

Guide to Understanding the Akron School District's 2020-2021 Budget

**Presented to the Board
July 14, 2020**

The mission of the Akron Public Schools is to provide a safe environment so as to facilitate the optimal growth of each student in accordance with individual needs, abilities, and interests through partnerships among home, school, and the community.

Understanding the Budget

This guide is designed to introduce you to the Akron School District budget and how it works. School District budgeting is different than private business budgeting or personal budgeting and can be somewhat complex. This guide is designed to walk you through the basics, covering the budget's main components. You'll learn where the money comes from, how the money is used, and how you can get involved in school District budget decisions.

For more detailed information about the Akron School District's budget, contact:
Superintendent's Office
600 Elm Avenue
Akron, CO 80720
970-345-2053
970-345-6508 (fax)

AKRON SCHOOL DISTRICT BUDGET SNAPSHOT

The Akron School District budget for 2020-21 will have anticipated revenues and expenditures of approximately 5.6 million dollars. The budget is funded from state, local, and federal sources. Where does this money go?

The Akron School District annual budget is used to teach students, transport them to and from school, feed them breakfast and lunch, and maintain school buildings and grounds. It funds special education programs, programs for students whose primary language is not English, vocational education programs and extra-curricular activity programs. It is used to pay teachers and other staff, provide partial payment of their health and retirement benefits and support additional training. Bond funds, when approved in local elections, pay for building new schools, renovating and modernizing existing facilities and upgrading the school's technology infrastructure.

At the center of this organization are our children. While businesses have a single overriding concern—the financial bottom line—school Districts have a far broader objective—ensuring excellence and equity in education for our students. Yet this objective also carries with it a financial bottom line.

How does Akron School District distribute funds to meet this goal? What level of quality do your tax and bond dollars provide? Who makes school budget decisions, and how are those individuals accountable? How can you get involved? You'll find out in the sections ahead.

Akron School District Quick Facts

2019-20 Student Data from CDE October Count

Total number of students, including PK and CPP	371
English Language Learners (ELL)	3.8%
Migrant	1.1%
Students receiving free or reduced-price lunch	53.9%
Gifted and talented students	4.6%
Special needs students	14.8%
Graduation rate (2018-19)	94.6%

Funded Pupil Count (FPC)	384.8
--------------------------	-------

Number of School Buildings	1
Pre-K – 12	1

Ethnic Distribution

African-American	0.3%
Asian	0.8%
Hispanic	19.1%
Multiple Race	5.1%
White	74.1%
Native Indian/ Alaskan Native	0.5%

WHERE DOES THE MONEY COME FROM?

Most money for public schools comes from state and local governments and not from Washington D.C. The following table shows how much the Akron School District will receive from state, federal, and local sources in the 2020-21 school year.

2020-21 Data

Funding Source	Percent of Budget
Local	30%
State	67%
Federal	3%

Who determines how much funding each school District receives?

Every homeowner and business owner in Colorado pay property taxes for schools, along with taxes for other public services. Each year, the budget crafted by the governor and legislature determines how much of the total budget is allocated to education. The portion allocated for K-12 education is then divided among 178 school Districts throughout the state using the state's School Finance Act funding formulas. These formulas determine how much money each District will receive per pupil as well as how much of that funding is paid by the state and how much is paid through local taxes. After the state determines the funding, each school District decides how to fund its local system.

Local referenda

Colorado law allows local school Districts to ask voters to approve additional funding for their District through local tax increases called mill levy overrides. This additional funding is capped by state regulation. All override revenues come from increased property taxes. A District's authorization to raise and expend override revenues does not affect the amount of state funding the District receives, based on the current school finance act. Akron School District voters have not approved any overrides.

How does supporting education impact your taxes?

Local tax money goes to the county treasurer who in turn distributes it to each governmental entity in the county.

State law sets the property tax assessment rate. In 2020, homeowners will pay an assessment rate of 7.15 percent of the actual assessed value of their home, while businesses will pay a 29 percent assessment rate. This same formula may be used to calculate your property taxes for your schools if you know your home's assessed valuation.

How to figure your school property tax

Here's how to estimate how much the school District's portion of your property tax bill will be next year.

Property tax is the product of three factors:

1. The market value of your home _____
2. The assessment rate, which is set by state law. (For residential property, the assessment rate is 7.15 percent for 2020.) _____
3. Mills/1000 (The tax rate, also known as a mill levy, is set by the local taxing agency. One mill is equal to one one-thousandth, or .001. (The school District's mill levy is **24.438** mills with **12.44** mills added for the bond redemption fund, so the number to use in figuring your tax is **.036878**.) _____

Property Tax _____

Federal funding for education

In addition to local and state funding for education, the federal government contributes limited funds to local school Districts. Historically, the funding of schools has been the responsibility of local Districts and states. In the 1960s, the federal government began providing financial support to state and local Districts to help with educating poor and disadvantaged students. That support later expanded to include students with disabilities. This money can only be used for specified purposes.

While very important to most school District budgets, the federal support amounts to only a small percentage of the total budget, usually averaging between 3 - 6 percent in most school Districts. In the Akron School District, federal dollars make up only 3 percent of the budget.

LOOKING AT THE AKRON SCHOOL DISTRICT BUDGET

Budget fund types

District funds are distributed in various funds as prescribed by law. Information included in the various funds show actual and budgeted amounts for the 2018-19 and 2019-20 school years as well as budgeted amounts and projected revenues and expenses for the remainder of the 2019-20 school year. It also provides the budgeted amounts for the upcoming 2020-21 year.

The **General Fund**, by law, can be used to account for any legal expenditure of the District. However, traditionally this fund is used to pay the day-to-day operating expenses of the District. It is financed primarily by property taxes and state aid. The majority of all District funds are in the General Fund. This section of the budget provides information for all of the line item accounts that are included in the General Fund.

Other funds included in the District budget are:

1. **Capital Reserve Fund**
2. **Pupil Activity Funds**
3. **Food Service Funds**
4. **Trust and Agency Funds**
5. **Colorado Preschool Program Fund**
6. **Bond Redemption Fund**

The funding driver: Student enrollment

Enrollment is the District's count of students as of October 1 each year and is one of the main factors influencing the revenue that is received from the state. Enrollment is determined by using the Colorado Department of Education (CDE) rules for the School Financial Act.

Student count and funded pupil count

"Student Count" is a count of individual students attending school while "Funded Pupil Count" (FPC) is a modification of the student count. Generally, students in grades one through twelve are counted as full-time or part-time, depending on the scheduled hours of coursework. One student attending school for the entire school day is counted as one "full-time equivalent" (FTE). However, preschool, special education, and a limited number of at-risk pre-school students are considered part-time. Kindergarten students were only counted as .58 FTE up until now. Beginning with the 2019-20 school year, kindergarten became fully funded per state law and those students counted as full-time students. The following two charts show the enrollment history for the Akron School District for the past few years.

Actual student count history (CDE October 1 count data)

GRADE	2012	2013	2014	2015	2016	2017	2018	2019
Pre-School (Regular & SPED)	4	7	6	7	7	4	8	9
Pre-School (CPP)	9	9	9	9	9	10	8	8
Kindergarten	27	22	37	35	37	35	23	36
1 st	20	26	18	30	35	39	33	25
2 nd	22	22	26	20	34	33	35	31
3 rd	26	21	25	26	21	33	30	36
4 th	26	28	20	24	30	21	32	26
5 th	15	24	26	18	26	31	25	31
6 th	37	19	23	29	17	27	34	25
7 th	26	39	20	26	33	17	29	34
8 th	36	24	37	15	20	32	17	24
9 th	22	39	26	38	15	23	28	19
10 th	29	23	36	25	36	13	25	27
11 th	25	28	22	34	26	32	17	21
12 th	30	27	26	15	32	22	35	19
Total	354	358	357	351	378	372	379	371

Number of full-time equivalent (FTE) students

FTE	DATE OF COUNT
328.1	October 1, 2014 (Predicted)
328.5	October 1, 2014 (Actual)
325.3	October 1, 2015 (Predicted)
322	October 1, 2015 (Actual)
318.8	October 1, 2016 (Predicted)
354	October 1, 2016 (Actual)
354.5	October 1, 2017 (Predicted)
349.5	October 1, 2017 (Actual)
338.6	October 1, 2018 (Predicted)
357	October 1, 2018 (Actual)
368	October 1, 2019 (Predicted)
371	October 1, 2019 (Actual)
361.5	October 1, 2020 (Predicted)

Funded pupil count averaging

After few years of declining enrollment student numbers have increased and stabilized, especially in the elementary grades. When determining actual funded pupil count, an averaging formula can be used by schools that have been experiencing fluctuating enrollment to average their enrollment over the past few years rather than using the actual count each year. This averaging formula has been very helpful in maintaining a more stable enrollment as far as funded pupil count and state funding are concerned.

Recent History of Funded Pupil Count (FPC) Using Averaging Formula

FPC	DATE
348.4	2013-14 (Predicted)
350.7	2013-14 (Actual)
345.6	2014-15 (Predicted)
345.7	2014-15 (Actual)
337	2015-16 (Predicted)
337	2015-16 (Actual)
334.8	2016-17 (Predicted)
357.3	2016-17 (Actual)
362	2017-18 (Predicted)
354.9	2017-18 (Actual)
351.3	2018-19 (Predicted)
362.9	2018-19 (Actual)
375	2019-20 (Predicted)
384.8	2019-20 (Actual)
383.6	2020-21 (Predicted)

Per pupil revenue (PPR)

The funding from the state comes through the Public School Finance Act of 1994. Under this act, revenue is distributed to school Districts on a per pupil basis. Each District's per pupil funding amount is based on characteristics that are unique to the District, such as cost-of-living and District enrollment.

Per pupil revenue (PPR) trends:

PPR	DATE OF COUNT
\$8,005	2012-13
\$8,236	2013-14
\$8,818	2014-15
\$9,246	2015-16
\$9,286	2016-17
\$9,708	2017-18
\$10,174	2018-19
\$10,470	2019-20
\$9,785	2020-21

Total program funding

Total Program Funding is based on a complex per-pupil formula. For each pupil counted in the Funded Pupil Count (FPC) in the October 1 count, the formula provides a base per-pupil amount of money plus additional money to recognize individual District variances in: (a) cost of living, (b) personnel costs, and (c) size. The total program funding also includes additional money for at-risk pupils as determined by the number of students eligible to participate in the federal free lunch program and, if applicable, on-line funding for students enrolled in a District’s on-line program.

Formula for determining total program funding

$$\begin{array}{rccccccccc}
 \text{Funded} & & \text{Total} & & & & & & & & \\
 \text{Pupil Count} & \times & \text{Per-pupil} & + & \text{At-Risk} & + & \text{On-line} & = & \text{Total} & & \\
 \text{(Oct. 1)} & & \text{Funding} & & \text{Funding} & & \text{Funding} & & \text{Funding} & & \\
 \hline
 \underline{\hspace{2cm}} & \times & \$\underline{\hspace{2cm}} & + & \$\underline{\hspace{2cm}} & + & \$\underline{\hspace{2cm}} & = & \$\underline{\hspace{2cm}} & &
 \end{array}$$

HOW IS THE MONEY SPENT?

- For every dollar in the Akron School District general fund budget (2020-21),
- **Fifty-two** cents are spent on instruction and student support services
 - **Twenty** cents are spent on administration and overhead at schools, e.g. principals, custodians, bus drivers, etc.
 - **Seven** cents are spent on District wide leadership and support, which includes the central administration
 - **Twenty-one** cents are allocated as reserve such as unforeseen or future expenditures

Another useful way to break down the annual budget is by the amount spent per pupil. Divide the lump sum of the District's \$5,607,518 budget for 2020-21 by 383.6 (the predicted number of students for the 2020-21 school year) and you get the figure of \$14,618.14 budgeted per pupil.

Keep in mind, though, that this number reflects all of the schools' expenses divided by all of their pupils. Every child is different, with different needs and different demands on the system. Some expenses are targeted to specific groups of students like special needs students, gifted students, or students learning English as a second language.

The budget driver: District employees

Education is a very labor-intensive business. For that reason, the largest share of any school District's budget goes to pay for employee wages and benefits. All of Akron School District's full and part-time employees work inside the school or provide direct services to its students. Of these school-based staff, sixty-six percent are teachers or teacher assistants.

What does the money in our budget do?

It costs the Akron School District an average of approximately \$97.00 per school day to educate a student. This is a bargain when you consider all of the services the school District provides.

For just \$97.00 a day, the Akron School District provides to each student:

- Quality instruction from caring and competent teachers
- Specialized learning services for students with special needs
- Access to library resources and computers
- Guidance, counseling, and other support services
- Materials such as textbooks
- Transportation to and from school
- A balanced lunch (and, in some cases, breakfast)
- Healthcare services
- Extracurricular activities
- A safe, orderly learning environment

WHERE DO WE GET THE MONEY TO IMPROVE AND BUILD NEW SCHOOLS?

The capital budget

While money for schools' day-to-day expenses comes from the general fund budget, money for building, renovating and expanding schools comes from bonds, which by Colorado law must be kept in a separate capital fund. Colorado has established a grant program named BEST (Build Excellent Schools Today). This program was designed to assist school Districts that do not have the bonding capacity to address large facility issues, or build new schools if necessary, by providing grants for this purpose that the District matches as they are able. As reported the past ten years, the Akron School District put out an RFP (Request for Proposals) for facilities planning to begin the process of applying for a BEST grant. The District hired The Neenan Company to complete a facilities master plan and assist in the writing of the grant application. Community meetings were conducted and extensive assessments were completed to provide plan options and prepare the BEST grant application. The option chosen was to build a new, two story building on the high school campus, which tied in to the existing field house and agriculture/art/music areas to be renovated. The high school classroom wing, elementary/junior high, and auditorium building were demolished; the current softball field was relocated to the elementary site and a new transportation and maintenance facility was built on the elementary site.

The grant application was submitted to CDE and the BEST committee decided on projects to fund at their meeting the end of June 2010. The total amount of the grant application was \$22,954,686, which included a District match through maximum bonding capacity. This match amount is the limit on bonded indebtedness for the District based on current laws and assessed valuation. The District successfully passed a bond issue at the election in November 2010 for the matching funds, and all financial documents were put in place. The District selected RLH Engineering as the owner's representative and retained The Neenan Company to design and build the project. The eighth full school year of occupancy for the total project and transportation facility is now complete. With the close out of the District BEST project, the unused funds totaled \$1,173,778.40. Per BEST board policy \$828,758.71 was transferred back to the state and \$345,019.76 was returned to the Akron School District through a project-based application process.

What do school bonds pay for?

When you hear talk of school bonds, you're hearing about money the District borrows to pay for these capital expenses. In Colorado, as in most states, voters must approve these loans at the ballot box. Colorado statute limits a school District's bonded debt to 20% of its assessed valuation. Akron School District passed a bond issue in November 2010 for the maximum 20% or approximately \$7.1 million based on current assessed valuation of property in the school District. The BEST program combined the bonding ability of all the Districts approved in the 2010 cycle into one bond sale and each District

has a financing agreement with the State of Colorado for repayment. The bond redemption fund is a separate fund that will repay the debt over 20 years, initially using 15.243 mills added to the general fund mill levy through a trustee account. Because of increased property valuation in the District, the additional mills added as a result of the bond redemption has been reduced to 12.44 mills for the current year. The annual debt service on the Akron School District bond issue is \$524,235.

THE ANNUAL BUDGET

Each year, the school District must decide on its annual budget. The administrative staff of the District work together to create a tentative budget that considers the needs and values of students, parents, employees, and taxpayers and presents it to the Board of Education. The board must balance the needs of students, parents and employees with the fiscal responsibility it has to the taxpayers. The board is the final decision-maker on the budget.

GENERAL FUND BUDGET ASSUMPTIONS

The general fund is the focus of budget decisions because it contains almost all of the District's discretionary resources. The 2020-21 fiscal year budget is a financial plan for operating the District's general fund for the period July 1, 2020 through June 30, 2021. Budget assumptions are used to project available resources and how available resources will be used. The assumptions presented in this budget are intended to focus attention on the decisions that have the greatest impact on the budget. The budget assumptions may change throughout the budget development process.

General assumptions

1. Student Enrollment Assumption: The predicted student count for 2020-21 is 361.5. Using the five-year average, the funded pupil count is predicted to be 383.6.
2. Total Program Funding Assumption: The total program funding (Local Property Tax + Specific Ownership Tax + State Equalization) used to prepare the 2020-21 budget is \$3,753,758. This amount is \$235,204 less than last year.

3. Beginning Fund Balance Assumption: The Beginning Fund Balance for 2020-21 is budgeted at \$1,800,000, which is \$500,000 more than the proposed budget a year ago. A reduction in a beginning fund balance must be approved by the Board.

Revenue assumptions

Total budgeted net revenues will decrease from last year's revised budget, with a budgeted decrease of \$305,409. The decrease in revenue is the result of a reduction in state equalization due to constraints on the state budget. The state legislature faced a \$3.3 billion-dollar shortfall with the state budget this spring, caused in large part by the impact of the COVID-19 virus. To balance the budget, the legislature was forced to make cuts to several areas of the state budget that included K-12 education. The District will also not receive grants from small rural funding or kindergarten furniture, fixtures, and technology. Per pupil revenue will be \$531 less than last years revised budget, based on the state finance act figures for the coming year.

Expenditure assumptions

Total budgeted general fund expenditures will decrease by \$210,628 compared to last year's revised budget. The decrease in expenditures is due to the above-mentioned grants not being funded. Major expenditure factors that were considered are listed below.

1. Salary Assumptions: The total number of staff members and FTE is projected to increase in 2020-21. The total number of regular teachers will increase by one with the addition of a 5th /6th grade position. This year the number of contract days for licensed staff will be 162.3 days, and all salaries have been frozen.

**Staffing Trends – Fulltime Equivalent (FTE)
Data Source: CDE Human Resources Report**

Job Description	FTE 2017-18	FTE 2018-19	FTE 2019-20	FTE (projected) 2020-21
Superintendent	1	1	1	1
Non-Instructional Director	1	1	1	1
Principal	1	1	2	2
Instructional Program Coordinator	.14	.14	.25	.25
Non-Instructional Program Coordinator	.29	.29	.26	.26
Regular Teachers	27.35	30.44	31.42	32.42
Spec Ed Teachers	2	2	3	3
Title I Teacher	.86	.86	1	1
Counselor	.98	.98	1	1
Dean of Students/ Instructional Support	1.02	1.02	0	0
System Administration	.12	.12	.73	.73
Child Care Provider	1.14	1.10	1.10	1.10
Library/Media Assistant	.83	.81	1.04	1.04
Teaching Assistant, Regular Ed	2.74	3.29	2.31	2.31
Teaching Assistant, Special Ed	8.17	7.85	7.72	7.72
Tutor	1.28	1.37	3.15	3.15
Teaching Assistant, Title I	.98	.98	0	0
Bilingual Assistant	.24	0	0	0
General Office/Secretary	2.93	2.93	2.24	2.24
Bus Driver	2.38	2.47	2.81	2.81
Cook	1.57	1.57	1.57	1.57
Custodian	2	2	2	2
Food Service Head	.94	.94	.94	.94
Maintenance	1	1	1	1
Mechanic	1	1	1	1
District Total	62.96	66.16	68.55	69.55

Staffing Trends – Average Teacher Salary

	2016-17	2017-18	2018-19	2019-20	Projected 2020-21
Average Daily Rate	\$218.24	\$226.46	\$234.49	\$243.41	\$235.83
Average Salary	\$37,755	\$36,755	\$38,058	\$39,506	\$38,275
Teaching Staff	30	32	33	34	36
Contract Days	173	162.3	162.3	162.3	162.3

2. Fringe Benefits Assumptions: Health insurance premiums increased by 8% for the 2020-2021 school year and PERA increased by 0.5%. The District pays the employer's share of PERA withholding for all employees including PERA retired employees.
3. Instruction Cost Assumptions: The salary schedule for licensed teaching staff has been adjusted the past three years with increases to the steps on the salary schedule. The current base starting salary for a teacher is \$33,000. For the 2020-21 school year, all salaries have been frozen at the 2019-20 rates. A 5th/6th grade teaching position was added as well. The classified staff salary schedule has also been adjusted to account for the mandatory minimum wage increase. Teachers will advance an experience step and have the opportunity to move across the schedule with approved professional credit.
4. Capital Cost Assumptions: The District entered into a five-year lease for the purchase of two new buses to update the aging fleet in 2017. The District also entered into a fifteen-year lease-leaseback payment schedule for a new addition. Elementary student counts have increased over the past several years requiring more classroom space. Three classrooms for special education, vocational business, and family and consumer science as well as an elementary music room have been added.
5. Pupil Services Assumptions: The counselor is funded in this area. Purchased services and supplies are budgeted to hold steady with the past year.
6. Instructional Staff Assumptions: The K-12 library is funded in this area, as is the technology coordinator. Purchased services and supplies are budgeted to hold steady with the past year. With the increase in student numbers additional technology items may need to be purchased over the next few years. A staff computer rotation schedule is also being planned for. The District also officially has the capability for one-to-one Chromebooks for all students grades K-12.
7. General Administration Assumptions: The central administration includes the superintendent and board of education activities. The increase in this area of the budget is reflects the anticipated cost of legal services associated with the school addition and the school audit.
8. School Administration Assumptions: The District has successfully transitioned to two full-time principals, and continue to have one elementary secretary and one junior high/high school secretary. Purchased services and supplies are projected to be very similar to last year.
9. Operations and Maintenance Costs Assumptions: The new facility has allowed the District to control operations and maintenance costs more effectively in some areas. The District has experienced a significant financial savings in electrical usage and a small savings in natural gas usage over the

last few years. The 2020-21 budget reflects increases in this area of the budget to address maintenance and safety.

10. Pupil Transportation Assumptions: During the 2017-18 school year, the District entered into a five-year lease for the purchase of two busses, and a new suburban was purchased with small rural funds through the state bid to replace one of the high mileage school Yukons. The District added a small vehicle route driver during the 2018-19 year to address the length of time students were riding on some routes. During the 2019-20 school year, an additional bus driver was hired thus allowing the transportation director to operate as a substitute when needed and provide additional opportunities for the director to complete her duties.
11. Other Business Services Assumptions: The central business office handles all of the fiscal operations of the school District: accounts payable, accounts receivable, human resources, inventory control, insurance and all state and federal reporting. The expenses in this area remain constant with the previous year.
12. Central Support Services: This line item in the budget contains telecom/internet, workman's comp insurance, and multi-coverage insurance. Since the District began working with Associates Insurance Group and changed to Wright Insurance during the 2019-20 school year, we experienced an additional 2.9% savings in multi-coverage insurance rates for the 2020-21 school year. The District also changed workman's comp insurance companies, changing from Pinnacol to WCF Insurance thus experiencing a 3.5% savings.
13. Transfer Assumptions: The District will continue to allocate funds to the Capital Reserve Fund for the bus lease payments and the school addition annual payment. Funds from the General Fund have also been allocated to the Colorado Pre-School Program (CPP) Fund, and the District will continue to retain the 5% allowable administrative cost from the CPP allocation. The 2020-21 budget also projects a \$30,000 transfer to the food service fund to help offset payroll expenses.
14. Pupil Activity Fund Assumptions: The number of extra-curricular activities is expected to be similar to last year. Budget revenues and expenditures for this fund will be approximately the same as last year. The beginning fund balance is expected to be slightly lower from a year ago. The District will not transfer from the General Fund to the Pupil Activity Fund this year.
15. Food Service Fund Assumptions: The primary source of revenue is food sales in the form of meals to students and staff. Meal prices increased during the 2016-17 school year to keep pace with rising prices and federal guidelines. The food service program was fully self-sustaining in 2016-17 school year; however, over the past three years the District supported the

food service fund through personnel expenditures. A transfer of \$30,000 is budgeted for 2020-21 due to staff needs and an increase in food costs.

Who determines needs and decides how we spend school funds?

Many people, including:

- The principal, staff, and school building accountability committees who make budget decisions at your local school.
- The superintendent, business manager, and other school District staff who draw up the budget each year and present it to the school board.
- The Board of Education, which adopts the budget and presents it to the public.
- The Colorado State Legislature and Governor, who decide how much state money to spend on schools, how to allocate that money to Districts, and what conditions apply.
- The U.S. Congress and President, who decide how much federal money to spend on education, how to divide it up among states and Districts, and what conditions apply.
- And, of course, the most important person, *you*. As citizens, we elect all of these public officials.

Accountability for public education spending

Local school boards are accountable to their communities (to you, the taxpayer) for wisely and efficiently spending public funds to support schools. School boards, in turn, hold the superintendent responsible for developing and properly managing the school District's budget. The state also regulates District spending to a certain degree. And, of course, the portion of the District's budget that comes from the federal government is regulated at the national level. Independent auditors, who report their findings to the school board and the public, audit school District budgets annually.

BUDGET TALKING POINTS AND TIMELINE FOR 2020-21

School funding in Colorado is based on a complex formula that provides funding to each school District on a per pupil basis called PPR (per pupil revenue). The full impact that Amendment 23 was to have on school finance has now sunset. It initially was intended to require state legislators to increase educational funding each year by a minimum of 1% plus inflation through 2011. However, because of the economic downturn in the state and nation during the three years 2008-2011, the legislature reduced the categorical funding in the per pupil revenue calculation to balance the state budget, which resulted in a reduction of total program funding. The 1% annual increase is no longer in force, as the legislation required that it end with the 2011 finance bill. This reduction of funds during the economic downturn created what is called the “negative factor”. Without the negative factor, the School Finance Act formula would have provided the Akron School District with the additional funds in the appropriate school years:

- \$77,897 in 2009-10
- \$350,392 in 2010-11
- \$432,982 in 2011-2012
- \$545,182 in 2012-2013
- \$529,020 in 2013-2014
- \$454,190 in 2014-15
- \$422,632 in 2015-16
- \$431,990 in 2016-17
- \$431,151 in 2017-18
- \$345,075 in 2018-19
- \$298,113 in 2019-20
- \$613,596 in 2020-21

The twelve years of the negative factor or budget stabilization factor totals \$4,456,100. During the 2017 legislative session, legislators began referring to the “negative factor” as the “budget stabilization factor” in the School Finance Act (SB-296).

For Akron R-1, the reductions, fluctuating enrollment, and an increase in special needs students, have caused past freezes in salaries, increases in general education class sizes and deferred replacement of transportation and other capital items. Four years ago, the school District received BEST capital construction refund monies, which helped update systems and defer certain maintenance costs. The school District has also received one-time small rural funds the past three years, which has helped with updating the transportation fleet. During the 2019 legislative session, it was determined to fund full-day kindergarten, pay back \$100 million to the budget stabilization factor, and give \$20 million to rural schools.

While the school District has received some additional funds recently, the budget still requires creativity for the provision of essential education services and the maintenance of an adequate fund balance. Student performance in all areas continues to be very positive in spite of the years of reduced funding and the outlook for the District is positive. The renovation of existing facilities and completion of the construction of a new academic building and transportation facility has increased the efficiency of the overall operation of the District. The projected budget adjusts the numbers to increase staff for special education, maintain staff serving the general education population and provides an increase to staff salaries when possible. The past four years we have added a position each year to our primary grades, while not replacing retiring staff in upper grade levels. Supply budgets will remain constant, there will continue to be no transfer to the activity fund, and continued retention of allowable administrative funds from the Colorado Pre-School Program.

The majority of our school funding comes from state equalization funds with a smaller portion coming from local property taxes, specific ownership taxes, and other sources. According to the present school finance formula, state equalization funding percentages will increase as local funding sources increase as well.

Following is a breakdown of the projected general fund budgeted revenue sources based on data received from CDE School Finance.

<u>Revenue Source</u>	<u>Amount</u>
Local Property Taxes	\$1,049,618
Specific Ownership Taxes	\$118,979
Other Local Revenues	\$76,400
State Equalization	\$2,585,161
Special Program Funding	\$203,000
Federal Revenues	\$140,000

Employee wages and benefits account for 60% of the 2020-21 Akron School District’s total budgeted expenditures. Of the total budget, benefits account for approximately 17%.

Public comments on the budget are always welcome. The tentative timeline for the 2020-21 budget process will be:

Approval of Accountability Goals	October 2020
Board Review of Program Goals	December 2020
Board Review of Future Staffing Needs	December 2020
Final 2020-21 Budget Revisions	January 12, 2021
Preliminary Discussion of Salary Schedules	January 2021
Review Short and Long Term Goals	February 2021
Accountability Committee Budget Discussion	March 2021
Preliminary 2021-22 Budget Presentation	April 13, 2021
Second Reading of 2021-22 Budget	May 11, 2021
2020-21 Budget Adoption	June 8, 2021

Have a say

Successful schools are everybody's business. Every citizen can have a say in school budget decisions. If you are a public school parent, you can participate with your school's Accountability Committee and learn all you can about budget decisions at your local school. If you are a citizen living within Akron School District boundaries, you can share your opinions with the school board at a school board meeting.

To obtain more information about Akron School District's budget process or find out when public meetings are being held, call 970-345-2268.

For information on state education policy and budget, call the Colorado Department of Education at (303) 866-6600 or access its web site at <http://www.cde.state.co.us>.