



COLORADO
Department of Education

New Superintendents School Finance Update

August 2018

Accreditation Report

- Required by 22-11-206 (4)(a)(I)&(II) C.R.S.
- Provides assurances that the district is in compliance with Article 44: Budget Policies and Procedures and Article 45: Accounting and Reporting
- Signed by Superintendent, Board President, and CFO
- Submitted with Annual Financial Report (Audit)
- Additional Information:

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



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/sfadministrat>

<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

Website translates the expenditures into a format that is readable and comparable by a layperson

- FY15-16 and FY16-17 data available
- July 2019 will include FY15-16, FY16-17, and FY17-18 data
- Small rural districts are exempted from state reporting

<https://coloradok12financialtransparency.com>

ESSA Per Pupil Expenditure Reporting

- Require school-level per-pupil expenditures disaggregated by source of funds
- Small rural districts are NOT exempted from federal reporting
- Optional reporting of FY17-18 data
- Required reporting of FY18-19 data



Total District Revenues and Expenditures

FY16-17 Total Revenue: \$10.2 Billion

Local: 43.7%

State: 50.6%

Federal: 5.7%

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

FY16-17 Total Expenditures: \$9.6 Billion



Timeline for School Finance Funding

November 2018:

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

December 2018:

- Joint Budget Committee Hearings with CDE

January 2019:

- Governor submits supplemental request for FY17-18 - Adjusts the current year budget for actual pupil counts, assessed values, etc.
- Governor submits budget amendments for FY18-19 - Adjusts estimates for next year's pupil counts, assessed values, etc.

Spring 2019:

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



Total Program Funding Formula

Total Program Funding

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

Budget Stabilization Factor is applied after total program is calculated



Factors that adjust base per pupil funding

Per Pupil Funding Formula adjusts for:

- Cost of living: Determined by a legislative study every two years. A higher cost of living equals a higher factor.
- Personnel and non-personnel costs: Personnel costs factor vary by school district based on enrollment. For all districts, employee salaries and benefits represent the largest single expense. As such, the formula directs funding based on these costs.
- Size of district: Similar to the personnel costs factor, the size factor is unique to each district and is determined using enrollment. Small districts have larger size factors than districts with higher enrollment.

Local Share Funding Sources

Local Funding -36%

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

State Share - 64%

- Funding from the state provided to each school district whose Local Share is insufficient to fully fund its Total Program

The percentage split in specific districts varies



School Finance Historical Recap

2016-17

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

2017-18 Supplemental

- Budget Stabilization Factor = \$822.4M (-5.9M)
- Average Per Pupil Funding = \$7,662 (+\$242)
- Total Program = \$6.63B (+250M)

2018-19

- Budget Stabilization Factor = \$672.4M (-\$150M)
- Average Per Pupil Funding = \$8,131 (+\$475)
- Total Program = \$7.08B (+450M)



Capital Construction (BEST) Unit

- Grants are available for any school capital improvement project with a focus on health, safety, security, overcrowding, technology and others
 - Awarded 319 grants in 135 districts, 409 schools, for 180,000 students
- Statewide Facility Assessment
 - Periodic site visits by CDE assessors to assess facility conditions and suitability
- Additional Information:
<http://www.cde.state.co.us/cdefinance/capconstbest>



School Nutrition Unit

- Training and technical assistance is available for food service departments
- Findings from Administrative Reviews
 - Inadequate quantities of food (breakfast & lunch)
 - Food Safety – health inspections
 - Free and Reduced meal benefits incorrectly approved
 - Foods sold a la carte not meeting nutritional standards (cafeteria, vending machines, school stores, food fundraisers)
 - Procurement Concerns
- Additional Information:
<http://www.cde.state.co.us/nutrition/nutritrainings>



Grants Fiscal Management Unit

- Ensures that state and federal grant funds are administered in accordance with applicable state and federal laws and regulations
- Determines local education agency (LEA) allocations
- Provides support and technical assistance to program managers and grantees
- Additional Information:
<http://www.cde.state.co.us/cdefisgrant>



School Auditing Unit

- Audits to ensure accuracy of school finance and transportation funding
- Audits generally conducted every 1 to 2 years
- BEST practice is to upload documents in real time
 - Transportation backup documents before finalizing CDE-40 in August
 - Pupil and at-risk documents after finalizing in November
- Additional Information:
<http://www.cde.state.co.us/cdefinance/auditunit.htm>



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 2020
 - 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
 - 7.20%
 - 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

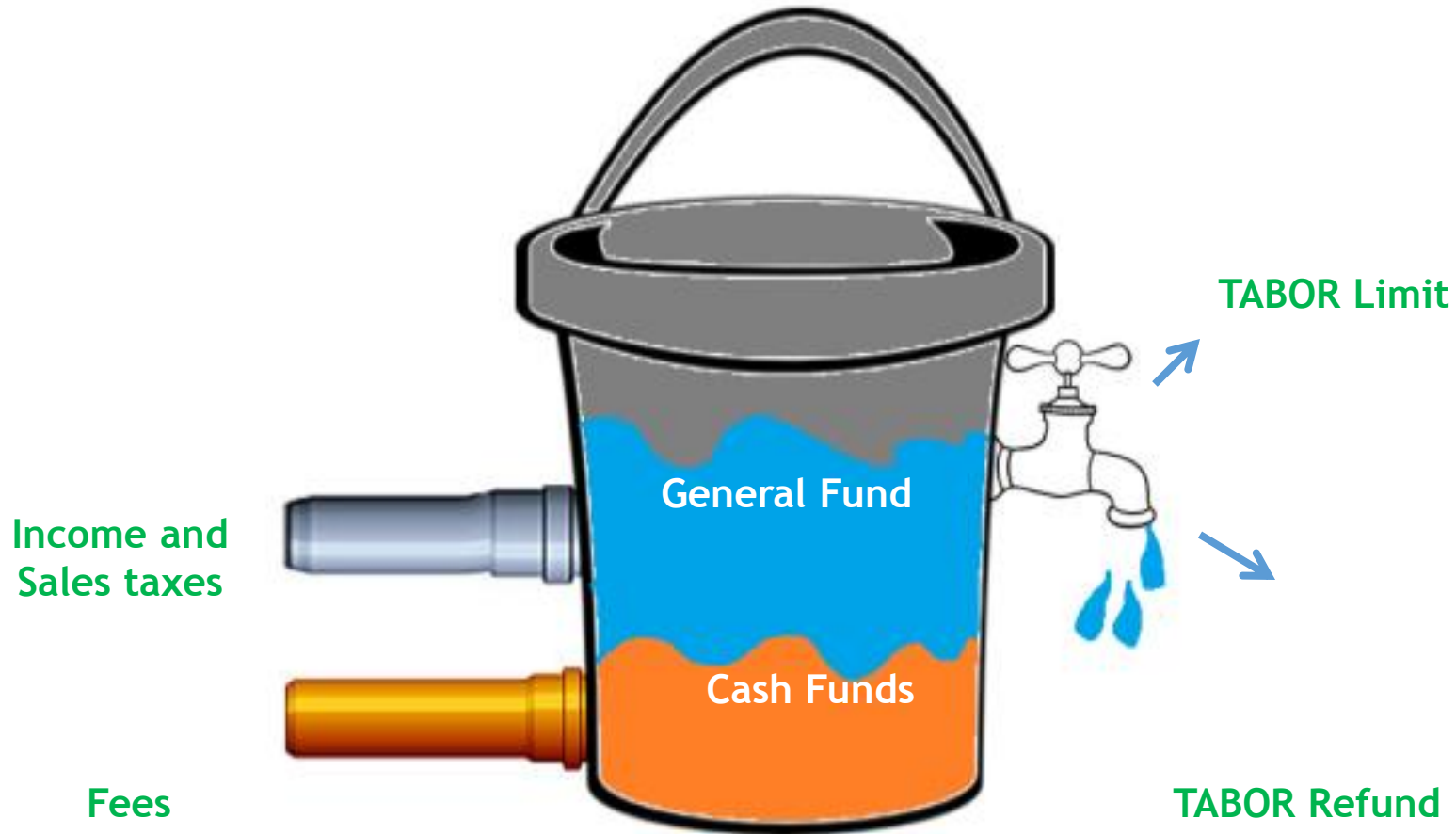
Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels

- 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

Marijuana Tax Revenue and Education

- Excise tax: 90 percent or the first \$40 million 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>

