



GARFIELD SCHOOL DISTRICT NO. Re-2

Encourage, nurture and challenge every student, every day.

Proposed Budget Garfield Re-2 Board of Education

May 26th, 2020



Presentation Agenda/Purpose

Colorado Statute C.R.S. 22-44-108(1) requires submission of proposed budget to the Board of Education on or before June 1, 2020

2020-21 Proposed Budget complicated by known and unknown impacts of Covid-19 Pandemic on State's forecasted 2020-21 Budget

Joint Budget Committee (JBC) has yet to present the LONG (Legislation On Normal Governance) Bill to the Governor (6/9/20)

District's revenue projections reflect funding scenario experienced during the Great Recession (2008-2012)

Budget Conservation emphasizes using one-time funds to fund one-time expenditures whenever possible



Budget Philosophy

Align-size 2020-21 expenditures to meet the instructional, health and learning needs of our students regardless of the educational model

- Distanced/web-based learning
- Hybrid (in our schools and homes)
- “New normal” Back-In-Schools

Budget Conservation over a multi-year period

- In Great Recession, funding impacts (shortfalls) were greater

AFTER Year Zero

When possible, match one-time monies with one-time expenditures
Maintain sufficient reserves to manage Covid-19 complexity (PPE, “spikes”, dual-instruction models, split-shifts, increased transportation costs, technology needs, and infection-protection protocols)



Budget Priorities

Maintain and improve instructional effectiveness, regardless of teaching/learning environment

Elevate district's ability to respond to unknowns and pivot when necessary

Ensure community's wellness, particularly district's most vulnerable

Increase ability to inform, partner and dialogue with our diverse community, especially non-English speaking households

Partner with stakeholders in addressing immediate and near-term instructional, operational and reporting needs/mandates

Align all funding sources with educational mandates to optimize limited resources and to increase students' outcomes



Budget Development Timelines

Tuesday, May 26th present Proposed 2020-21 Budget to BOE

Wednesday, May 27, 2020 publish notice in community newspaper (at least 10 days after) of Proposed Budget

Tuesday, June 2nd, review Budget Priorities with District Accountability Committee (DAC)

Monday, June 8, 2020 publish notice of BOE's action on Adopted Budget on either June 23rd (last regular BOE meeting) or June 30th (special BOE meeting)

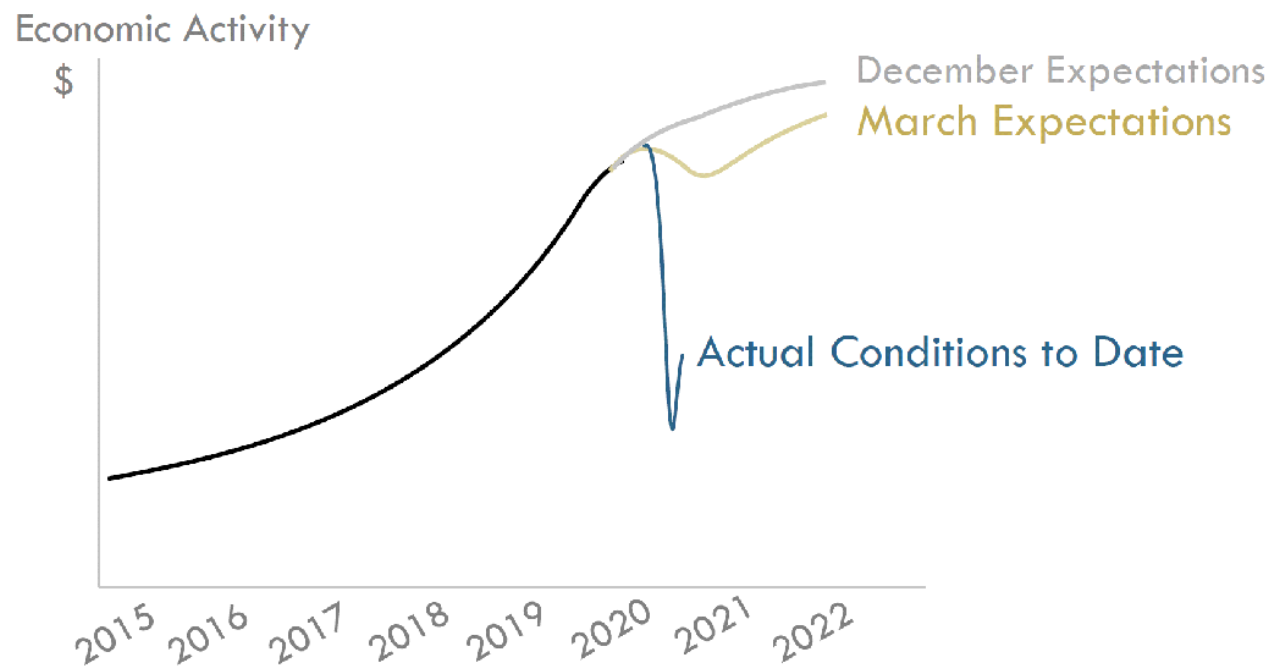
June 23rd (or June 30th) BOE adopts 2020-21 Budget

June 30th 2020-21 Adopted Budget on district's website under Financial Transparency



Legislative Forecast Updates

The events that have transpired over the past two month were unimaginable, even in March

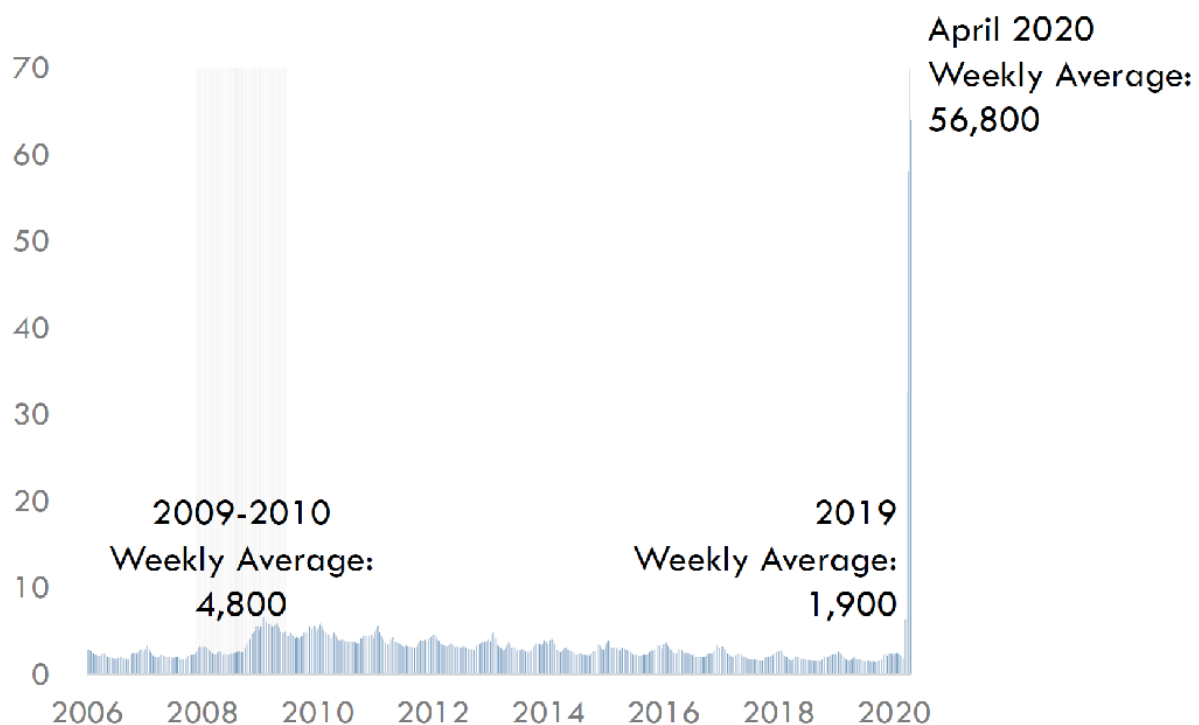




Legislative Forecast Updates

Colorado Initial Unemployment Claims

Four-week Average, Thousands of Claims



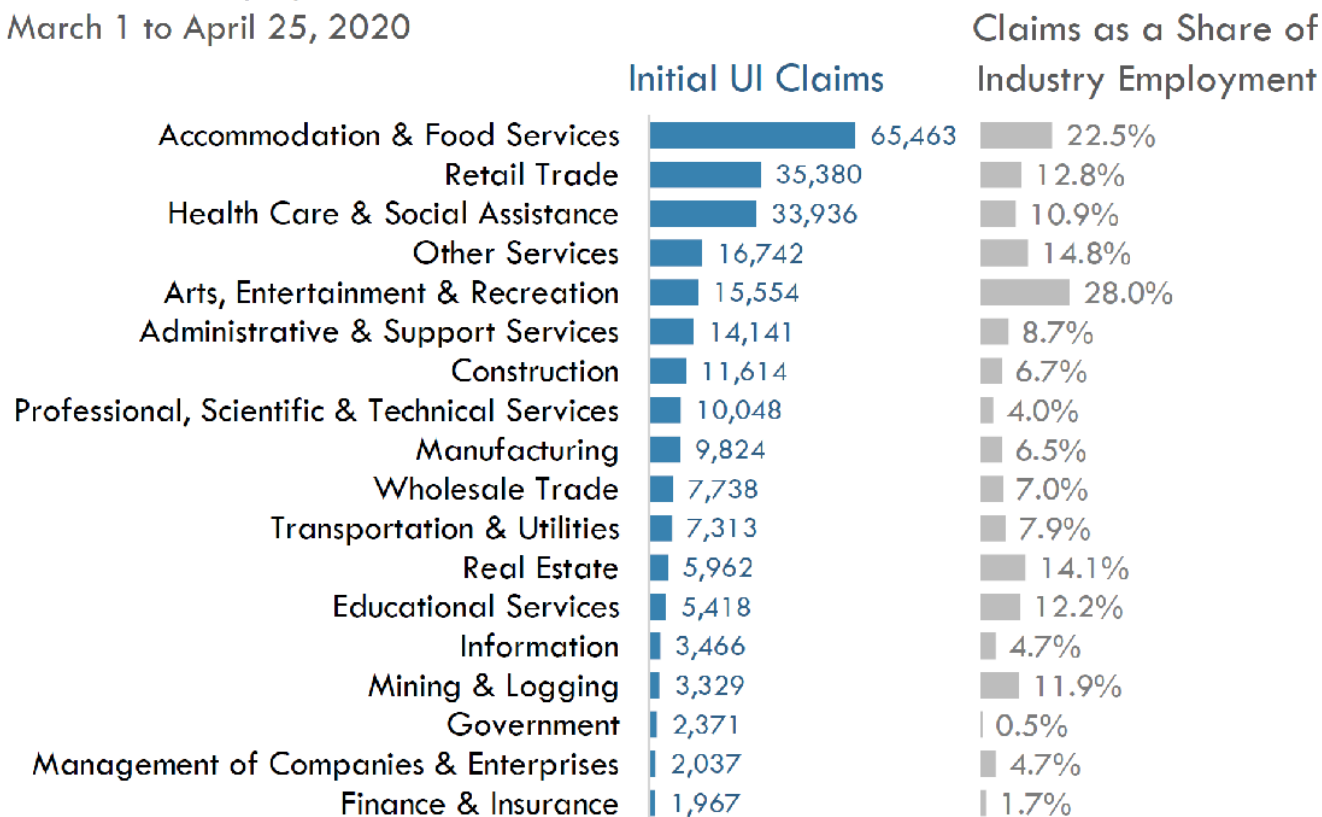
Source: Colorado Department of Labor and Environment. Data are not seasonally adjusted.



Legislative Forecast Updates

No industry has been left untouched. Many will regain jobs with reopening, but additional waves of layoffs are expected

Colorado Unemployment Insurance Claims,
March 1 to April 25, 2020



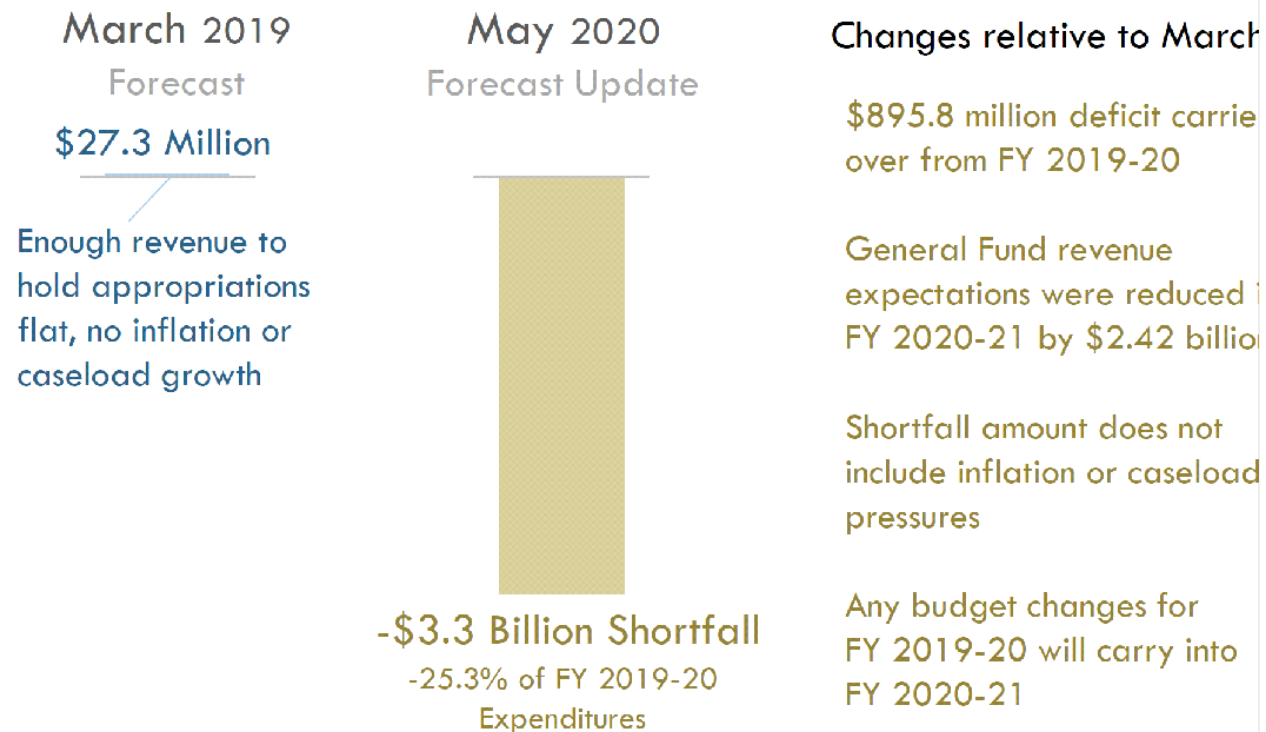
Source: Colorado Department of Labor and Employment, U.S. Bureau of Labor Statistics, and Legislative Council Staff calculations.



Legislative Forecast Updates

Next Year | FY 2020-21 Budget Outlook

Additional revenue available to spend above FY 2019-20 spending levels.*



Source: Legislative Council Staff forecasts based on current law.

*Amounts hold FY 2019-20 appropriations constant and incorporate the revenue forecast, current law transfers, rebates and expenditures, TABOR refund obligations, and the 7.25% reserve requirement.



Legislative Forecast Updates

General Fund collections will decline with the contraction in business and household income, and reduced consumer activity

Gross General Fund Revenue

Billions of Dollars

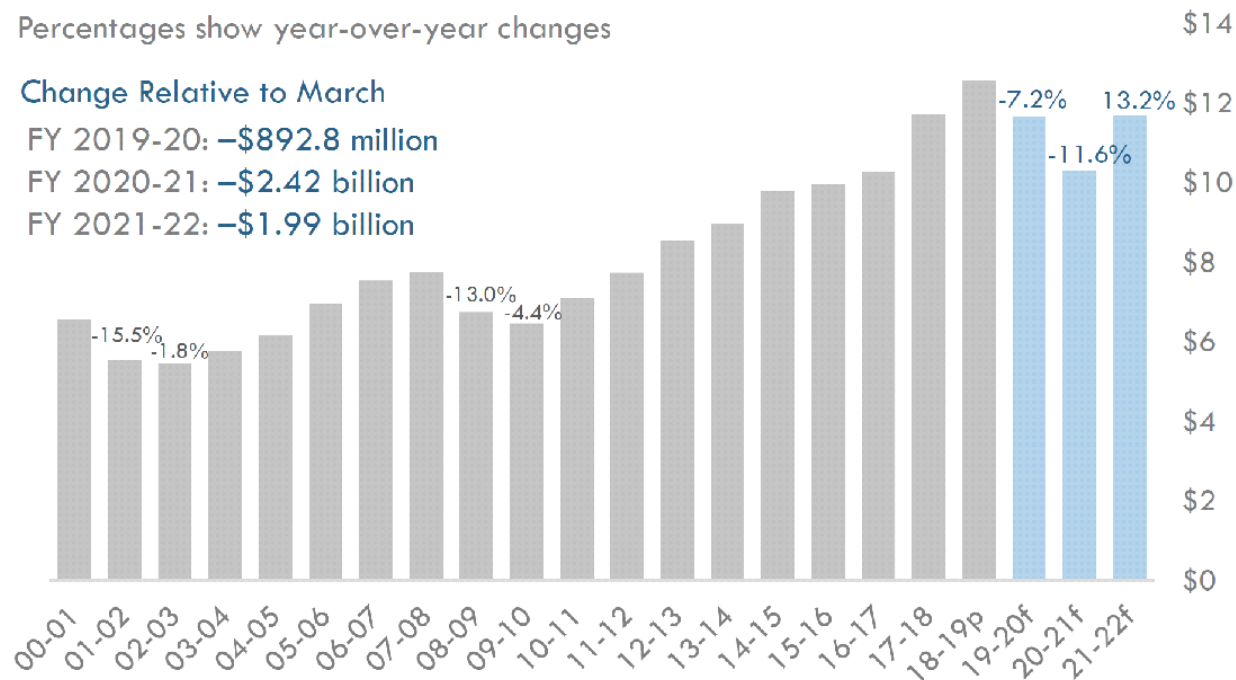
Percentages show year-over-year changes

Change Relative to March

FY 2019-20: **-\$892.8 million**

FY 2020-21: **-\$2.42 billion**

FY 2021-22: **-\$1.99 billion**



Source: Colorado Office of the State Controller and Legislative Council Staff May 2020 forecast update.



Recovery Scenarios

- Virus is contained with strong growth rebound
- Virus recurs with return to trend line growth
- Pandemic escalation with delayed but eventual recovery

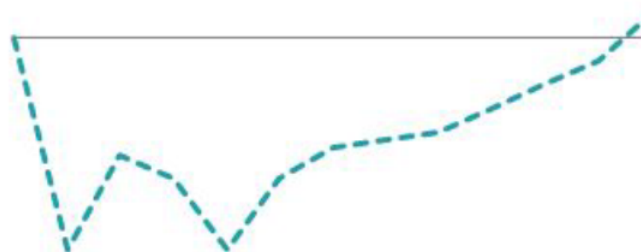
V-shaped economic recovery



Square root economic recovery



W-shaped economic recovery





Joint Budget Committee

Potential Reductions Within School Final

It is likely that large reductions in K-12 total program funding are required. The following options presented by JBC staff could have a direct impact to district revenues:

Increasing the Budget Stabilization Factor (or Negative Factor) from the current \$572.4m amount (7% reduction of total program) to \$1.17 billion (increasing to 13.9% reduction of total program)

- This would be a \$6.07m reduction for Garfield Re-2
- Finance has modeled a cumulative decrease of 17%

Adjusting district pupil counts for full-day kindergarten, CPP

Adjusting formula factors such as Size Factor, At-Risk or Cost of Living



Joint Budget Committee: Additional Considerations Outside of School Finance

The JBC and other legislators have also considered additional potential budget reductions outside of the School Finance Act that could assist with K12 funding if deeper cuts are required:

Building Excellent Schools Today (BEST): Reducing cash grants under BEST by \$60m. These grants are generally funded by marijuana taxes.

PERA: There are several potential changes that may be considered:

- Sweeping the \$225m annually committed from State General Fund based on SB 200 in 2017
- Decreasing employer contributions in exchange for an increase to employee contributions



Federal CARES Act Funds

one-time money = one-time expenditure

Federal CARES Act includes multiple funding sources for Colorado that potentially could be used for K12:

Coronavirus Relief Fund - \$1.674b Colorado share

Education Stabilization Fund

- Governor's Emergency Education Relief (GEER) - \$44m Colorado Share
- Elementary and Secondary School Emergency Relief (ESSER) - \$121m share

Additional provisions that may impact students and families: Child care and development block grant, head start programs, community services block grant, child nutrition programs, additional SNAP moneys

By executive order, Governor Polis directed \$510m of CARES funding to local school districts

CDE has confirmed Garfield Re-2 will receive \$2.83m (for 2019-20 Fiscal Year)

Restricted funds must be spent by December 2020

Garfield Re-2 is monitoring federal and CDE spending guidance



2020-21 Projected Student Enrollment for Garfield Re-2

General Fund \$ (MM)	Total \$63.1 MM	vs Prior Year \$67.3 MM
October Count	4,417	-5%
Preschool	310.6	-5%
Total Funded Pupil Count	4,768.2	-1.4%
Per-Pupil Revenue (PPR)	\$7,610	-10% (\$8,236)



2020-21 Garfield Re-2 Revenue Projection

2020-21 Base Revenue Projections
significantly decrease (but mitigated
one-time emergency funds received
2019-20)

expect revenues to decrease by
at least \$7.4 million (based on 17%
Budget Stabilization Factor)

However, ONE-TIME \$2.82m CARES
Act funds received from the state (June
2020) will partially offset 2020-21
revenue reductions

Revenues	Total (Millions)	Description
SY 2019-2020 Budget	\$67.3	Inclusive of beginning fund balances
Changes	-\$4.2	Revenue decreases offset by CARES Act and Governor's Act
Proposed SY 2020-2021 Budget	\$63.1	



Projected 2020-2021 Expenditures - Compensation

2021 Compensation (salary and benefits) Expenditure increases ~ \$1 million (2.25% increase from 2019-2020 compensation expenditure)

Compensation increases include step and lane for all certified staffs and the percentage equivalent to non-certified staffs. Increase in PERA contribution from 19.40% to 20.90%. Projected 10% increase in Health Insurance Premium.

Item	Amount Increase (Recurring vs. One Time)	Percent Increase v Prior Year
Step/Lane/ Attritions (1 Step and Lane)	\$462,567	1.65%
PERA/Medicare rate increase	\$185,870	0.50%
Health Insurance	\$378,840	10%
Total	\$1,027,277	2.25%



2020-21 Projected Revenues and Expenses (1 step/1 lane)

Available Resources	Budget 19-20	Adjusted Budget 19-20	Proposed Budget 20-21
Fund Balances, <i>beginning of year</i>	14.9	14.9	15.6
Additional Resources	52.4	52.4	47.5
Available Resources	\$67.3	\$67.3	\$63.1
Total Expenditures	50.0	51.7	50.0
Total Reserves	\$17.3	\$15.6	\$13.1
TABOR	1.6	1.6	1.6
Board Reserve	8.0	8.0	8.0
Unassigned Fund Balance	\$7.7	\$6.0	\$3.5



FY 2020-21 Budgeting Caveats

Proposed 2020-21 Budget presumes additional Negative Factor of 10%, an overall 17% reduction in state funding
Assumes normalized property and ad valorem tax collections
Student count reductions are less than 5%
Steps/Lanes TBD: January 2021?, Retro?, Stipend-form?,
No additional state or federal pass-through revenue in 2020-21
District's 2019-20 end-of-year "Unassigned" (non-Board Mandated) fund balance is between \$4 MM-\$6.0 MM
District's 2020-21 Beginning Fund Balance to range between \$12 MM and \$14 MM (Midpoint is \$13MM/4 years(straight-line)=\$3.25 MM annually to "plug" funding shortfalls (non-recurring/recurring)
Projections can change at any time based due to Covid-19 Pandemic



Questions

