

**COLORADO DEPARTMENT OF EDUCATION**

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**TO: Interim Committee on School Finance**

**FROM: Vody Herrmann**  
**Assistant Commissioner, Public School Finance**

**DATE: July 22, 2009**

**RE: Processes for Funding Colorado School Districts and the  
Charter School Institute**

**Appropriation for Public School Finance Act of 1994**

The amount appropriated by the General Assembly each fiscal year as the state's share of Total Program funding is based on estimated numbers for the following items: 1) pupil counts, including online pupil counts; 2) number of pupils eligible for free lunch; 3) number of pupils whose dominant language is not English (who took the CSAP test in language other than English or whose scores were not included in calculating academic performance grades); 4) number of pupils enrolled in Charter School Institute (CSI) charter schools; 5) assessed valuation; 6) specific ownership taxes; 7) property taxes; and 8) state share portion.

**October 1 Pupil Count**

October 1<sup>st</sup> or the day closest to October 1<sup>st</sup> is the official count date. All students enrolled and in attendance on October 1<sup>st</sup> are eligible to be funded through the finance act. If a pupil is absent on the count date, but attended prior to and within 30 days following the count date, the pupil is eligible to be funded.

Online pupils must be enrolled and actively participating in an approved online program to be eligible for funding. They also must provide proof of Colorado residency or be a member or dependent of a member of the U.S. Armed Services.

Pupils must meet certain age requirements: 1) must be 5 years of age by October 1 to enroll in kindergarten unless he/she meets requirements of advance highly gifted; 2) must be 6 years of age by October 1 to enroll in first grade unless he/she meets requirements of advance highly gifted; 3) must be age 3 or 4 by October 1 to enroll in Colorado Preschool

Program; 4) Special education preschool students must reach age 3 within the semester of the official count; and 5) pupils must be under the age of 21.

Pursuant to 22-32-109 (1)(n), C.R.S., all school districts and the CSI schools are required to have calendars that provide planned teacher/pupil instruction and teacher/pupil contact, with allowances for time to be used for parent-teacher conferences, staff in-service programs, and closing deemed by the board to be necessary for the health, safety, or welfare of students. The table below shows the calendar requirements, allowable reductions and parent/teacher contact time requirements.

Grade Level	Calendar Hours	Allowable Reductions For Parent/Teacher Conferences, Staff In-service, School Closures	Pupil/Teacher Contact Hours
Secondary	1080	24	1056
Elementary	990	22	968
Half-day Kindergarten	450	15	435
Full-day Kindergarten	900	30	870

In no case shall a school be in session for fewer than 160 days without the specific prior approval of the commissioner of education. There are 56 school districts that have received specific approval for less than 160 days to operate 4 days per week.

Pupils are either full-time or part-time depending on their individual schedules. Pursuant to State Board rule, pupils scheduled for at least 90 hours but less than 360 hours per semester are funded at half-time and pupils scheduled for at least 360 hours per semester are funded at full-time. Pupils enrolled in at least 3 but less than 7 semester credit hours in postsecondary education are funded at half-time and pupils enrolled in 7 or more semester credit hours are funded at full-time. Postsecondary credits and class time at the secondary school can be combined to meet the requirements for full-time.

There are a number of other pupil count requirements including, but not limited to: work study, pupils placed in approved facility schools, alternate count dates, home-based education, and postsecondary education, as well as examples for determining full or part time pupils, set forth in the Pupil Count Manual. The following link provides access to the most current Pupil Count Manual (October 1, 2008). The October 1, 2009 manual is being updated.

<http://www.cde.state.co.us/cdefinance/download/pdf/PupilcountmanualOctober2008.pdf>

Local Boards of education are required to certify the pupil counts submitted to the department electronically by November 10<sup>th</sup> each year. Approved facility schools and state operated programs are required to certify their pupil counts by October 5<sup>th</sup>.

Once all pupil counts have been certified, the department begins an "in-year" duplicate count audit. Each year approximately 150 students are identified as being counted by two school districts. The audit unit works with the districts to determine who is truly serving the student and makes a determination as to which district counts the pupil. This

process takes approximately two weeks to complete. By the first week in December, the pupil counts are finalized for use in the school finance formula.

### **December Mid-Year Adjustments to Public School Finance Formula**

All of the estimated numbers referred to in the first section "Appropriation for Public School Finance Act of 1994" become firm numbers in December for the most part.

- The pupil counts are finalized which also include numbers for free lunch eligible pupils, online pupil counts and CSI pupil counts. ELL counts are no longer projections. Total Program funding is recalculated using the official pupil count numbers.
- County assessors are required to certify assessed valuations to school districts and the department by December 10<sup>th</sup>.
- School districts are required to certify their mill levies to the county by December 15<sup>th</sup>. The school finance unit assists school districts in calculating their mill levies. The five-day period between December 10<sup>th</sup> and December 15<sup>th</sup> is quite active with communications between 178 school districts and school finance staff.
- By December, most school districts have completed their financial audits and have electronically submitted the actual dollar amount of specific ownership taxes attributable to Total Program they collected in the prior fiscal year (the amount used in the current fiscal year school finance calculation). For districts that have not completed their prior year financial submission, the school finance unit contacts each district to obtain the amount of specific ownership taxes collected.

Once all of the elements of the school finance formula become firm numbers, Total Program is re-calculated and a new state share amount is determined.

### **Supplemental Budget Request**

From the December mid-year adjustments, the department determines the need for a supplemental budget request to increase the appropriation or a negative supplemental to decrease the appropriation based on the newly identified need for the state's share of Total Program funding.

### **How Districts Receive Funding**

Local Property Taxes and Specific Ownership Taxes

- Based on the mill levies certified by school districts in December of the current fiscal year, County Treasurers collect property taxes primarily during the months of March through June of the current fiscal year. Specific ownership taxes are also collected through vehicle licensing processes at the county. Those taxes are then provided to the school districts at the beginning of the following month (with some exceptions). The County Treasurer provides a summary of property taxes, specific ownership taxes, interest earnings while on deposit at the county, and any Treasurer's fees charged against the amount collected.
- The school finance staff distributes the state's share of Total Program as follows:
  - The total state share amount for each school district, based on estimates, is divided by 12 months and the amount is paid to the district by the 25<sup>th</sup> of each month from July through November.

- The December payment is the newly calculated total state share divided by 2 (amount owed for half of the year) minus the total state share paid to the district for the months July through November. If the district was underpaid, the difference is provided to the district in December. If the district was overpaid during the first five months, the December payment may be a reduced amount or in some cases no payment is provided in December or in one or more subsequent months, until the overpayment has been resolved.
- Payments from January through June are equal monthly payments based on the remaining half of the total state share amount.
- Rescissions determined by the General Assembly late in the session for current year and other adjustments due to prior year pupil count audits being incorporated in the current year Total Program calculation cause adjustments to be made to the June payment and, depending on the amount of state share a district receives, adjustments may be made to payments in May and/or April.
- For the first time, federal State Fiscal Stabilization Funding makes up a portion of the funding for Total Program beginning in FY2009-10, covering approximately 4% of the state's share. This funding brings a new layer of accountability and reporting requirements with it to the school districts and to the department.

#### **Comparison of Total Program Funding Formula to Actual Revenue Received by Districts**

The accompanying spreadsheet provides information related to the amount school districts and CSI expect to received based on the Public School Finance Act formula compared to the amount of funding they actually received from the various sources within the formula for FY2007-08.

Property tax collections were expected to be \$1.75 billion in FY2007-08. Actual collection of property taxes levied in December 2007, collected through August 2008 totaled \$1.72 billion, leaving uncollected taxes of approximately \$30.4 million or 1.8% statewide.

Specific ownership taxes were expected to be \$160.5 million in FY2007-08. Actual collection of specific ownership taxes through August 2008 totaled \$161.0 million, approximately \$543,000 or .3% higher than expected.

State share was \$3.15 billion in FY2007-08, with a rescission of \$250,000 for the biennial Cost of Living Study conducted by Legislative Council.

Property tax collections caused the greatest impact on school districts' funding. One very small school district, Costilla, Centennial R-1 had the highest rate of uncollected property taxes. The far right column of the spreadsheet shows the percentage of Total Program funding received by school districts. Centennial R-1 was at 91%. The highest percentage of funding received was by Deer Trail, another very small school district. This may be due to a reporting discrepancy, where delinquent property taxes were reported as current.