

Every Student. Every Day.

**2019-2020
CITIZENS' GUIDE TO THE BUDGET**

www.cortez.k12.co.us

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Every Student. Every Day.

TOGETHER WE ARE...

Growing our team of effective and committed educators

Creating a culture of high expectations

Respecting our diversity

Inspiring community trust and support

Building pathways to successful futures

EXECUTIVE SUMMARY

The purpose of the Annual Citizen's Guide to the Budget is to provide the community with an overview of the Montezuma Cortez RE-1 annual board-approved general fund budget.

The guide is intended to provide more information on:

1. How schools are funded in Colorado
2. How legislation affects school funding
3. The amount of general funding that the district is receiving
4. How the district has budgeted that money to meet our instructional, operational, and administrative needs.

HOW ARE SCHOOLS FUNDED IN COLORADO?

The State Finance Formula sets a total amount of funding per student that each district will receive each year. This total amount of funding is considered the "base funding" (\$ 6,952 per student/per year for 2019-20). Additional dollars are given to each school district based on a state formula that takes into account factors such as cost of living, size of district (smaller districts get more money per pupil) and number of at-risk students. Montezuma Cortez received \$8,820 per student/per year in general funding for 2019-20 based on the state funding formula.

EXECUTIVE SUMMARY

HOW DOES STATE LAW AFFECT FUNDING IN COLORADO?

Colorado is 42nd in the country in the amount of per-student funding provided to schools. Several laws that impact education funding in Colorado include Gallagher, TABOR, and Amendment 23. Both Gallagher and TABOR place limits on the amount of taxes that can be collected from taxpayers: Gallagher limits the ratio of property taxes collected from residential vs. commercial property, and TABOR requires a vote of the people to approve any new taxes and limits the amount by which tax revenue can grow every year. Amendment 23 was passed to try to improve funding for schools, but due to budget shortfalls in Colorado the state has implemented a “negative factor” which limits the state’s ability to fully fund Colorado schools.

Revenue from the marijuana tax accounts for less than 1% of the state education budget and is restricted primarily to funding for school building construction and specific programs such as anti-bullying and behavioral health.

MONTEZUMA CORTEZ RE-1 GENERAL FUND BUDGET

Montezuma Cortez RE-1 has net general fund budget revenue of \$20,168,004 for 2019-20. The General Fund Budget includes expenses for instruction (76%), operations (21%), and administration (2%). This means that for every dollar that the district receives in the general fund, 76 cents go directly to supporting student instruction, 21 cents go to buses, facilities and other operations, and 2 cents go toward administration. The full budget is available on line and at our District office.

OUR STUDENTS

We believe in Every Student. Every Day. This means that our students are at the forefront of all our decisions including our budget decisions. We have committed to a “Student-Centered” Budgeting approach that prioritizes the majority of our budget to support students and schools.

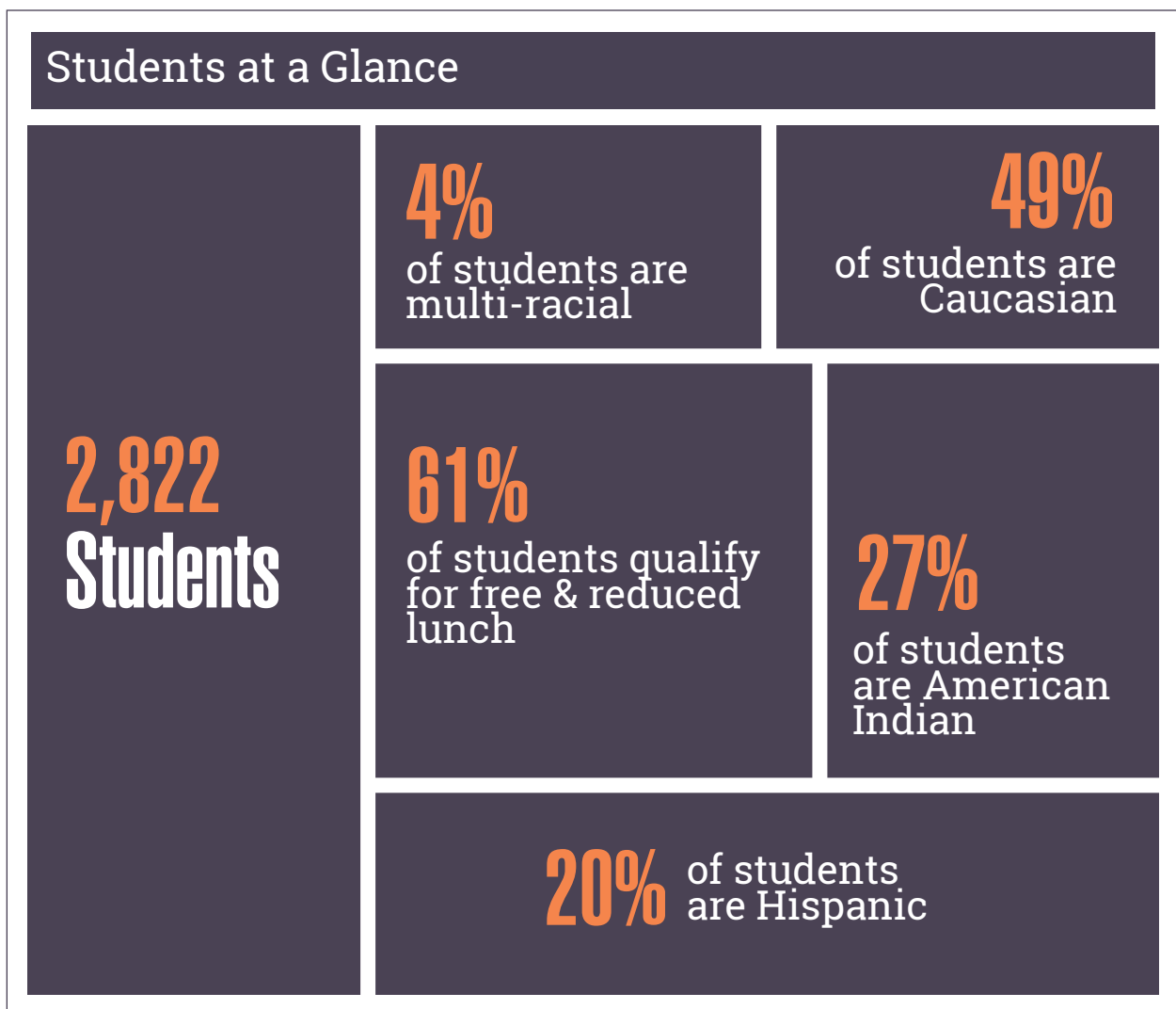
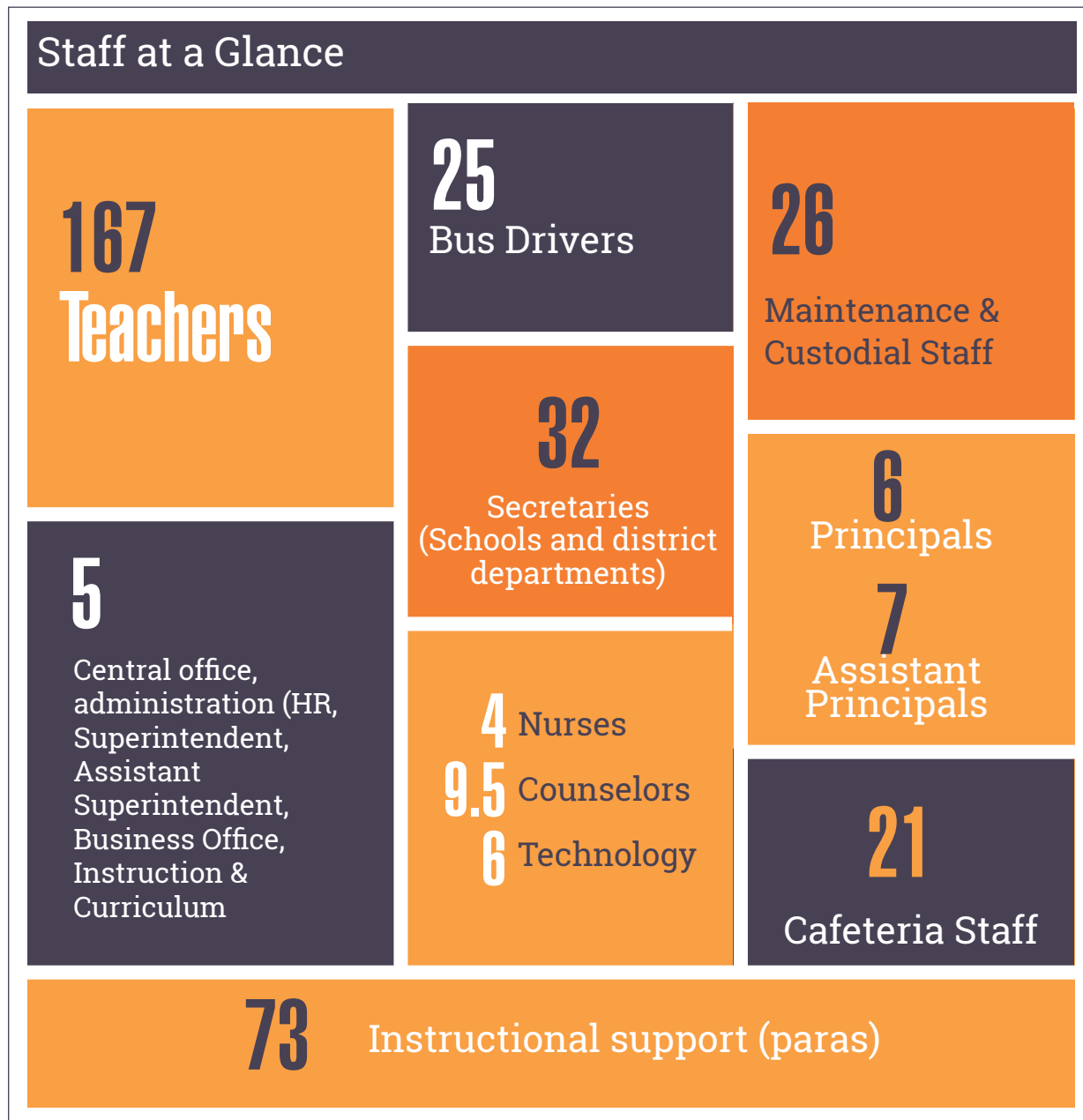


FIGURE 1 - Montezuma Cortez RE-1 Students at a Glance

FIGURE 2 - Montezuma Cortez RE-1 Staff at a Glance



We are proud of our RE-1 team who are dedicated to supporting all our students in reaching their potential. Figure 2 shows our staff at a glance.

All of these individuals play a key role in making our district, and most importantly our students, successful. **Salaries continue to be our largest expense as a district.** With over 350 employees, RE-1 is one of the largest employers in the county.

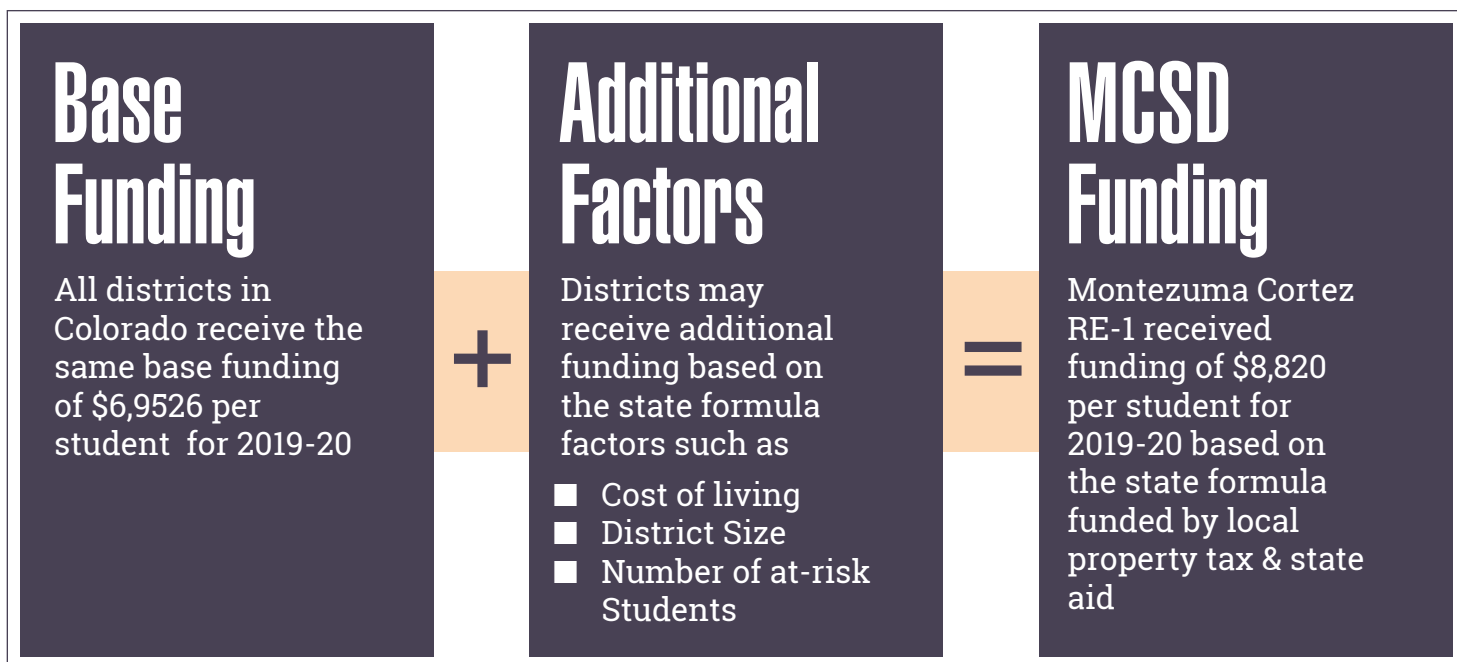
While the district is committed to attracting, developing, and retaining high quality educators, we are also struggling with turnover in key positions - especially teachers. Our annual teacher turnover rate has ranged from 20- 27% per year. This turnover is challenging to students and teachers alike.

EVERY STUDENT. EVERY DAY.



HOW ARE SCHOOLS FUNDED IN COLORADO?

The State Finance Formula sets a total amount of funding per student that each district will receive each year. This total amount of funding is considered the "base funding." Additional dollars are given to each school district based on a state formula that takes into account factors such as cost of living, size of district (smaller districts get more money per pupil) and number of at-risk students.



The "per pupil funding" per student is based on the state funding formula (base funding + additional factors) and is funded using two primary funding sources to generate the required per pupil revenue (PPR) for school districts:

1. Local revenue:

» Property taxes make up the majority of the local portion of the required per-student funding level set by state formula.

2. State Aid (state equalization):

» The state is required to provide state aid to bring districts up to the required level of per -pupil funding set by the state formula. This is known as "state equalization." This is different than a mill levy override, which provides additional funding for districts that have an approved override.

WHERE DOES OUR LOCAL REVENUE FOR EDUCATION COME FROM?

The majority of local funding for education comes from property taxes. The state law does not authorize school districts to levy sales tax or other taxes. The majority of the property tax collected locally in Montezuma County is from the oil and gas industry.

FIGURE 5 - Per Student Funding by Source

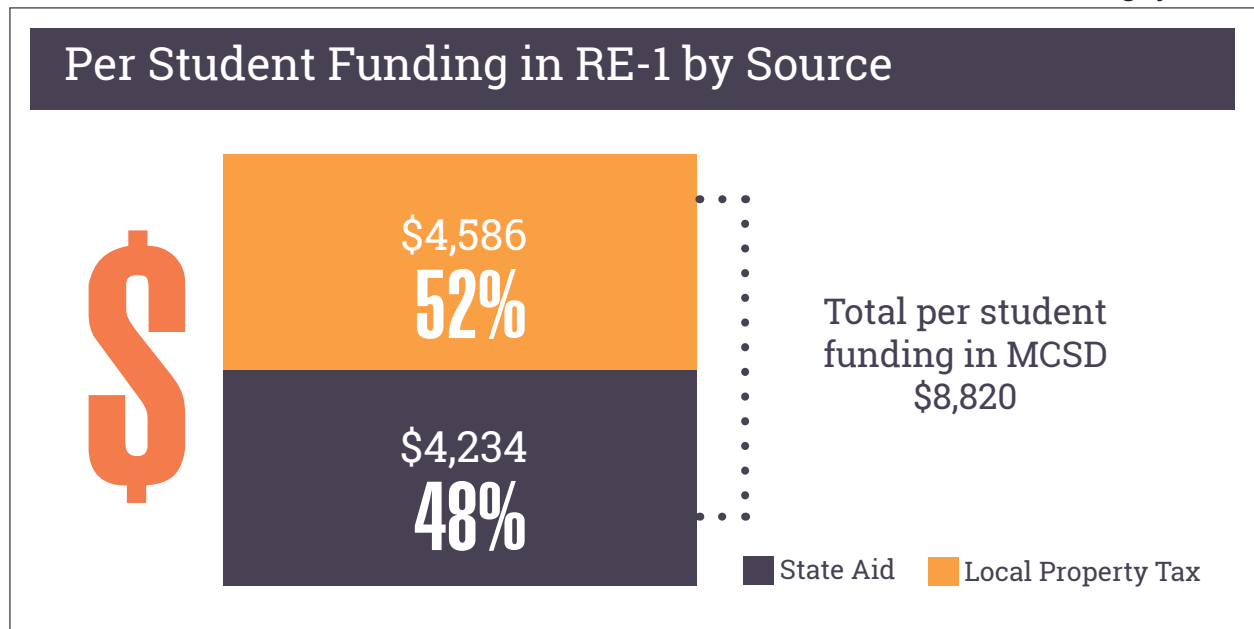
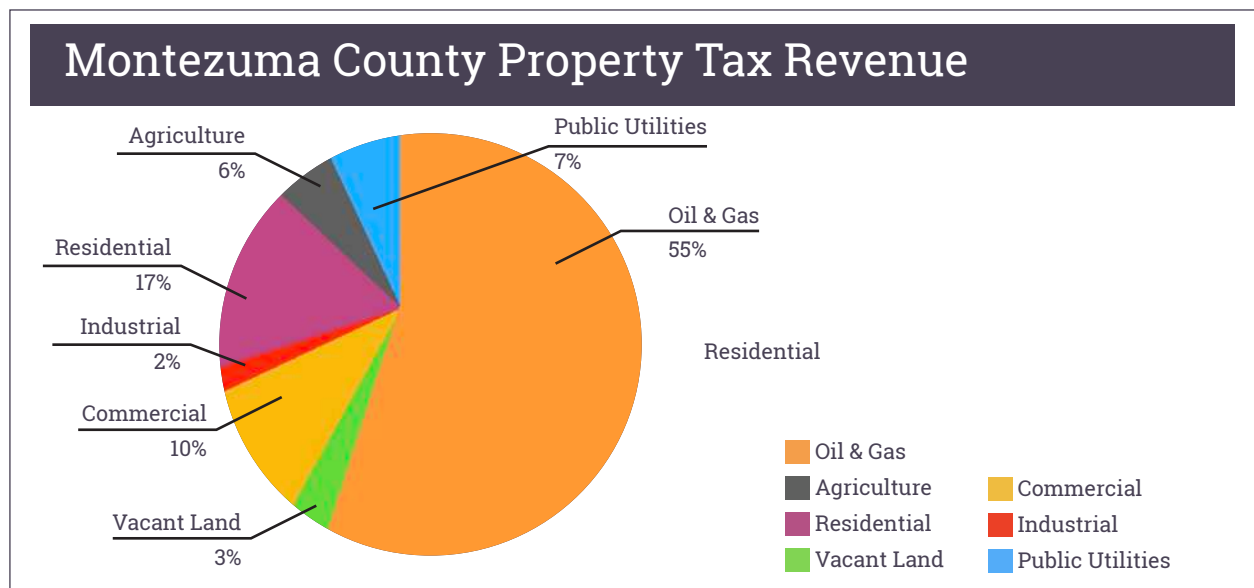


FIGURE 6 - Breakdown of Property Tax Revenue in Montezuma County



READY FOR COLLEGE & CAREER



HOW DOES STATE LAW EFFECT OUR BUDGET?

Several constitutional amendments that impact school funding:

Gallagher (1982)

Sets the ratio for how much the local government can collect from residential taxes (45%) and commercial (55%) property taxes. If either of these grows faster than the other, the rate is adjusted so the ratio stays at 45/55. The statewide property tax assessment rate is based on the state ratio, which is primarily driven by property values in more populated urban areas.

Taxpayers Bill of Rights

(TABOR - 1992)

Limits the growth of state revenue and spending. If the revenue exceeds certain limits, taxpayer refunds are automatically triggered. The state and local government cannot raise taxes or retain excess revenues without voter approval.

Amendment 23 (2000)

Colorado voters approved increasing funding to schools by the rate of inflation annually. This was later determined to be for base funding only allowing the state to reduce education funding in response to the recession by applying a state budget stabilization mechanism (formerly know as the "negative factor").

State Budget Stabilization Mechanism (formerly know as the Negative Factor)

A state budgeting mechanism, inserted into the state finance formula in 2009, allowing the legislature to reduce funding for the school to balance the state budget. The negative factor for the state is now close to \$828 million annually.

If the negative factor were removed and the state was "fully funding" education, RE-1 would be receiving an additional \$623 per student per year funding or \$1.7 million in total additional funding from the state.

HOW DOES STATE LAW EFFECT OUR BUDGET?

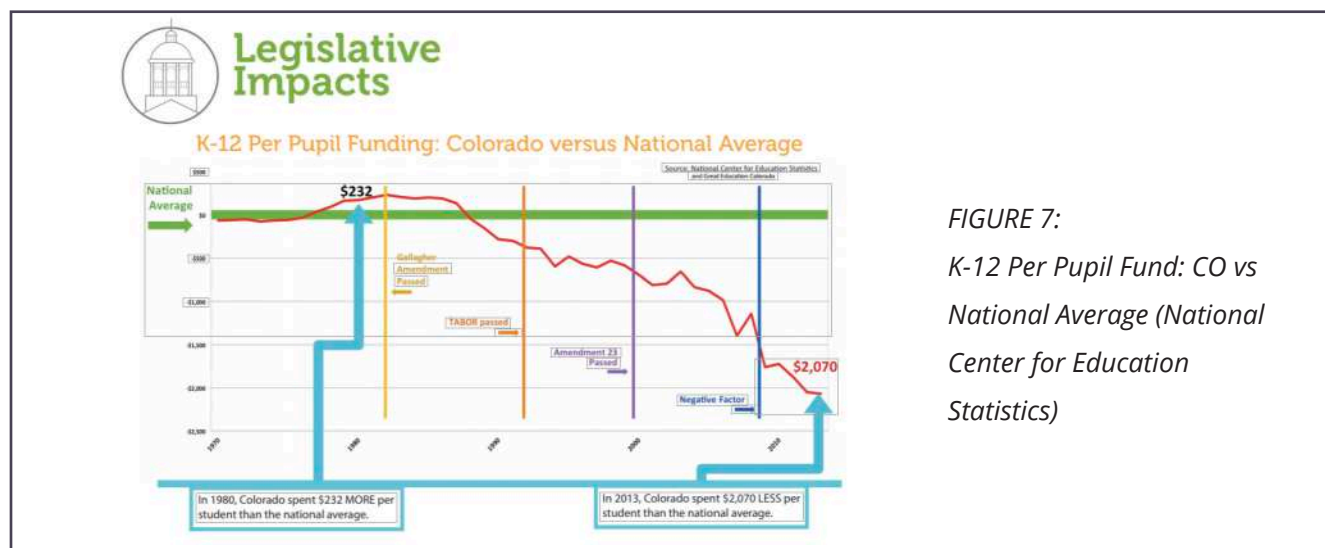


FIGURE 7:
K-12 Per Pupil Fund: CO vs National Average (National Center for Education Statistics)

The combined impact of Gallagher, TABOR, and the negative factor has been to reduce public spending on education in Colorado. This has resulted in: the state moving from above average funding for education (compared to the nation) in 1990 to more than \$2,000 per student below the national average in education spending in 2017.

Colorado is 42nd in the nation in per student spending on education

What about the Marijuana Tax?

Revenue from the marijuana tax accounts for less than 1% of the state education budget and is restricted to specific programs. The majority of the marijuana tax revenue is allocated to the BEST program for school building construction, and smaller portions are allocated to programs such as bullying prevention and behavioral health. In July 2017, an additional \$30 million was allocated for one-time support for small/rural districts across the state. Additional information can be found at:

<http://www.cde.co.us/communications/20160902marijuanarevenue>

MCSO RE-1 ANNUAL BUDGET 2019-20

This budget is referred to as the “general fund” because it is used to fund the general overall functioning of the district. Within the general fund, the district budgets for instructional, operational, and administrative expenses. The district also receives grant revenue of \$2,074,979 which is not guaranteed, and can fluctuate greatly from year to year. This money is granted to the district for specific purposes.

The Montezuma Cortez RE-1 school district received \$20,168,004 in net general fund revenue for the 2019-20 school year and is budgeted to spend \$20,168,004 in expenditures. Figure 8 provides a quick breakdown of where the district’s general fund revenue comes from and where the district has budgeted for expenses for the 2019-20 school year. The full district budget is available on our website or at the district office.

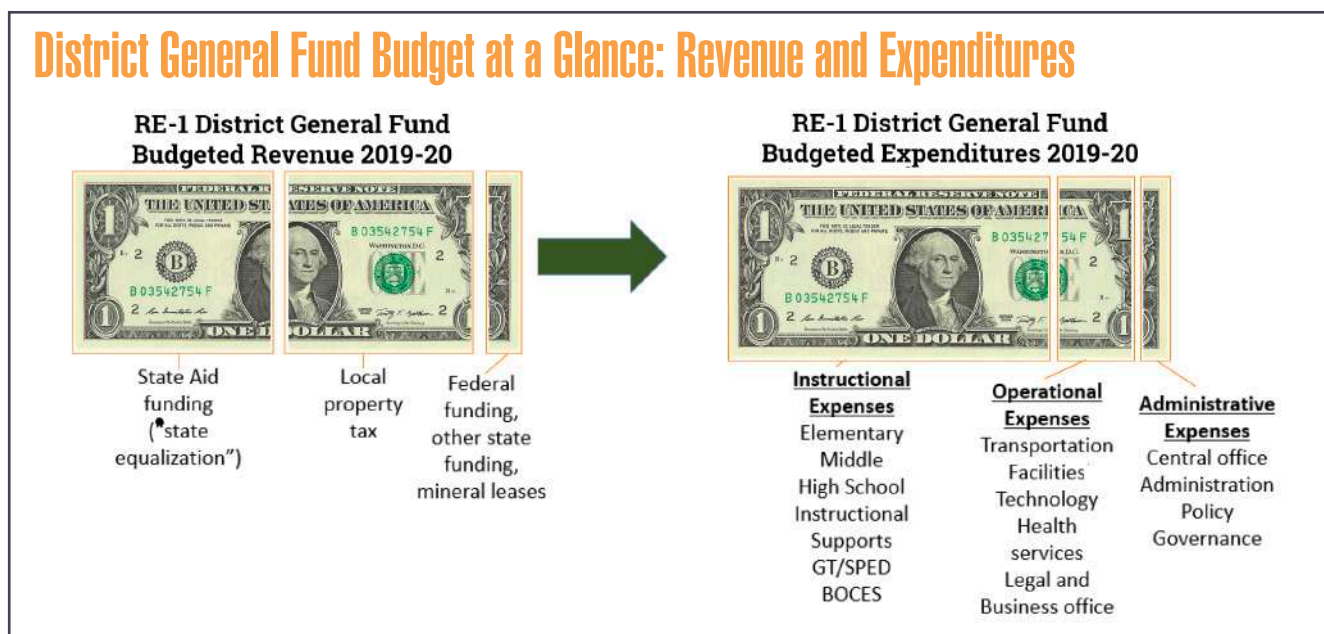


FIGURE 8 - District General Fund Budget at a Glance: Revenue and Expenditures

For every \$1.00 of general fund revenue we receive, RE-1 spends 76 cents directly on instructional expenses for our schools, our teachers, and our students’ education!

MCS D Annual Budget 2019-20

GENERAL FUND 2019-20

REVENUE & TRANSFERS	AMOUNT
Property Tax	\$10,865,224
State Revenue	\$11,001,779
Specific Ownership Tax	\$981,638
Other Revenue	\$1,840,425
Total Revenue	\$24,689,066
Transfers to Charters	<\$2,835,768>
Transfers to Other Funds*	<\$1,685,275>
Total Transfers	<\$4,521,063>
TOTAL AVAILABLE REVENUE	\$20,168,004

* includes transfers to Capital Projects, Preschool, and Risk Management

EXPENDITURES	AMOUNT
School Expenditures (elementary, middle, high school)	\$14,223,827
Other Instructional Services	\$ 825,052
BOCES Services	\$ 328,561
Total Instructional Expenditures	\$15,377,443
Transportation	\$ 1,275,137
Operations & Maintenance	\$ 738,195
Utilities	\$ 726,173
Business Office, Tech, Health & Other	\$ 1,616,563
Total Operational Expenditures	\$4,356,068
Total Administrative Expenditures	\$434,493
TOTAL EXPENDITURES	\$20,168,004

Note: the district is also required to hold several fund balances in reserved accounts including: TABOR (required by state law) in the amount of \$850,000 and a reserved account pending the outcome of a legal issue between Montezuma County and Kinder Morgan. This Kinder Morgan reserve account is in the amount of \$1,567,801. In addition, the district strives to hold a reserve account equivalent to 3 months operating expenses to ensure the district is able to maintain stability in services over time.

Note: In November 2012 voters approved \$21.2 million in general obligation bonds for the construction of a new high school. The BEST grant program provided additional funds of \$22.7 million. The bonds were issued with a 20 - year term, expiring in 2032. Annual Debt service for 2017 -18 is \$1.4 million

Note: the district also received \$2,074,979 in grant funding for 2018 -19. Future levels of funding are not guaranteed. This grant funding comes primarily from the federal government and state government. It is provided primarily to support additional services for our low income elementary schools and our turnaround schools, primarily restricted to expenses for instructional services

DISTRICT ACCOUNTABILITY AND PUBLIC ENGAGEMENT

The board and superintendent of RE-1 are committed to the highest standards of public accountability and transparency. The board and superintendent are available to respond to questions from the public, and every board meeting includes dedicated time for citizens to provide comments and suggestions or raise concerns with the board. There are many ways to get involved and to learn more about our district, budget, and finances.

The board meets a minimum of once quarterly to review the district budget and compare it to actual expenditures. The district budget is a public document and anyone may review it at any time. The board also reviews and approves the annual audit (November) and the annual budget (December). The board meets on the third Tuesday of each month at 7:00p.m. at the district offices (400 North Elm or at different locations as noted on the agenda). All board meetings are public meetings and anyone is welcome to attend.

The district is also required to participate in an independent audit every year and to submit those results to the local board of education and to the state department of education for review. The audit is also a public document and may be reviewed by anyone at any time upon request.

Finally, the district has a citizen committee called the District Accountability Committee (DAC) that also meets monthly to review the district academic performance and accreditation, review the renewal requests from charter schools, and review the district draft budget. If you are interested in becoming a member of this committee or attending these meetings, please contact the district office. The board and superintendent value your input and participation as parents, students, and community members. Board member information is available on our website. We also encourage you to contact the office of the superintendent at any time with questions or suggestions and everyone is encouraged to attend our regularly scheduled public board meetings.



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