



Fiscal Sustainability....

A Community Conversation

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Purpose

To build community understanding of the current funding status of the Clear Creek School District.

To ensure the community becomes knowledgeable about how the decreased valuation of the Henderson Mine has impacted the Clear Creek School District's revenue.

To consider future funding options.

How are Schools Funded?

Colorado Formula Funding per the Public School Finance Act 22-54-104

- ▶ Formula Funding depends on pupil count and current per-pupil funding amount as determined in the formula.
- ▶ Components of Formula Funding consist of:
 - ▶ Local Property Taxes
 - ▶ Local Vehicle Ownership Taxes
 - ▶ State Equalization
- ▶ Formula funding can be reduced by:
 - ▶ Negative Factor
 - ▶ Categorical Funding

Funding... continued

- ▶ Additional funds come from
 - ▶ Override tax receipts
 - ▶ Federal Forest Funds
 - ▶ Transportation cost reimbursement
 - ▶ Exceptional Children's Educational Act (ECEA) funds

School Funding Calculations

Formula Funding Calculation = funded pupil count X per pupil revenue (PPR)

Formula Funding Composition = local funding (property taxes + vehicle ownership taxes) + state equalization (to make up any balance)

Net Funding = formula funding - negative factor - categorical buyout from program

After Per Pupil Revenue (PPR) There are three (3) additional funding sources

- ▶ Equalization Funding
- ▶ Categorical Funding
- ▶ Amendment 23 and Funding Formula

Equalization Funding

- ▶ If there is a difference between the total funding and what is collected through property tax and vehicle tax, the state fills that gap
- ▶ Previously, in CCSD all allowable funding was provided by property and vehicle taxes
- ▶ Last year's funding included Equalization, however it was completely off set by the Negative Factor. This was anticipated in the budget. This year's funding also includes Equalization but it will be mostly off set by the Negative Factor.

Categorical Funding

- ▶ Funding for the following is considered Categorical Funding
 - ▶ English Language Proficiency
 - ▶ Gifted Education
 - ▶ Special Education
 - ▶ Vocational Education
 - ▶ Transportation Funding
- ▶ By statute, districts which do not receive equalization must pay back some or all of categorical funding to the State.
 - ▶ CCSD had to refund categorical funding to the state for the past several years.
 - ▶ Categorical buyout is calculated on the prior year's categorical funding.
 - ▶ It is anticipated that no categorical funding will be returned to the STATE in the foreseeable future.

Amendment 23 and the Negative Factor

- ▶ Amendment 23 was voter approved. Monies collected were targeted for schools.
- ▶ The Negative Factor looks at how much state money is available and it is used to reduce funding to what the state can pay.
- ▶ Negative Factor is based on total funding but can only be taken from the amount the state provides for equalization, if any.
- ▶ CCSD is impacted by the Negative Factor.
- ▶ Other districts have been significantly impacted by the Negative Factor for years --- a range from 12.4% to 16.0% as determined by the Legislature.
 - ▶ The Negative Factor for 2015-16 and 2016-17 remained constant at 12.4%
 - ▶ CCSD \$648,101 plus \$206,400 of categorical buyout was taken directly from our funding
 - ▶ Total reduction is \$854,501
 - ▶ The State Legislature renamed the negative factor to the Budget Stabilization Factor in 2017

Impacts on Funding

▶ State Budget Shortfall

- ▶ Results in a Budget Stabilization Factor, aka the “negative factor”, to reduce funding to what the State can afford

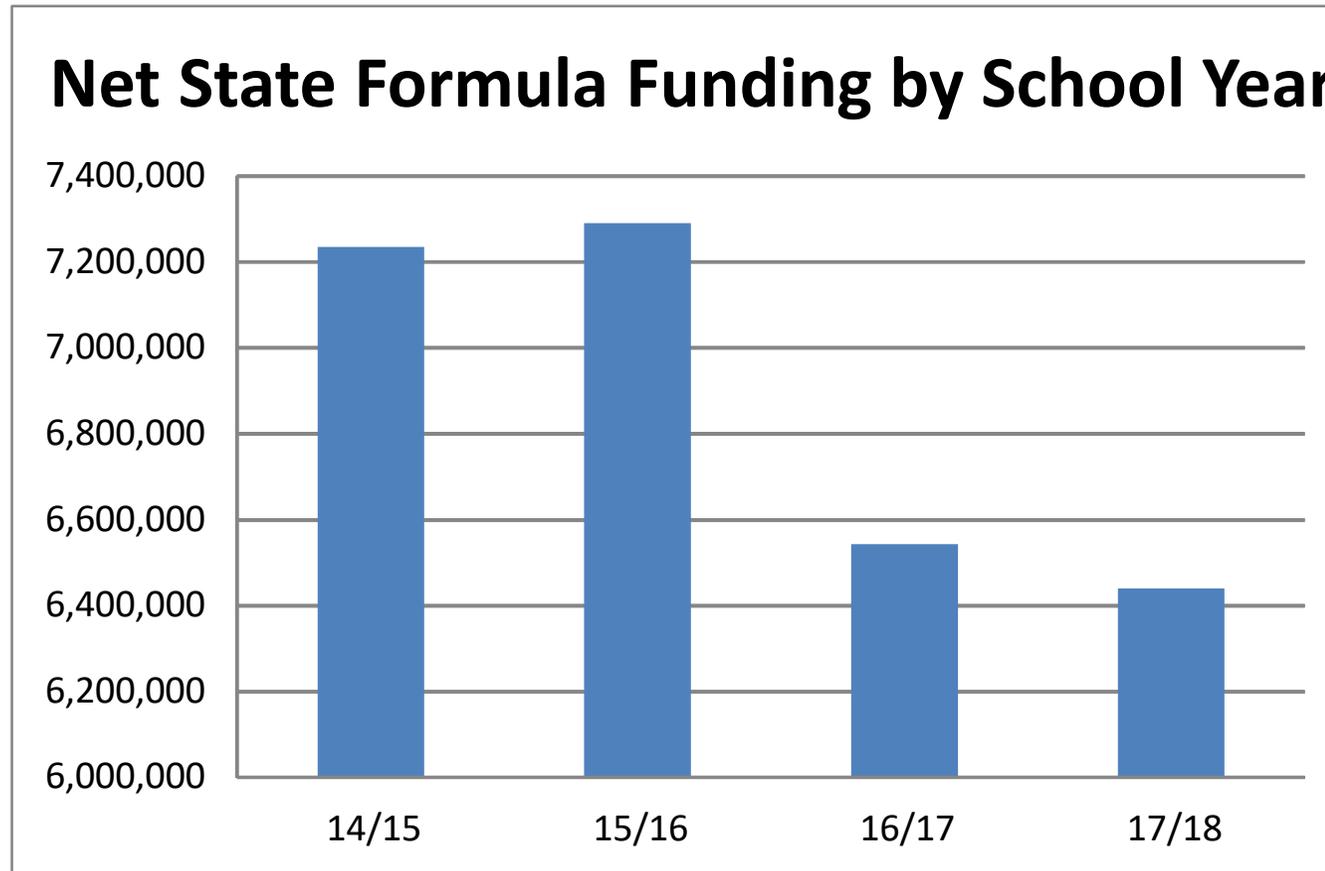
▶ Henderson Mine

- ▶ Is reducing assessed county valuation

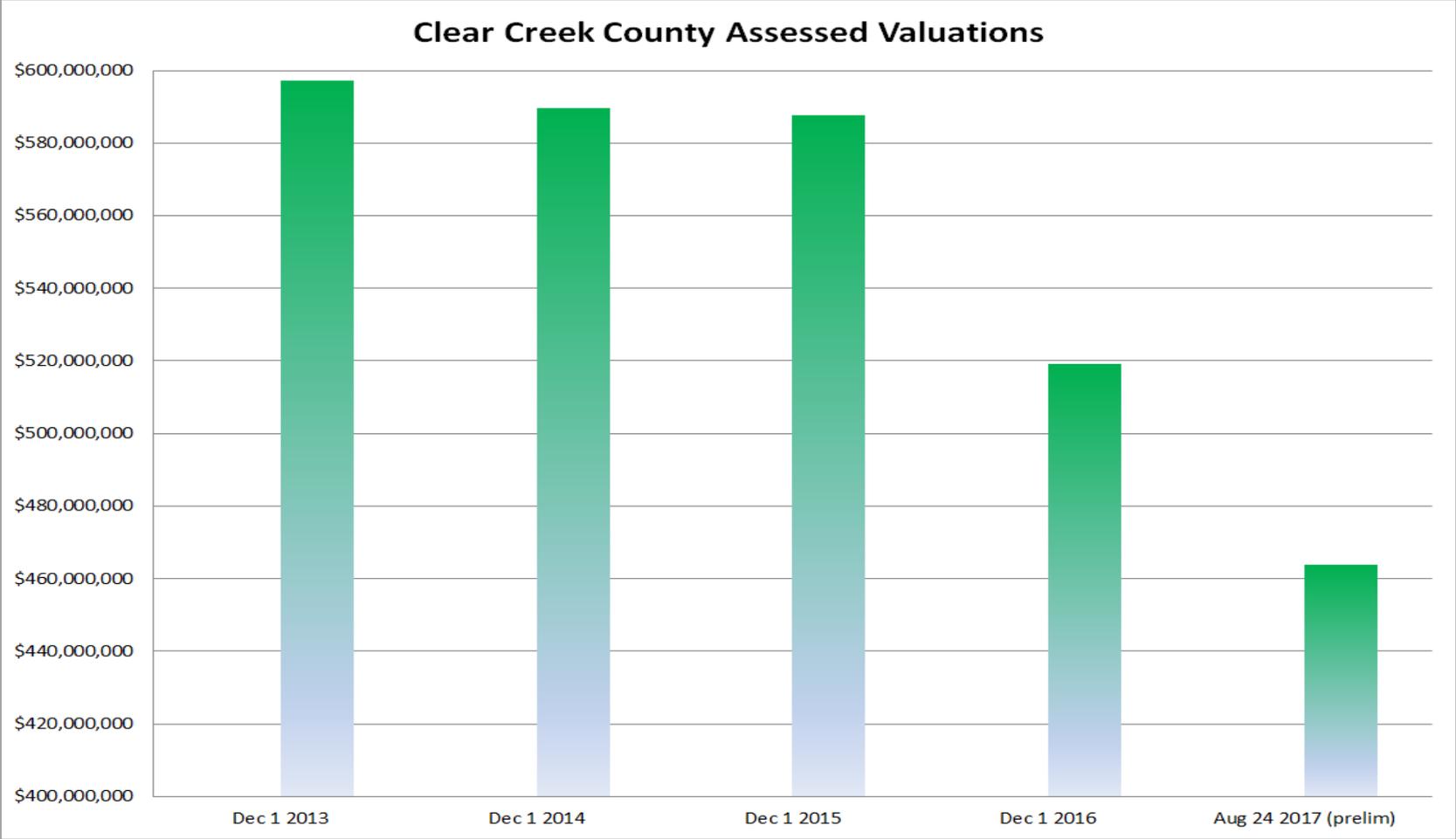
Uses of District Funding

- ▶ Salaries and benefits are 76.9% of total budget for the school district
- ▶ Purchased Services are 13.8%,
 - ▶ This includes 2.4% which are for salaries and benefits paid through the BOCES (for services such as Occupational Therapists, Speech Language, Physical Therapists, etc.)
- ▶ The remainder is used for supplies, utilities, small equipment, etc.
- ▶ Transfers of District funds as required for:
 - ▶ Charter School funding, based on pupil count
 - ▶ Colorado Pre-School Program (CPP), based on pupil count (including the charter school)
 - ▶ Insurance Fund
 - ▶ Capital Reserve Fund for major repairs and equipment purchases

Recent History of Net State Formula Funding



Recent History of Assessed Valuations



Historical Pupil Count and Charter School Share

- ▶ State calculated formula funding before the negative factor depends on the pupil count.
 - ▶ Pupil counts have been declining over the years.
 - ▶ Main causes are:
 - ▶ The “graying” of the community.
 - ▶ A lack of jobs and affordable housing for young families.
- ▶ The Georgetown Charter School receives a share of formula funding and certain other funding in proportion to its pupil count.

Continuing Decrease in Clear Creek's Total Assessed Property Valuation

- ▶ In 2015 it was announced that the operations at the Henderson Mine would cease over a 5 to 10 year time period.
- ▶ Although the Mine will continue operating for a number of years, its assessed valuation has declined significantly, and will continue to do so.
 - ▶ The assessed value of the Henderson Mine accounted for over 70% of the County's total assessed valuation.
- ▶ This decrease shifts the District's funding from local property taxes over to state funding
 - ▶ As this happens, the District's funding is subject to the Negative Factor.

Federal Forest Funding

- ▶ The federal government provides funding to states and counties to offset the loss of property taxes on federal forest land.
- ▶ These funds are to be shared by the affected county and school district, with a minimum of 25% to each and the remaining 50% to be agreed upon.
- ▶ In previous years, the District received 75% of the allocation.
- ▶ In 2016/2017, because the state received less than \$6 million in total, the school district received 100% of the money: \$336,282.12.
- ▶ **This funding has been stopped by the current federal administration, so we are no longer able to rely on it in the budget.**

What has CCSD been doing to manage declining revenue?

- ▶ Froze salaries during the 2016-17 school year.
- ▶ Reduced the number of licensed teaching positions by 6.
- ▶ The base teacher salary has only increased on average \$302 per year since 2001 to the current level of \$32,000. This is less than surrounding districts which makes teacher recruitment and retention difficult.
- ▶ Classified staff reductions have also taken place. Wages are also less than surrounding districts. Attracting and retaining employees is difficult.
- ▶ Deferred repairs and maintenance.
- ▶ Discontinued Saturday bus transportation for sports.
- ▶ Used money from the fiscal emergency reserve to offset the difference between 2015-16 funding until we get back up to that level.

What is the Fiscal Reserve?

- ▶ For emergency situations (such as unexpected situations affecting the district's sustainable revenues).
- ▶ Allows an unexpected “storm” to be weathered.
- ▶ Could currently cover up to 2 to 3 months of operating expenses.

May begin to be replenished after our funding exceeds the 2015-16 level and begins to produce a surplus.
Currently, projected for the 2022-2023 school year.

Known Future Expenses

- ▶ High mileage and aging busing fleet.
 - ▶ 3 buses in our fleet with over 250,000 miles.
 - ▶ Fleet needs to be updated and modernized- for fuel efficiency and safety.
 - ▶ One bus was recently hit and repair cost is more than the value.
- ▶ Maintenance / Aging Facilities
 - ▶ Roof maintenance (All schools)
 - ▶ Playgrounds (Carlson Elementary and King-Murphy)
 - ▶ Replace back up generators (King Murphy)
 - ▶ Pond Liner, excavation and fencing (High School / Middle School)
 - ▶ Boiler Replacement (Carlson)
 - ▶ Carpet replacement (All schools)
 - ▶ Maintenance equipment replacement
 - ▶ Deferred Preventative Maintenance (see next slide)

Deferred Preventative Maintenance Gap Cost is \$1.4 to \$1.7 - million dollars

- ▶ Carlson \$300,000 Playground and Boiler
- ▶ King-Murphy \$240,000 Playground and PA/Clock
- ▶ High School/Middle School \$152,000 Pond liner, plus foundation and roof maintenance
- ▶ Transportation \$500,000 bus and small vehicle replacement
- ▶ Maintenance \$20,000 pickup replacement
- ▶ District Office \$220,000 to replace money that was set aside for relocation (this was borrowed to fill urgent facility needs like roof replacements)
- ▶ Unfunded Gap is approximately **\$1.4 - 1.7 Million** (At today's costs to repair / replace)

Future Outlook...Possible Considerations

Proceeds from the future sale of the District Office cannot be used for daily operational expenses.

These proceeds can be used to:

- ▶ Pay off the bond = Currently \$522,603
- ▶ Reserved for deferred maintenance and other capital projects
- ▶ Relocation of the district office

Option 1: 4 Day Week

- Survey is being conducted with districts currently on 4 day week schedules to determine the fiscal, achievement, employee attraction / retention, and community impact of a 4 day week.
- Results will be utilized by the board to determine if additional planning is needed.
- Fiscal, academic and community impact are key elements for consideration regarding a 4 day week.
- What school districts are on a 4 day week?

Option 2: Sale of Digger Stadium and Bus Barn

- Proceeds from sale would be used for improvements to CCHS/MS field and relocation of the bus barn.
- Property could be sold for economic development purposes for the community.
- Any I-70 expansion may result in Digger Stadium being unusable.

Option 3: Mill Levy

The bond that built the high school on Floyd Hill will sunset in 2019

- ▶ When the bond sunsets, tax payers will receive a reduction in bond mills that are collected.
 - ▶ (Currently the bond rate is 3.799 mills based on December 2016 assessed home and business values).
- ▶ When the bond sunsets and **IF** a mill levy was approved, taxpayers would still see a net reduction in mills collected.

A New Mill Levy....

- ▶ Maximum additional amount would be \$930,000.
- ▶ Based on the 2016 assessed valuation, the mill levy would mean a collection of 1.73 mills.
- ▶ Help backfill the funding that has been taken away by the state.

What Does This Mean for Homeowners?

- ▶ Current Bond that is collected (based on 2016 value)
 - ▶ For every \$100,000 of market value of a home, the assessed value is \$7,960...
 - ▶ For the bond at 3.799 mills = \$30.24/year
 - ▶ **This bond levy will sunset in 2019.**
- ▶ If a mill levy were to be passed (numbers based on 2016 value)
 - ▶ For every \$100,000 of market value of a home the assessed value is \$7,960.
 - ▶ For a mill levy at 1.73 mills = \$13.77/year.
- ▶ Homeowners would **SAVE** ($\$30.24 - \13.77) = **\$16.47** per \$100,000 market value of home.

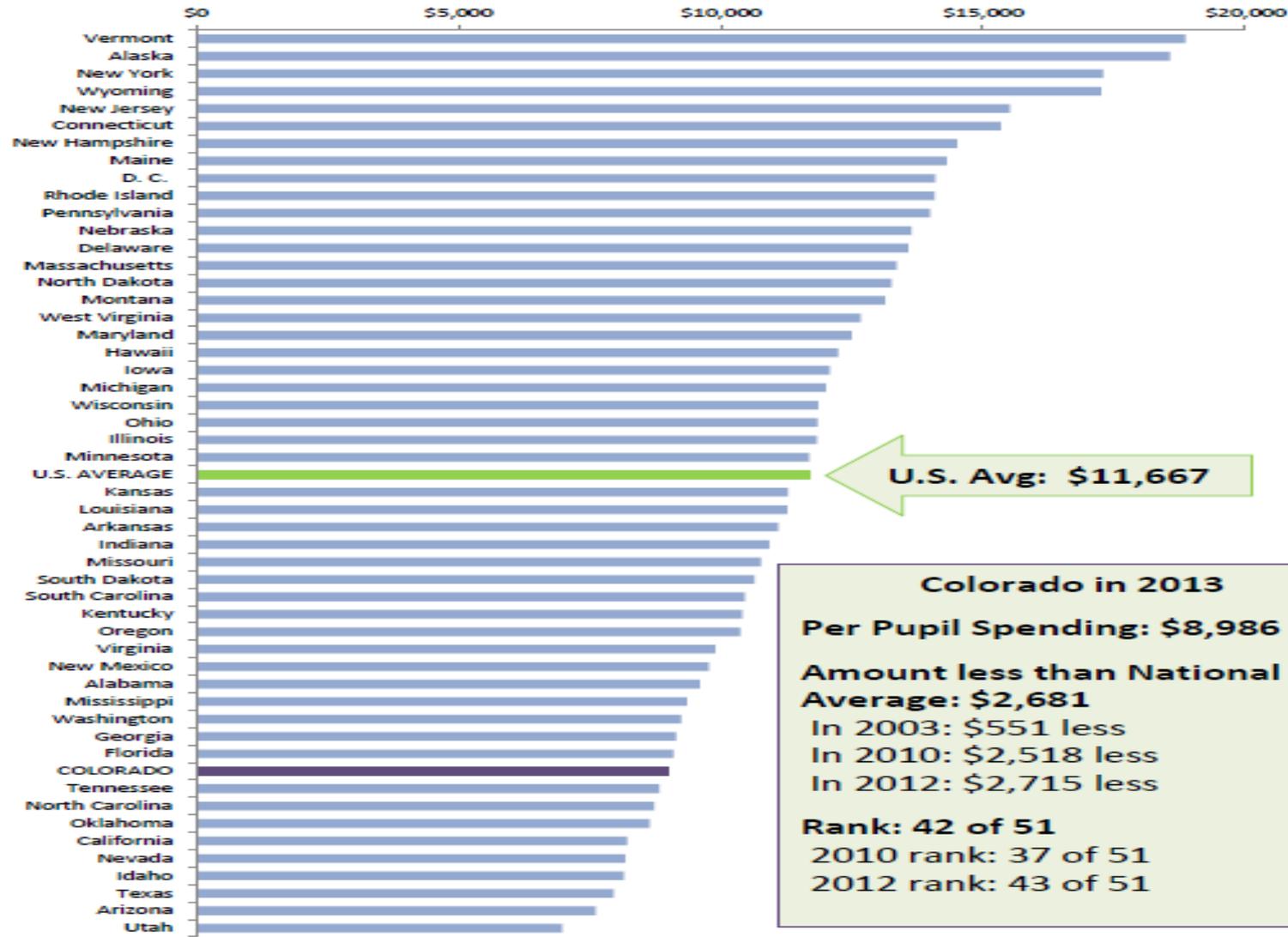
Unknown Future Legislative Changes

- ▶ Good or bad?
- ▶ Unfunded mandates. Example of locks/ building code
- ▶ State Committees working on the issue of school funding
- ▶ Formula Funding/Negative Factor/Tabor and Gallagher

- ▶ Upcoming slides are from information collected by the Colorado School Finance Project
 - ▶ <http://www.cosfp.org/>

Quality Counts 2016: Per Pupil Spending 2013 Data

Source: Education Week, Quality Counts 2016, Dollars adjusted for regional cost differences.
Dollars Spent per Student 2013



U.S. Avg: \$11,667

Colorado in 2013

Per Pupil Spending: \$8,986

Amount less than National Average: \$2,681

In 2003: \$551 less

In 2010: \$2,518 less

In 2012: \$2,715 less

Rank: 42 of 51

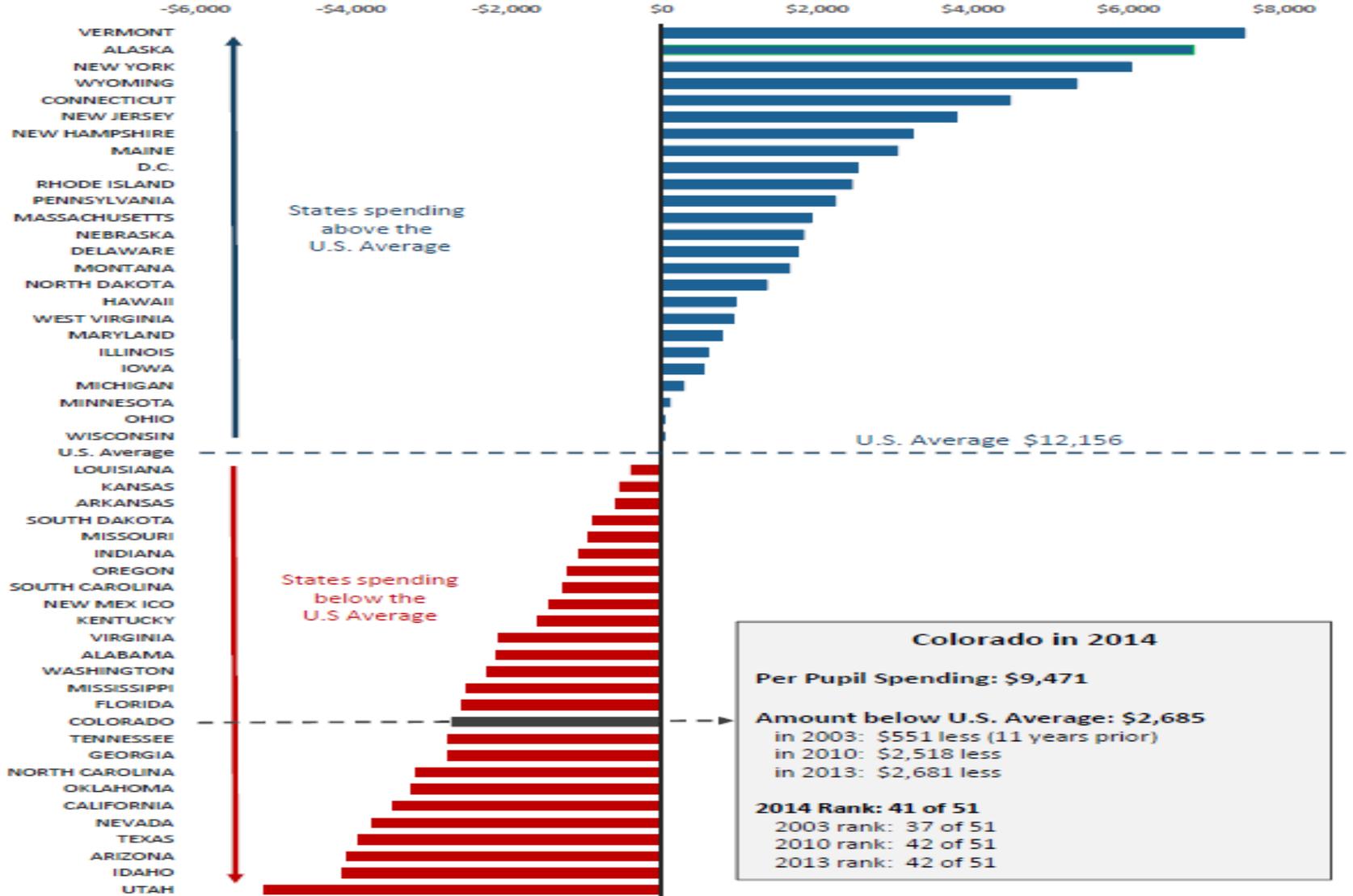
2010 rank: 37 of 51

2012 rank: 43 of 51

Data: Education Week, Quality Counts 2016

Want to know more about Colorado funding rankings? <http://www.cosfp.org/CoSFPColoradoRankings.html>

Quality Counts 2017: Per Pupil Spending 2014 Data
Dollars Above or Below U.S. Average



Conclusion: Back to the Purpose

To build community understanding of the current funding status of the Clear Creek School District.

To ensure that the community becomes knowledgeable about how the decline in revenue of the Henderson has impacted the Clear Creek School District.

To consider future funding options.

Feedback

- ▶ Today's presentation made me think about . . .
- ▶ When I consider the options provided I feel that . . .
- ▶ Other thoughts you would share . . .

We will be presenting information back to the Board about how the community felt following the forums.

Thank You

- ▶ Please remember:
 - ▶ These options shared tonight are so that the Board can reflect on your input.
 - ▶ Further community meetings will be determined.