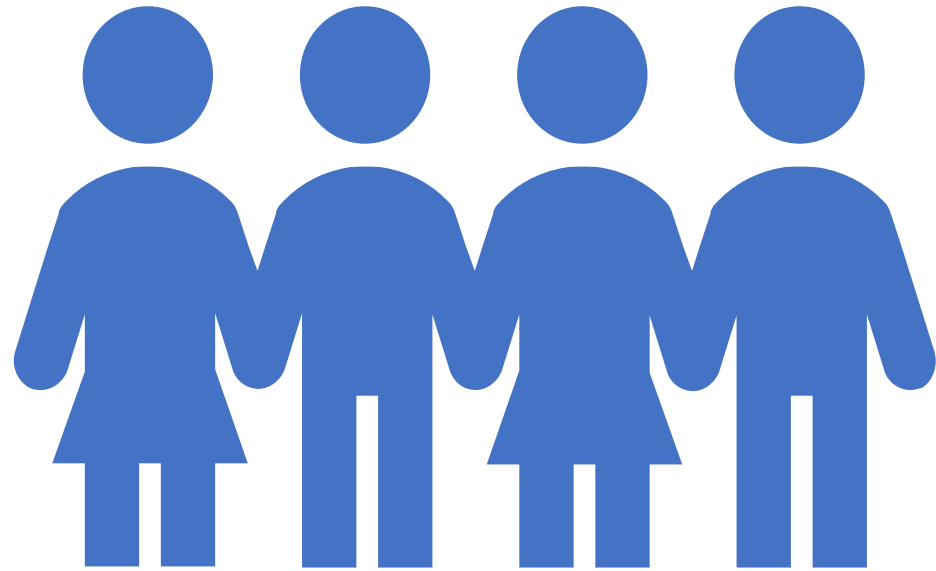


School Funding in Creede School District



Presentation to the

August 8, 2020

**Tracie Rainey, Executive Director
Colorado School Finance Project**

TODAY'S TOPICS

Who is CSFP?

What do we do?

School Finance:

- 1) Basics
- 2) Creede

School Finance's
Collision with
COVID-19:
- TABOR
- Gallagher
- Budget
Stabilization Factor

Potential Options:

- 1) Vaping/Nicotine Tax
- 2) Gallagher
- 3) Energize Our Economy

A blue callout box with a white border and a drop shadow, containing the text 'Colorado School Finance Project (CSFP)'.

**Colorado
School
Finance
Project
(CSFP)**

Who are we?

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

Colorado
School
Finance
Project
(CSFP)

What we do

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.*

Colorado School Finance Project (CSFP)

How we do it

- Monthly advisory zoom meetings 130+ attendees – governor’s office – JBC and CDE presenters as examples
- Email updates
- Website: <https://cosfp.org/>
- Twitter: @cosfp

Welcome

Founded in 1995, the Colorado School Finance Project (CSFP) is a non-profit whose mission is to compile, collect, and topics related to school finance for state and local policymakers.

Beginning in May 2020, the CSFP collected district budget cut realities from school districts.

[District Reported Budget Conversations](#)
[Media captured Budget Conversations](#)
[Trends in district cuts 2020-21](#)

[Learn about Initiative 271- Fair Tax Colorado Information- Click here](#)
[What does Initiative 271 mean for your district? Colorado Association of School Board](#)

[Want to know what happened in the 2020 Legislative Session?- Click here](#)

[Mill Levv/Local Revenue Resources- Click Here](#)

How are school districts funded?

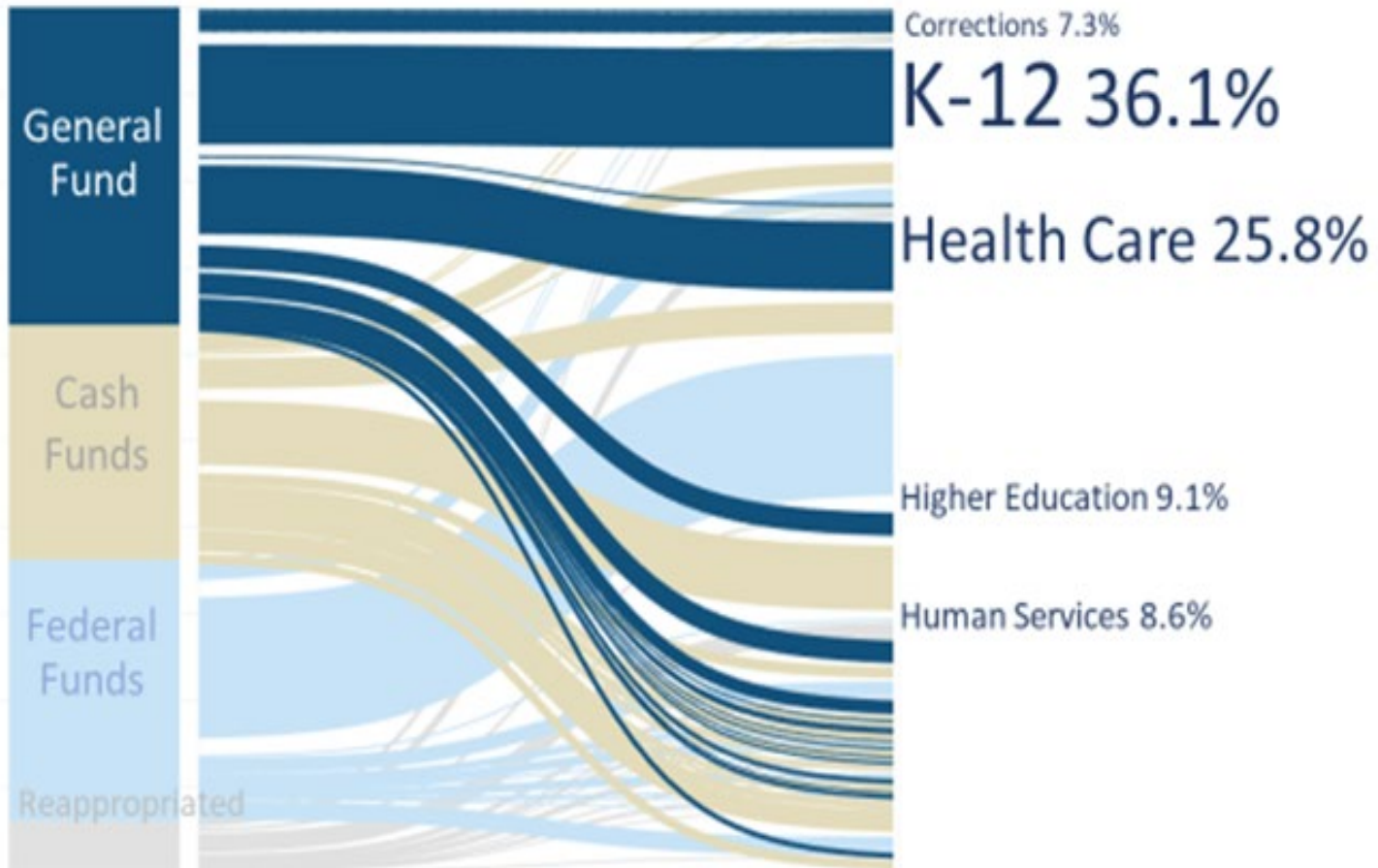
- School Finance Act 1994
 - Goals of the Act
- Revenue Sources
 - Challenges over time
- Changes being discussed
 - Citizen's initiatives
 - Referred measures

General Fund Budget

FY 2019-20: \$12.2 Billion*

Fund Source

Spending by Department



Data source: Joint Budget Committee Staff, Budget in Brief. *Subject to change with 2020 legislation.

School Finance in Colorado TODAY

What we know

- The state cut \$3.2 Billion
- B/S Factor - \$1.7 Billion
- The local share will be impacted
- Federal one-time money
- Measures referred to ballot

What has complicated the funding issues for Colorado?

- Gallagher – 1982
 - Stabilized local property tax revenue
 - Balance between residential and non residential
- TABOR – 1992
 - Limited revenue & spending
 - Undid balance of Gallagher

Student need has changed:

Requires more services & this costs money

Students of poverty are
41% population

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

Students learning English
are 14% of population

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

Students with special needs
are 11% of population

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

Gifted students are 7% of
population

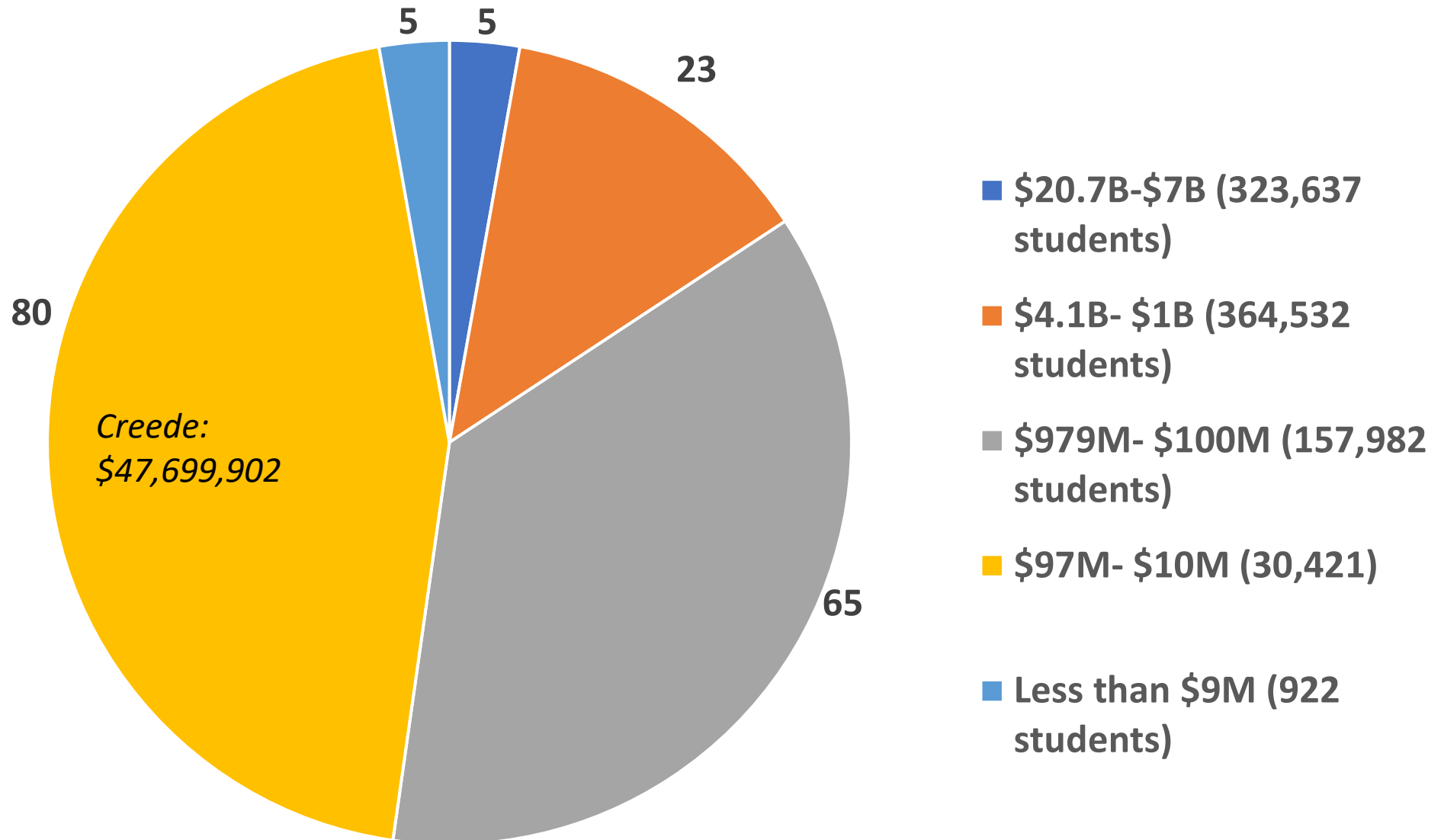
- approximately \$.15 of every \$1.00 is state funded

About Creede School District

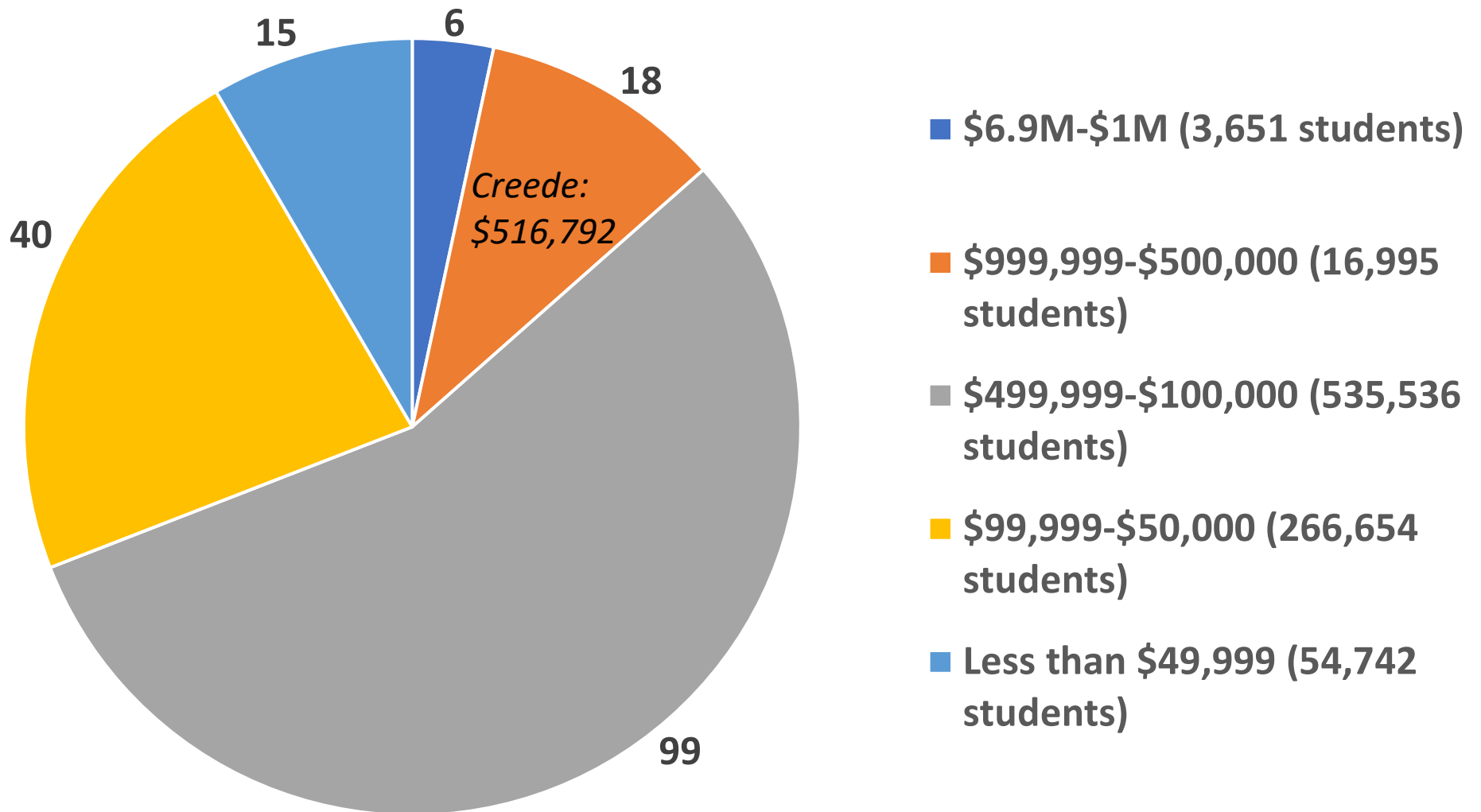
- 81 students- 38 at-risk*
- Per Pupil Revenue: \$23,173
- Total Program mills: 20.453
- Override mills: 1.468
- 'De-bruced' in 1995-96
 - Mills at time of 'de-brucing': 40.08
- 1 mill raises \$47,700 or \$517 per student

* Data from the CSFP Profile Report for Creede School District

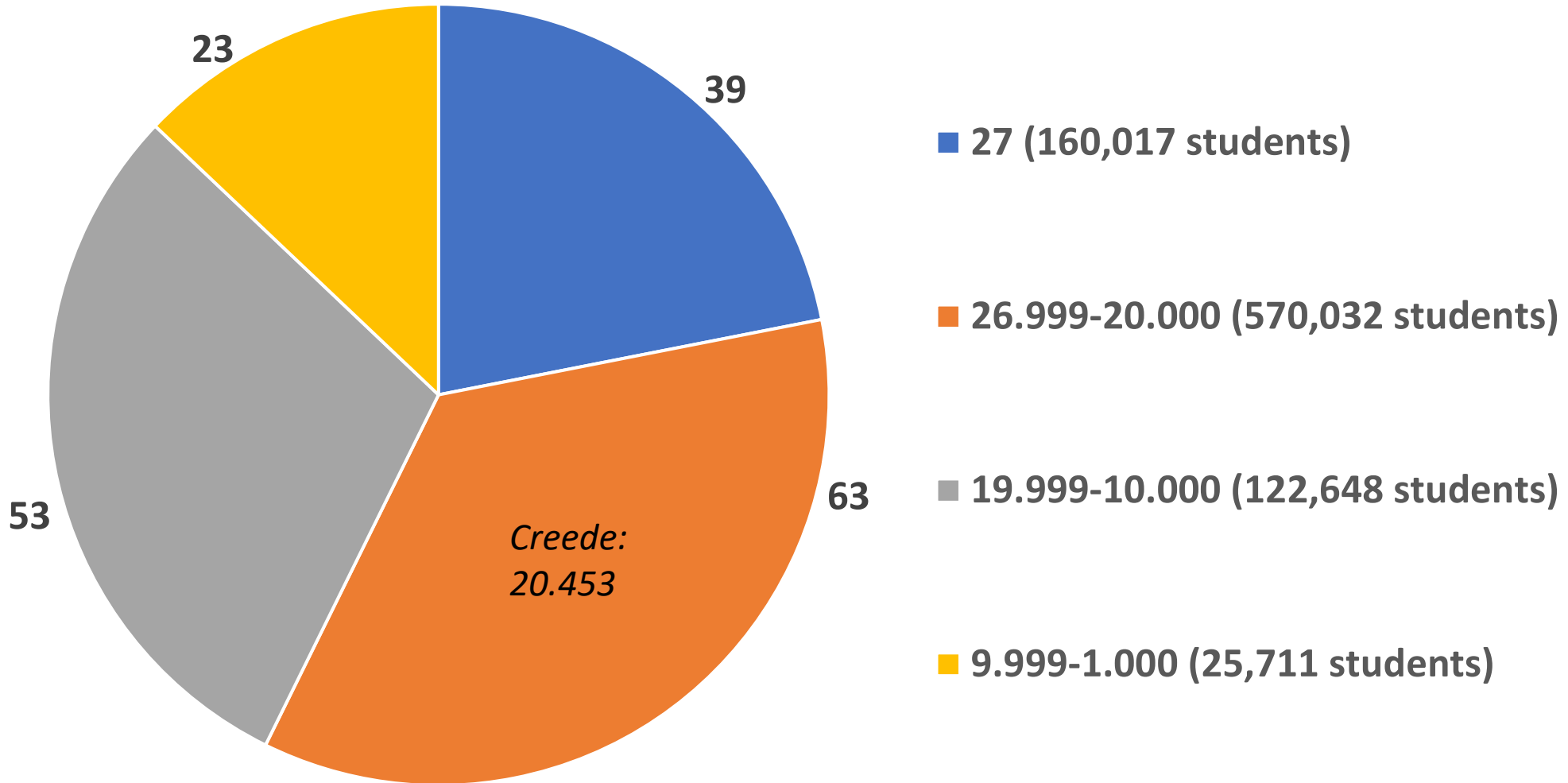
Total Assessed Value FY 2019-20



Assessed Value Per Pupil FY 2019-20



Total Program Mills FY 2019-20



Revenue inside the School Finance Act

Local Share – District Total Program = State Share

30.6%
Local Share
CREEDE

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

Local Share

- Property tax
- Starting point for determining state share of District Total Program
- Remains in the district

69.4%
State Share
CREEDE

STATE SHARE
State Taxes:
General Fund
Education Fund

State Share

- State “backfills” to reach District Total Program.

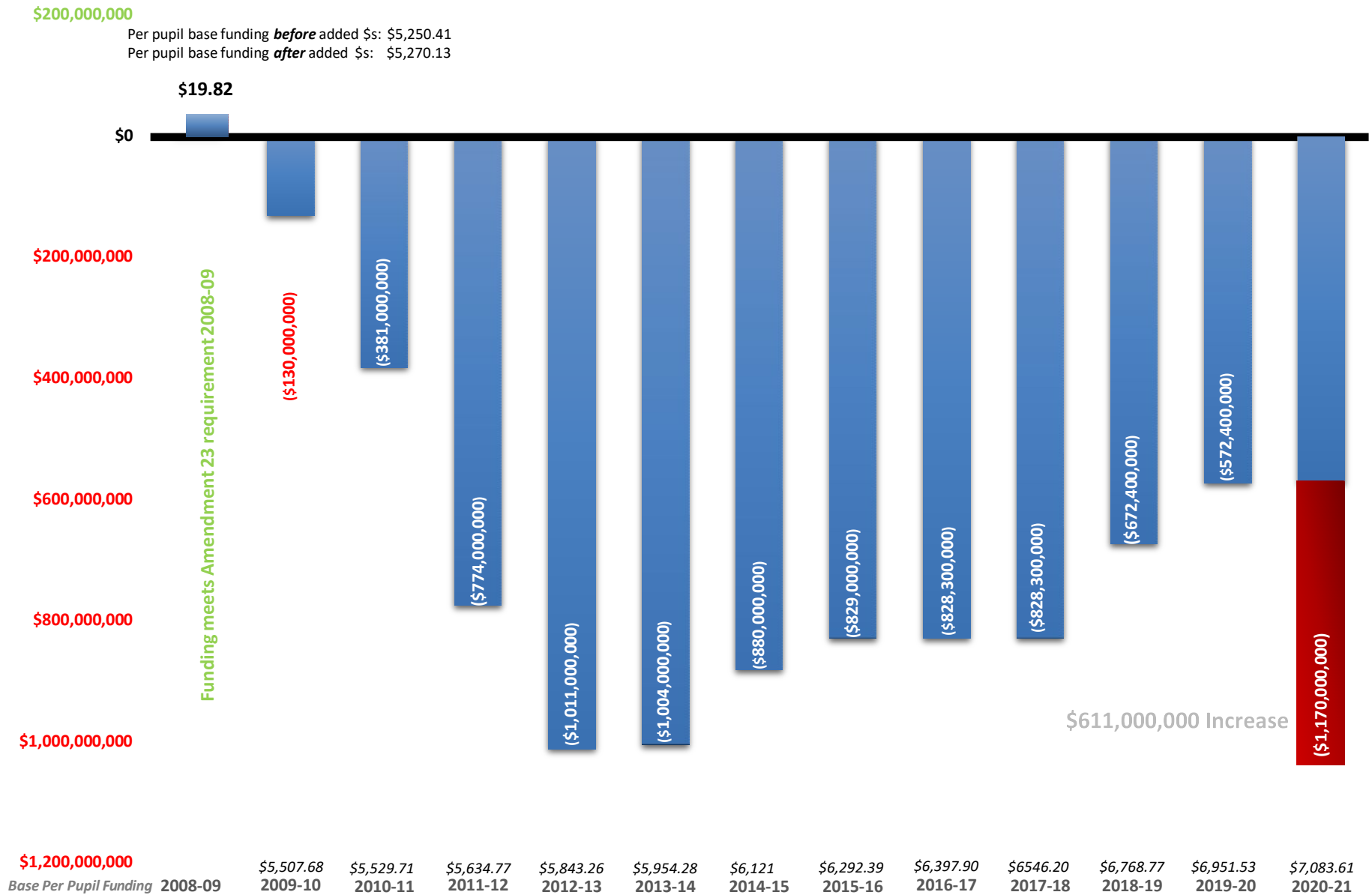
Assessed Valuation

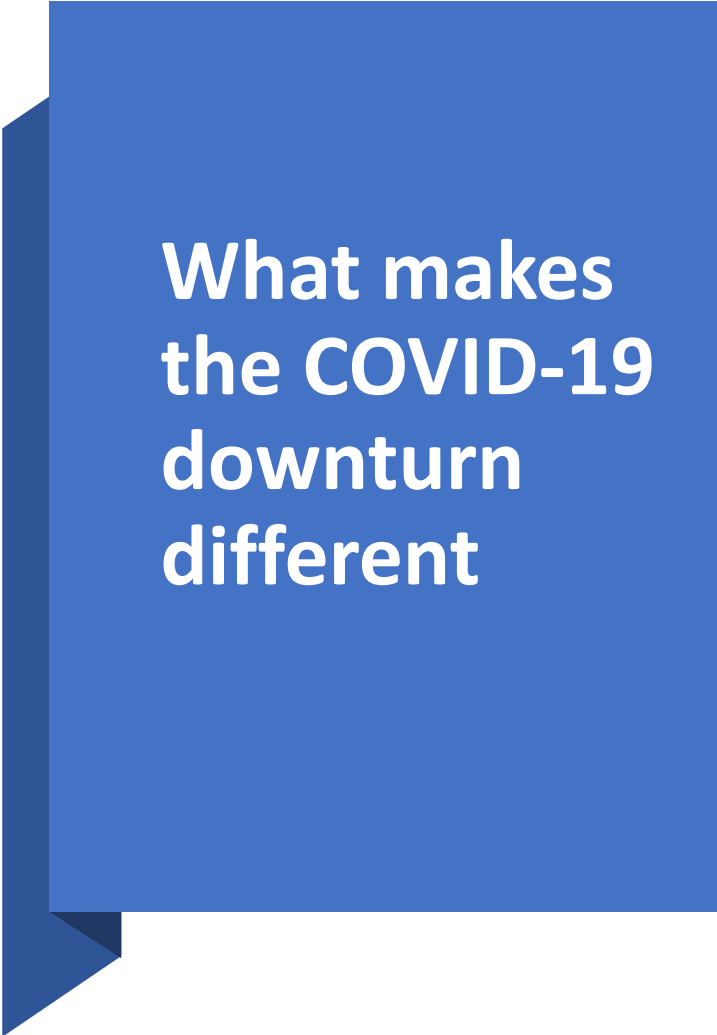
- Wide variance
- Goals of 1994 – 40 mills and 50/50 split
- School districts have no control of the residential/non split
- Mills inside the formula
- Mills outside the formula

About Creede's: Budget Stabilization Factor

- From 09-10 – 20-21 school year, district has lost **(\$1,935,221)**
- For 2020-21: **(\$231,737)**

2008-2021 Budget Stabilization Factor: Reflects passage of HB20-14



A blue callout box with a white border and a drop shadow, containing the text 'What makes the COVID-19 downturn different'.

**What makes
the COVID-19
downturn
different**

\$s cut

More than \$3 billion dollars from
state's General Fund

Timing

Immediate – reductions in current
year and forecast period

Multiple years of impact

Loss of local share – permanently
gone unless constitution changed

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Residential Assessment Rate

Loss of local revenue due to dropping of oil and gas valuation creating a reduction in funding

Next year RAR goes from 7.15 down to 5.88 mills — approximate **loss of \$500M** for K-12 in local share — ***Gallagher Repeal will eliminate the reduction***

State backfill becomes more challenging and has resulted in **growing the B/S Factor**

A blue callout box with a white border and a drop shadow, containing the text 'Challenges Remaining'.

Challenges Remaining

- Urgency of funding has only increased in many communities – disparities grow wider
- Underfunding of student populations
- Debt owed to K-12
- Rural issues
- Recruitment, retention and salaries continue to be challenging

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Other Things to Consider

Continuous budgeting with a conservative approach

- **Quarterly** forecasts

(June, September, December, March)

Don't use one-time CARES money to address on-going costs

Prepare multiple budget scenarios to address:

- Reductions in state share funding (best/worst case)
- Traditional school
- Hybrid model for schools
- Remote learning in place

Checklist to help with budget planning and adoption

- Work with your **legal counsel** on
 - Furloughs
 - Reduction In Force (RIF) policy
 - Have you already extended contracts and if so, what are the terms around furloughs, RIFs, etc?
- Are your attrition numbers changing due to the current situation?
- What is your MLO and bond language in regard to mills — does it float?
- What is your **fund balance**?
- How have your assumptions changed or how might they change based on past recessions? For example, did **at-risk student** populations increase and did school choice options look different?

Efforts that
would impact
school
funding-
SHORT TERM

Short-term efforts DURING
legislative session:

- Tax exemptions- less than \$50 million for K-12
- Gallagher legislation to prevent cuts (does not increase funding)
- Vaping/Nicotine sales tax- rural money for 3 years \$25, \$30, and \$35 million

Efforts that
would impact
school funding-
**POTENTIAL
BALLOT ISSUE**

Potential ballot initiative that
would impact school funding:

- Initiative 306- **Energize our
Economy** (annual loss of
revenue approx. \$300 million)

QUESTIONS: NOW OR LATER

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Stay connected:

- www.cosfp.org
- @COSFP
- Colorado School Finance Project - Facebook