22-54-103(10)(a)(IV):

(A) Except as provided in sub-subparagraph (B) of this subparagraph (IV), for purposes of determining pupil enrollment in first grade for the 2006-07 budget year and each budget year thereafter, a district shall count and receive funding only for pupils enrolled in first grade who are six years old on or before October 1 of the applicable budget year.

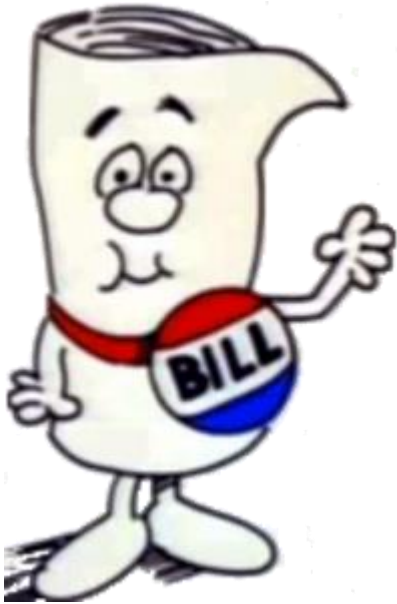
(B) For purposes of determining pupil enrollment in first grade for the 2007-08 budget year and each budget year thereafter, in addition to the pupils counted pursuant to sub-subparagraph (A) of this subparagraph (IV), a district may count and receive funding for a pupil who is enrolled in first grade who is at least five years old on or before October 1 of the applicable budget year if the pupil attended at least one hundred twenty days of kindergarten in a state other than Colorado. A district may also receive funding for a pupil who is five years old and who has been identified by the district or an administrative unit as a highly advanced gifted child for whom early access to first grade is appropriate, as provided in section 22-20-204.5.

This language was not revised when full-time funding for kindergarten was implemented.

Supplemental Funding for Kindergarteners

Section 22-54-104(15) "Supplemental kindergarten enrollment" means the number calculated by subtracting five-tenths from the full-day kindergarten factor for the applicable budget year and then multiplying said THAT number by the number of pupils in the district who are enrolled in A HALF-DAY kindergarten EDUCATIONAL PROGRAM for the applicable budget year. For the purposes of this subsection (15), the full-day kindergarten factor for the 2008-09 2009-10, and 2010-11 budget years BUDGET YEAR and each budget year thereafter is fifty-eight hundredths of a full-day pupil.

Language change to “enrolled in part-time in a kindergarten educational program” would provide the 0.08 funding for all part-time kindergarteners



FY19-20 Supplemental and FY20-21 Budget Amendment includes a one-time accommodation assuming implementation of technical changes

FY20-21 true-up and future funding assumptions will be consistent with actual plain statutory language

Categorical Program Revenues



- Funding provided for specific programs that serve particular groups of students or student needs
- State and federal revenues only cover 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

Other FY 2020-21 Budget Requests

- Categorical Programs Inflationary Increase
- Departmental Infrastructure **
- Concurrent Enrollment for Educators (HB20-1015) *
- Colorado Preschool Program Expansion
- Empowering Parents with School Information *
- Educator Evaluations
- Grants for Early Childhood Facilities
- Expanding Eligibility for School Improvement Funds *
- Concurrent Enrollment Grant Program Increase
- Student Re-Engagement Grant Program Increase
- Career Development Incentive Program Increase

READ Act Update

District Budget Requirement for PPI Funds

- Per SB 19-199, prior to receiving per-pupil intervention (PPI) funds, LEAs must provide the following information to CDE:
 - Number of students identified as having an SRD and receive instructional services pursuant to READ plans (same requirement, collected through READ data collection)
 - Student background information: SASID, name, gender, DOB, grade level, interim reading assessment and score, testing date, retention (same requirement, collected through READ data collection)
 - A budget, including a narrative explanation, for the use of PPI money in accordance with the allowable use of READ fund categories. Each LEP may only carry over 15% of funds from the previous budget year **(new as of 2019)**
 - The department must approve the LEAs proposed use of PPI money as being in compliance with the allowable uses of PPI
 - Budget submission will take place outside of data pipeline, separate from the READ data collection

Allowable Uses of Funds

Continued Allowable Uses

- Operate summer school programs (same requirements as currently in place)
- Purchase tutoring services focused on increasing students' foundational reading skills
- Provide other targeted, evidence-based or scientifically based intervention services approved by CDE
- Purchase from a BOCES the services of a reading specialist or reading interventionist
- Provide professional development programming to support educators in teaching reading
 - Hiring a reading coach who is trained in scientifically and evidenced based practices in reading to provide job-embedded, ongoing professional development to support kindergarten-through-third-grade teacher competence scientifically and evidenced based practices in reading





Additional Allowable Uses

- Purchase CDE approved core instructional programs
- Provide technology, including software, included on the advisory list of instructional programming in reading

Discontinued Allowable Uses

- Full Day Kindergarten

State funding is now available for full-day kindergarten (HB19-1262)

New Budget Reporting Process



- EDAC approved this process 1/10/2020
- Current READ Budget Planning Survey will no longer be a requirement and will be removed from data pipeline
- New budget reporting process will replace the Budget Planning Survey
- Budgets will be submitted during the 2019-20 READ collection window (April 1, 2020 – June 30, 2020)
- CDEs Web Management team is creating a custom web based application (similar to EASI application) where READ budgets will be submitted
- Screen shots of submission tool will come shortly

2019-2020 READ Act
Budget Submission

Overall Budget **Narrative** on
the Use of Per-pupil
Intervention Funding for the
2020-2021 School Year

Narrative explanation will include:

1. How district plans to use READ funds in the upcoming budget year
2. Must include school level information, but will be submitting one narrative for entire district

Overall Budget **Details** on the
Use of Per-pupil Intervention
Funding for the 2020-2021
School Year

Budget Details will include:

1. Allowable Activity
2. Name of Program
3. Budget Object Code
4. Budgeted Cost
5. Budget Line Narrative

2019-20 READ Data Collection & Budget Submission Timeline

DRAFT Timeline	
Data & budget submission window opens	April 1, 2020
Deadline to have budget projections submitted to CDE	May 15, 2020
CDE reviews budgets and provides comments by	June 2, 2020
Deadline to submit data files	June 12, 2020
Deadline to have budgets re-submitted	June 30, 2020
Deadline to have data files re-submitted with duplicate SASIDS removed	July 1, 2020
Distribution of READ funds	August 2020
Final allocation revisions	TBD

How to Prepare

- Use 2019-20 allocation amount to project 2020-21 costs
- Prepare a narrative explanation on the use of the per-pupil intervention funding for the 2020-21 school year
 - CDE is creating a rubric that will outline specific instructions for what information to include in the narrative
- Determine which allowable activities you will use READ funds for (§22-7-1210.5)
 - Summer school literacy program (§22-7-1212))
 - Purchase CDE approved core instructional programs (§22-7-1209(2)(b))
 - Tutoring services that focus on increasing students' foundational reading skills reading
 - Provide other targeted, scientific or evidence based intervention services approved by CDE
 - Provide technology, including software
 - Purchase from a BOCES the services of a reading specialist or reading interventionist
 - Provide professional development programming to support educators in teaching reading
- Work internally to create a system for gathering information by school (data respondents, READ Act specialist, fiscal contacts)
- Compile information (allowable activity, name of program, budgeted cost, budget object codes)
- Determine who will be submitting/revising budget in web application

Other CDE Program Areas



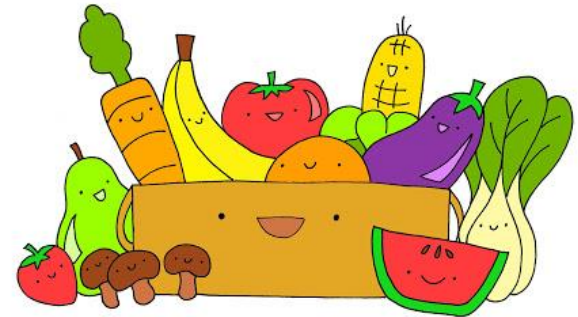
Free and Reduced Lunch Eligibility

Critical to coordinate across the district including

- Pupil Count Coordinator/Data Management
- School Nutrition Director/Free and Reduced Price Meal Specialist
- Finance/Budget Personnel

Procurement Requirements

US Regulations on Nutrition Standards



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





Entry Level Training for Commercial Driver Licensing

- Effective February 7, 2022

Drug and Alcohol Clearinghouse Query

- Effective January 6, 2023

Random Testing Requirements

- Effective January 1, 2020
- Minimum annual percentage rate for random controlled substances testing is 50 percent of the average number of driver positions
- Minimum annual percentage rate for random alcohol testing will remain at 10 percent

Discussion Item

Full Day Kindergarten Furniture Fixture and Equipment Funding

- Districts can apply for their proportionate share of \$25 million in formula-based grants for furniture, fixtures, or equipment (FFE) to **conduct** a full-day kindergarten or a preschool educational program

Initial distribution of funds (80% of appropriation) was based upon projected FDK counts

Remaining 20% will be distributed following mid-year true-up based on actual FDK counts

- To date, ***some districts have not applied*** for these funds
- These ***districts may still apply*** for these funds by contacting Tim Kahle at kahle_t@cde.state.co.us

Full Day Kindergarten Furniture Fixture and Equipment Funding

- TOTAL APPLICANT PER PUPIL FUNDING MEANS...THE PRODUCT OF THE NUMBER OF CHILDREN ENROLLED IN A FULL-DAY KINDERGARTEN EDUCATIONAL PROGRAM PROVIDED BY THE APPLICANT DURING THE 2019-20 BUDGET YEAR AND THE APPLICANT'S PER PUPIL FUNDING AMOUNT
- Input Requested
 - All students enrolled in FDK program (007)
 - All full-time students in FDK program (007-80)
 - All full-time kinder students (007-80 and 006-80)
 - Other options

All Kinders		Full-Day (007)		Half-Day (006)	
63,885		61,874		2,011	
Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
61,182	2,703	61,173	701	9	2,002

Questions????