

Colorado K-12 Funding: New Board Member Orientation

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Colorado School Finance Project
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COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

Colorado School Finance Project

Non-profit, non-partisan- Supported by school district contributions- School finance analysis for local and state policy makers since 1995- Governed by a board comprised of national and state experts on school finance

Our Mission: *To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.*

Goals of Presentation

- School Board governance in Colorado- responsibilities
- Budgets and timelines
- Revenue Sources
- School Finance
- Statewide issues – that impact your district

School Boards in Colorado

- Colorado's state constitution contains an education clause. This defines the following as responsibilities for local school districts:
 - Budgets/Audits
 - Hiring and salary at district level
 - Configuration of your education system
 - Curriculum / Graduation requirements
 - Board has taxing authority
 - Board hires superintendent and auditor
 - Thorough and uniform system

School Boards fiduciary responsibility-

pages 4-5 in booklet

- Budget*
- Fund Balance
- Audits*
 - Hire auditor
- Quarterly financials
- Financial transparency*
- Taxing authority* – mill levies for total program, bonds, overrides

* Boards are required to do

Board considerations – good to discuss with Superintendent

- Learn about your school district's budget and audit process
 - What policies are in place?
 - Do you have a financial advisory committee or an audit committee?
 - How do you engage with your community in the budget process?
- How do you engage with District Accountability Committee?

First 90 days: Timelines and Governance

pages 1-2 in booklet

- October count just finished
- Assessed value received from county by 12.10.21
- Certifying mills by 12.15.2021
- Mill Levy correction reflected in certification
- December revenue forecast
- Supplemental process in legislature – your revenue you are currently getting will be adjusted based on enrollment, at-risk and local share
- Budget process begin for 2021-22 year at school district and state

Budget Forecast



Enrollment?



Inflation?



Residential
Assessment
Rate(RAR)
changes?



What is the
caseload
growth?



Who else is
competing
for dollars?

Process & Timing

page 2 in booklet



District Budget Process: begins in fall of year for the next fiscal year beginning on July 1.



Department (CDE) hearings for budget requests – State Process



Legislature convenes in January – School districts are ½ way through their fiscal year.



School districts begin budget process for next year and determine hiring - *prior to the end of the legislative session.*



Creates potential problems for school districts with last minute legislative decisions.

What is a mill levy? How is local share determined?

Pages 6-7 in booklet

- Mill levies are dollars raised locally by property taxes
- Local property taxes go toward school finance
- Mill levies may be additional dollars called “override” (MLO)
 - Outside of the formula
 - Voter approved
- Mill levies may be for bonds to build or repair schools
 - Voter approved

How are mills calculated?

Actual Value of Home= \$200,000

Residential Assessment Rate (RAR)
= 7.15%

Home value x RAR =

Total Assessed Value= \$14,300

Total Assessed value x mill levy =
taxes paid (mill levies vary by
district)

Tax Payer impact



How are mills calculated?

Actual Value of Non-residential=
\$200,000

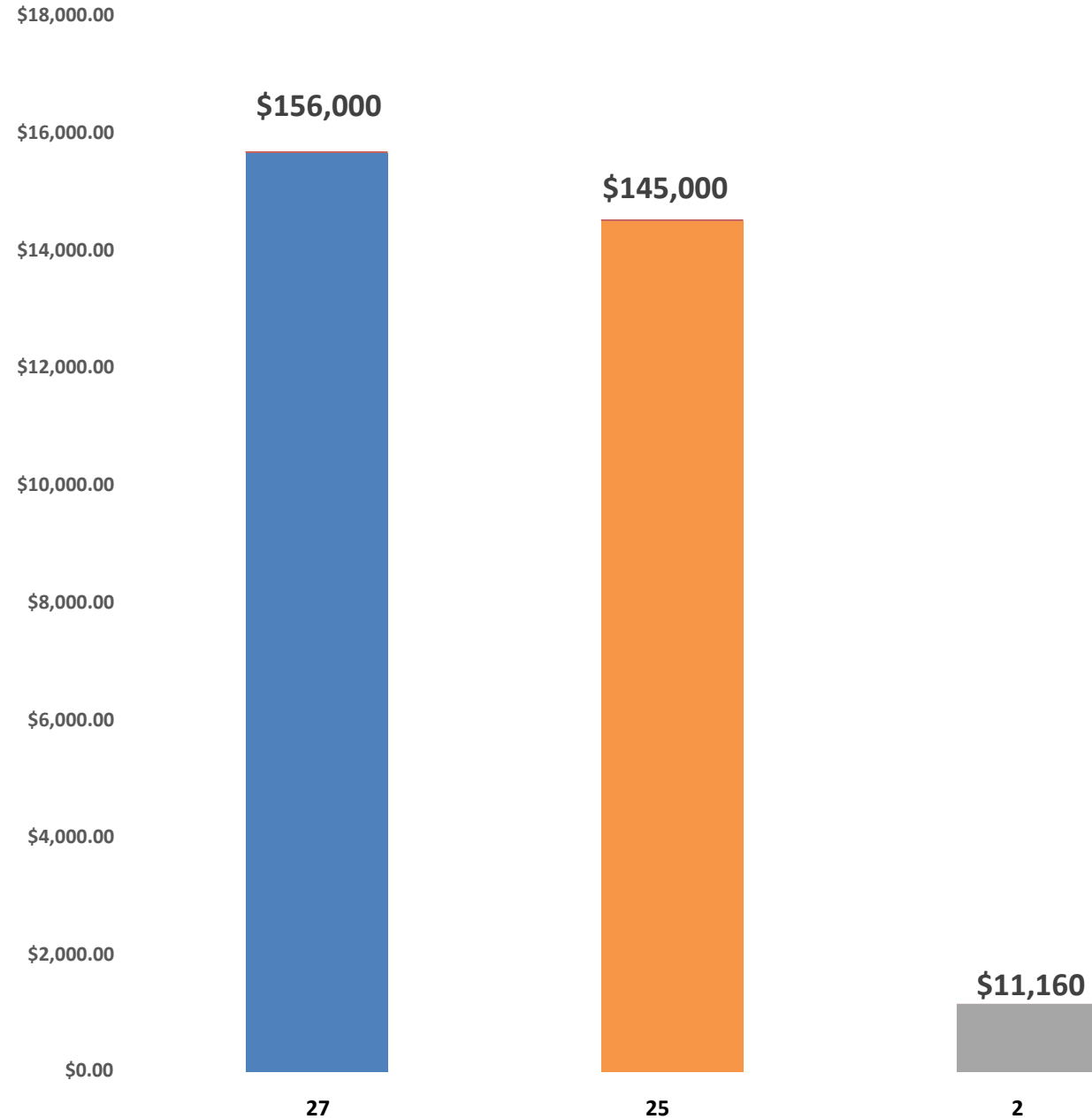
Non-residential Assessment Rate
(RAR)= 29%

Non-residential x RAR =

Total Assessed Value= \$58,000

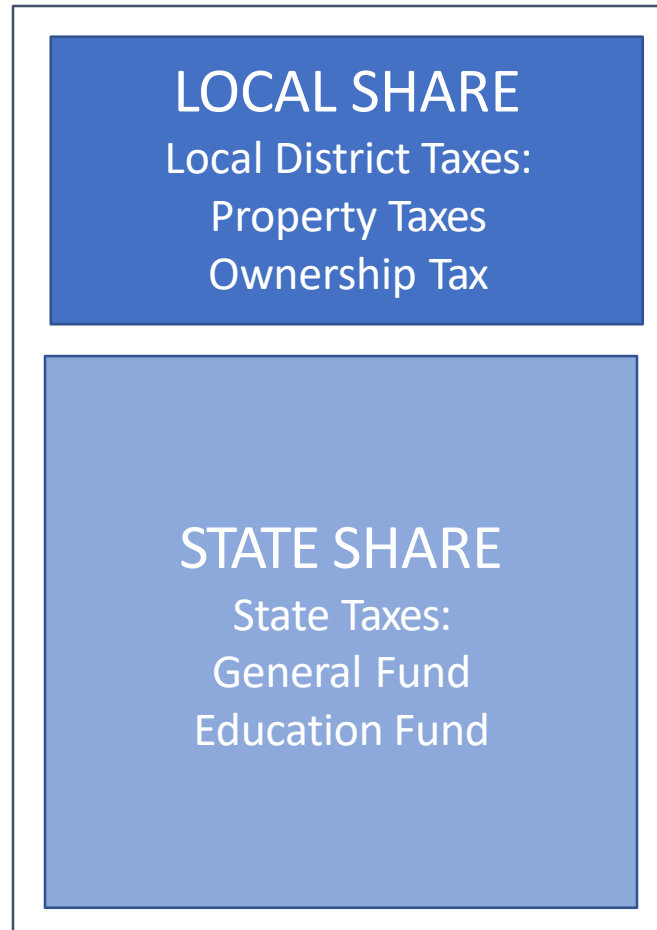
Total Assessed value x mill levy =
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Tax Payer impact

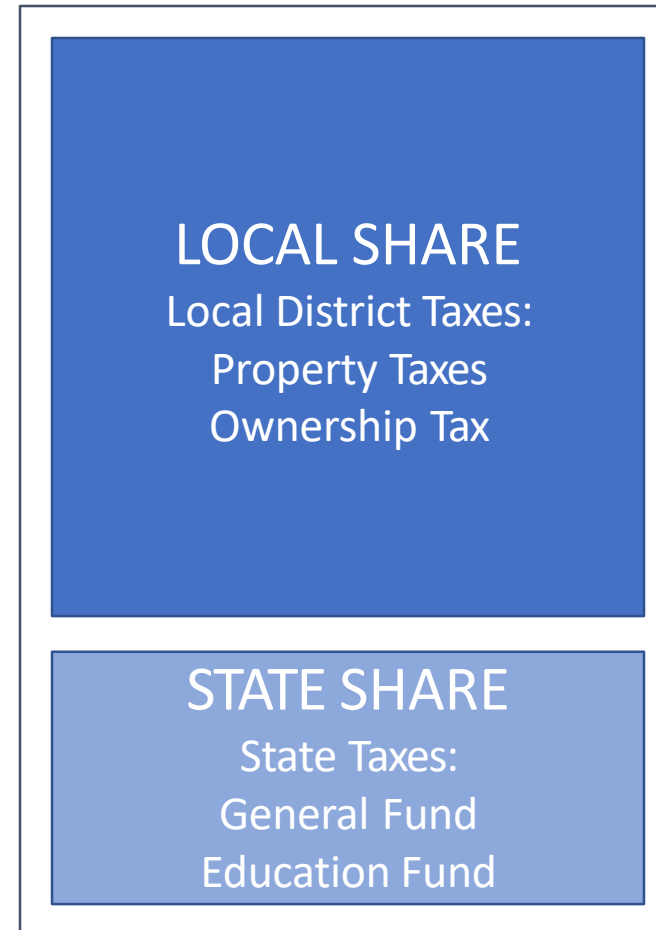


State & Local Share Varies (by design)

District A



District B



Mill Levy Certification by school boards

- Mill Levies must be certified – by December 15th and reported to county.
- Certification includes – total program, override mill levies, bond and hold harmless
- Mill Levy correction
 - 1st year of implementation
 - Most districts will be removing 1 tax credit
 - Will result in more local dollars for total program

How Schools are funded in Colorado

Page 6 in booklet

December 2021

Colorado's School Finance System 2020-21

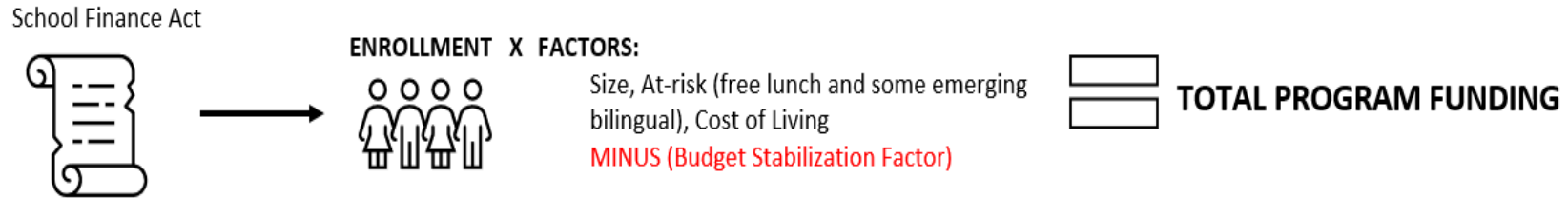
Revenue Sources for School Finance



OUTSIDE THE FORMULA REVENUE:

- Federal Funds 5%-6% annually, targeted populations
- Categoricals – General Fund and State Ed Fund
- Stimulus Funds- ONE-TIME dollars with targeted uses for COVID-19

How Revenue is Distributed to Colorado Schools



Distributes majority of \$7+ billion BASE Per-pupil Allocation (\$7083.61)

OUTSIDE THE FORMULA:

- Categorical Funding= \$311,871,933 Every district receives an allocation
 - o For special education, emerging bilingual, gifted and talented, career and technical education students, transportation and small attendance centers
- Grants, Local District and Individual School Fundraising, Foundation Support and Local Overrides- These VARY greatly district to district across the state and in many cases are targeted for specific programs for a limited amount of time.

How are dollars distributed? Why do they change mid-year?

- Dollars are distributed through the school finance act.
- Monthly distribution of revenue comes from CDE (unless total locally funded)
- After October count and changes in local share are accounted for adjustments happen in “supplemental process” in January.

ELEMENTS OF SCHOOL FUNDING

Page 11 in booklet



**Base Funding –
what does the
base represent?**



**What are
adjustments
or weights
for
students?**



**What are
adjustments
or weights
for school
districts?**



**What isn't
included in
the formula
currently?**



**What might
be included
in a
formula?**

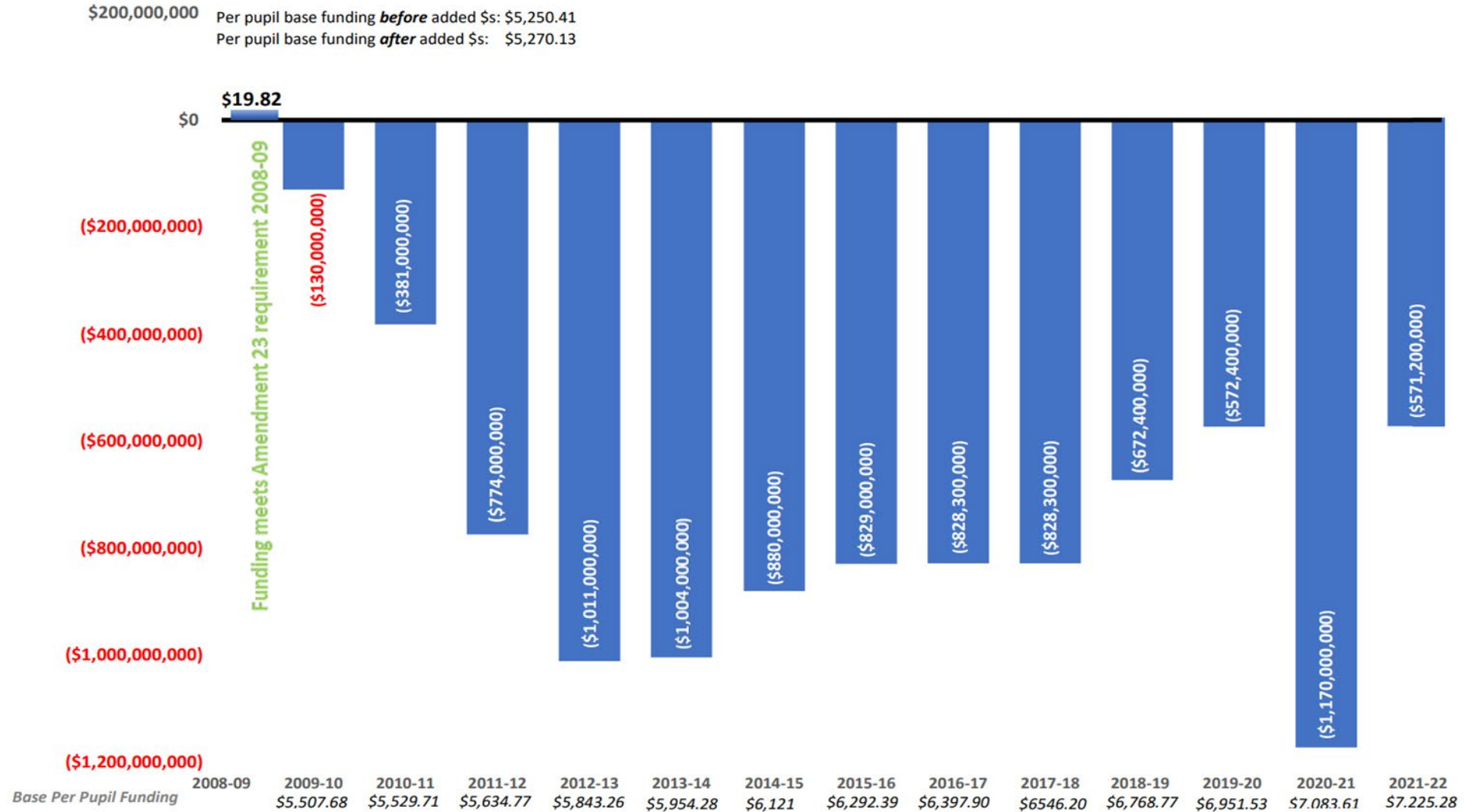
Base Funding

- Is the starting point annually for every school district.
- *Should* represent what it costs to educate a student with no special needs in a district with no special circumstances
 - Colorado has **never** done this analysis, but other states have.
- Colorado's base uses inflationary adjustment each year.

Adjustments, factors or weights

- Finance formulas adjust for student and district characteristics, or things districts have no control over
- Current formula adjusts for:
 - At-risk (student)
 - English Learners (student)
 - Size (district)
 - Cost of living (district)
 - Personnel costs (district)
 - **Budget stabilization factor**

**Budget Stabilization Factor Statewide Total
2009-10 to 2021-22**



Basic School Finance

Per-Pupil Revenue (FY 20-21)

• Base Funding	\$7,225.28
• Cost of Living Factor	\$1,530
• District Size Factor	\$288
• Personnel Cost Factor	90.40%
• <u>Non-personnel Costs</u>	9.60%
Subtotal	\$9,043.28
• At Risk Factor	\$751.00
• <u>EL Factor</u>	<u>\$38.00</u>
• Budget Stabilization Factor	<u>-727.00</u>
Per Pupil Revenue	<u>\$9,105.28</u>

Student need has changed
Requires more services-this costs more \$

Students of poverty are
39.1% of population

- Approximately \$.30 of every \$1.00
is state funded

Students learning English are
12.5% of population

- Approximately \$.20 of every \$1.00 is
state funded

Students with special needs
are 11.6% of population

- Approximately \$.30 of every \$1.00 is
state funded

Gifted students are 7.3% of
population

- Approximately \$.15 of every \$1.00 is
state funded

What items are funded outside the formula?

- Other funding distributed to every district are categorical dollars for:
 - Special Education
 - English Learners
 - Gifted and Talented
 - Career and Tech
 - Transportation
- School districts do not receive enough revenue to cover costs of these programs

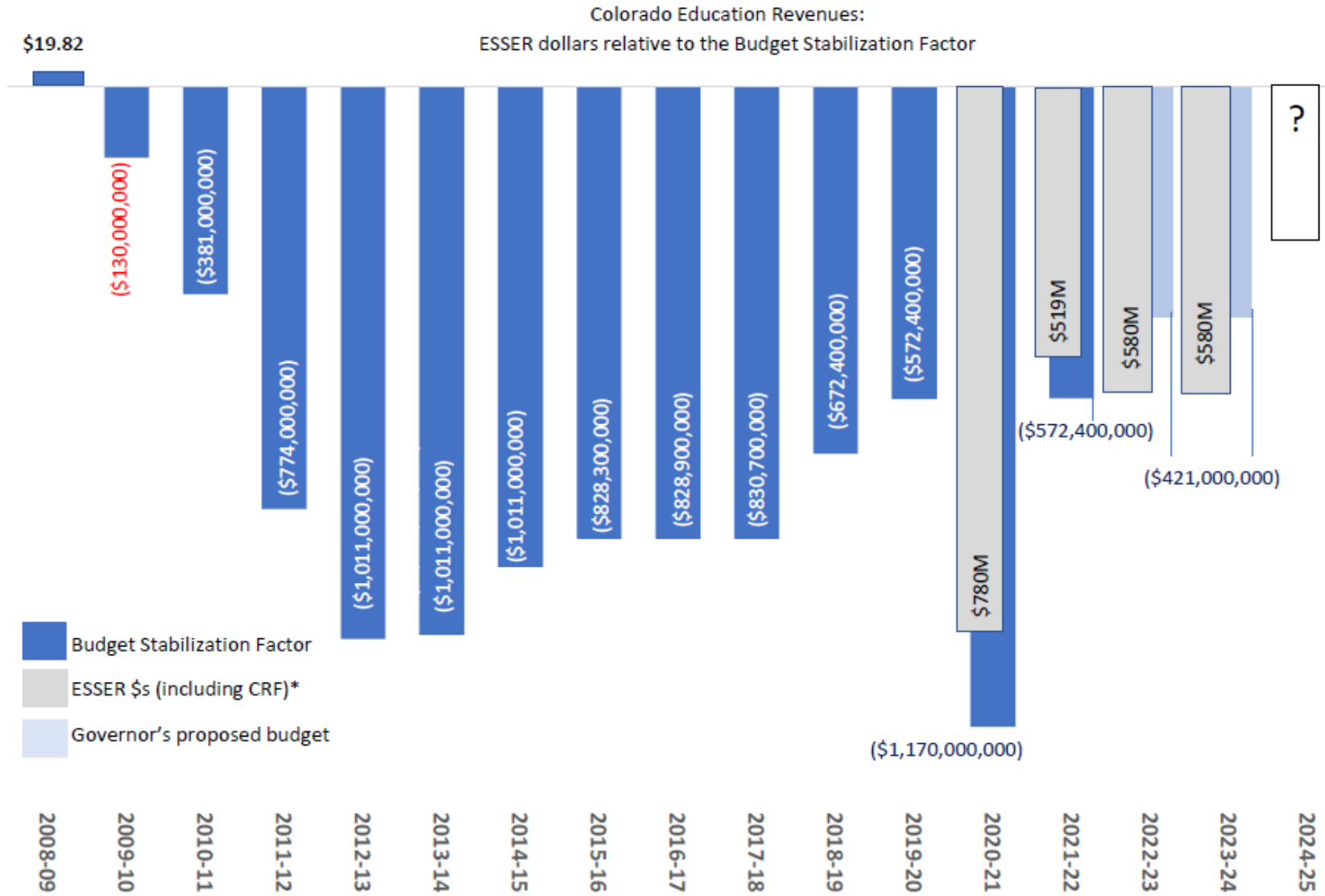
Facilities and Funding

- There are minimal state dollars for funding facilities.
- Building Excellent Schools Today (BEST) are for districts who have low AV wealth and qualify for a grant from the state.
- Majority of funding is completely locally dependent upon community support – Bond elections

Federal Funding

- Districts receive Federal Funding primarily to support special education student, English Learners, and Food Service
- Currently districts receiving ESSER dollars for COVID related expenses beginning in 2020-2024. Distributed through the Title 1 formula.

Pages 12 & 15 in booklet



*ESSER \$s are one-time, cannot be used as replacement \$s, have restricted uses and must be spent by CRF/ESSER I (\$780M) -2022, ESSER II (\$519M)-2023, ESSER III (\$1.16B)- 2024

? shows that dollars in 2024-25 are unknown

Other funding for school districts – Not Every District Receives

- Grants
- Local fund raising
- Override dollars – local mill levy elections – dependent upon AV wealth and community support

Page 5 in booklet

Issues on the Horizon

- Mill Levy Correction- implementation December 2021
- Mill Levy Support – 2022 legislation
- Universal Preschool/Early Childhood Education Department – to begin in 2023
- Definition of At-risk – 2022 legislation
- TABOR refunds – next 3 years anticipated - \$4billion loss in general fund-

Federal COVID assistance: ESSER

Page 15 in booklet

- Federal assistance provided for COVID-19 pandemic
- One-time dollars with restricted uses
- ESSER I money must be spent by September 2022
- ESSER II money must be spent by September 2023
- ESSER III money must be spent by September 2024
- There is a community engagement requirement

QUESTIONS & STAY CONNECTED

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- **Stay connected**
- <https://cosfp.org/>
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- Colorado School Finance Project - Facebook