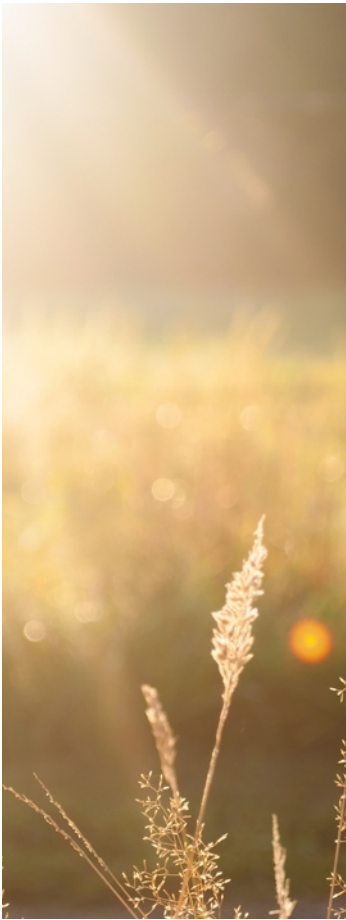


2017 - 2018 School Year

ANNUAL CITIZENS' GUIDE TO THE RE-1 BUDGET





The Montezuma-Cortez School District RE-1

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 how schools are funded in Colorado, how legislation affects school funding, the amount of general funding that the district is receiving and how the district has budgeted that money to meet our instructional, operational, and administrative needs. The following is a summary of key information in this guide related to these topics. The full guide provides more comprehensive information on each of these topics.

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" (\$6,546 per student/per year for 2017-18). 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 \$7,408 per student/per year in general funding for 2017-18 based on the state funding formula.

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 \$18,513,178 for 2017-18. The General Fund Budget includes expenses for instruction (78%), operations (19%) and administration (3%). **This means that for every dollar that the district receives in the general fund, 78 cents go directly to supporting student instruction, 19 cents go to buses, facilities and other operations, and 3 cents go toward administration. The full budget is available on line and at our District office.**

District Contact Information

District Office - 400 North Elm, Cortez, CO

Phone - (970) 565-7282

E-mail (Superintendent's Office) - plockhart@cortez.k12.co.us



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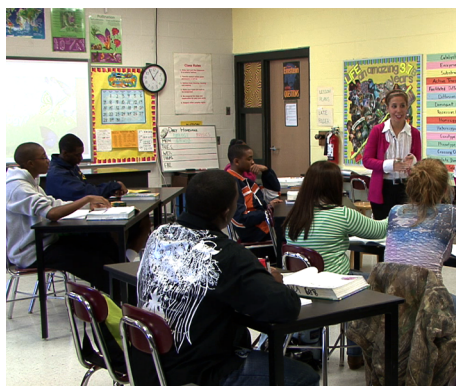
Our Mission:

-Kids first!

-Whatever it takes

-Working together for educational excellence





OUR MISSION AND VISION

The district is committed to creating an environment of collaboration and accountability that ensures our students:

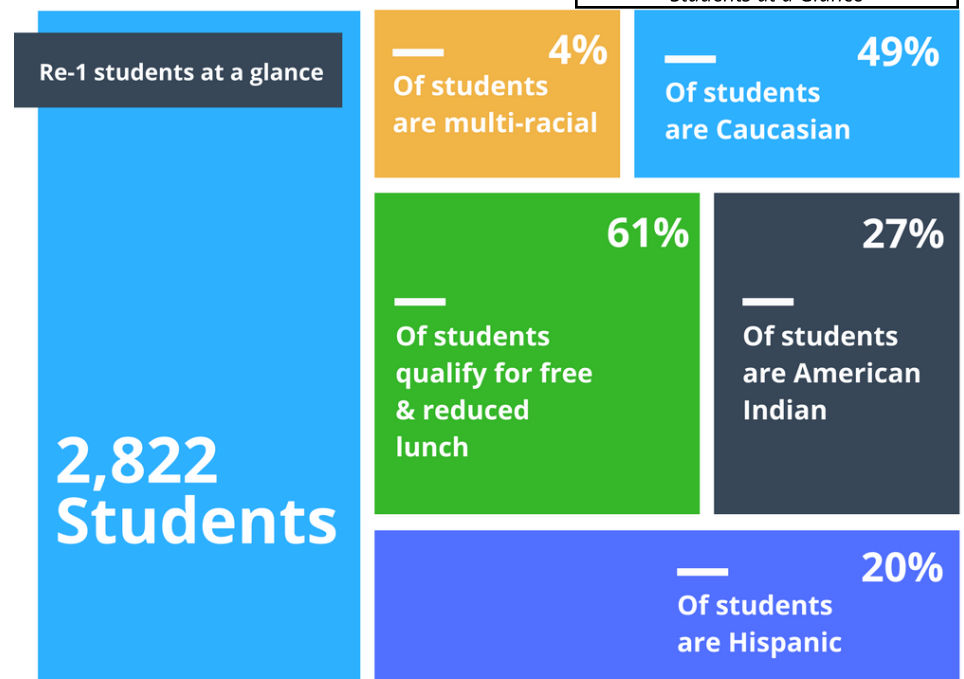
- Achieve personal goals and academic growth
- Are invested in success for their future
- Attain high levels of literacy and 21st century skills
- Are engaged in active citizenship

- Learn in a safe and healthy school environment

OUR STUDENTS

Montezuma-Cortez RE-1 serves the town of Cortez, the Ute Mountain Ute tribe, and a large portion of unincorporated Montezuma County up to the New Mexico, Arizona, and Utah borders. Figure 1 shows our students at a glance (includes students in charters).

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



OUR SCHOOLS

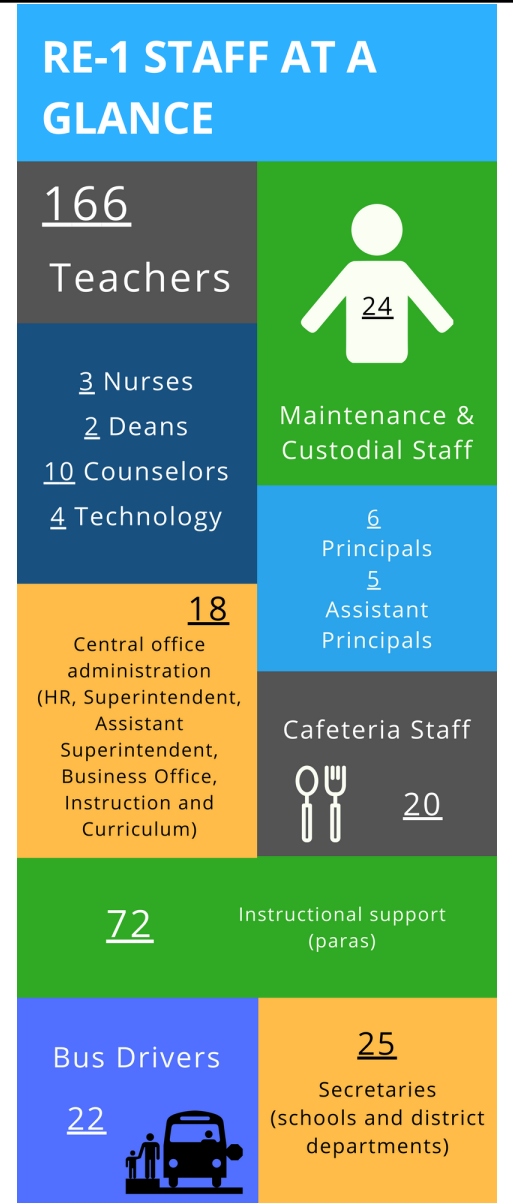
The district operates the Montezuma-Cortez High School, Cortez Middle School, Kemper Elementary, Lewis Arriola Elementary, Manaugh Elementary, Mesa Elementary, Pleasant View Elementary and Beech Street preschool. In addition, the district authorizes and oversees three charter schools including Southwest Open School, Kiva Montessori School and Battle Rock Charter School.

OUR STAFF

The district is committed to being “the #1 rural district where educators want to work because they are valued and developed, are part of a dynamic team, have opportunities for leadership, and are making a difference every day in their students’ ability to reach their potential.”

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.

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



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

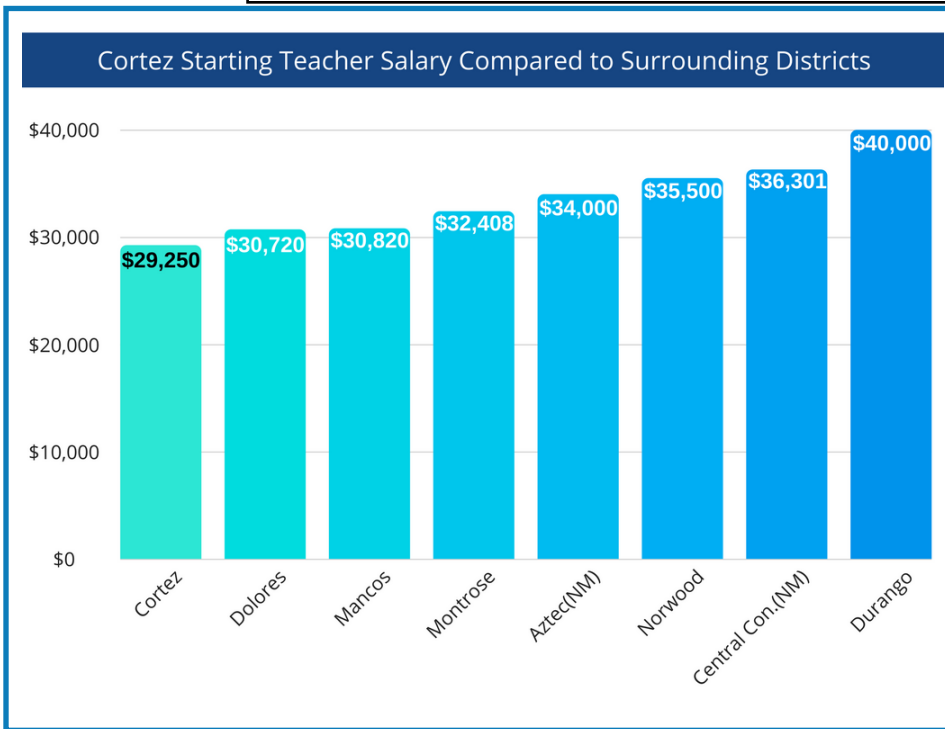
While the district is committed to attracting, developing, and retaining high quality educators we are also struggling with turnover in key positions –

especially teachers. Our annual teacher turnover rate has ranged from 20% - 27% per year. This turnover is challenging for students and other teachers alike.

Low salaries within the state and the district contribute to high teacher turnover. Colorado ranks 49th in the nation in the level of competitiveness of teacher salaries. RE-1’s starting teacher salaries are 15% below our surrounding districts’. This makes attracting and retaining teachers difficult when teachers know they can find a job in our neighboring districts or states that pays a significantly higher salary. Figure 3, on the following page, compares starting teacher salaries in RE-1 and surrounding districts.



Figure 3 - RE-1 starting teacher salary compared to surrounding districts



Salaries continue to be our largest expense as a district. We deeply value our educators and are committed to increasing our salary scales to be more competitive with surrounding districts.

OUR ACADEMIC PROGRAMMING

As a district, we are committed to ensuring all students are gaining the academic skills they will need to be successful in their lives and careers. This means ensuring students have the best instruction possible in the classroom combined with individualized supports from their first day of school until the day they

graduate from high school. Our academic programming is based on the Colorado Academic Standards which define what students should “know and be able to do” at the end of each grade in core subjects like reading, writing, math, social studies, and science. Colorado lawmakers adopted these academic standards based on a review of other states’ academic standards, other countries’ academic standards, and input from employers regarding what types of skills and knowledge they wanted from employees to be successful. These new

standards emphasize traditional skills in reading and math, and also emphasize deeper skills like critical thinking, research, and deeper understanding of math concepts and how they apply to everyday life.

We are committed to our students’ success. Our teachers develop their lessons and instruction to align with the Colorado Academic Standards and what we know our students need to “know and be able to do” at the end of each grade. In addition to the instruction that is provided to all students in our classrooms every day, we also provide additional individualized support to students have special needs, are struggling with a specific skill or subject or who are performing at a higher level than other students. We are

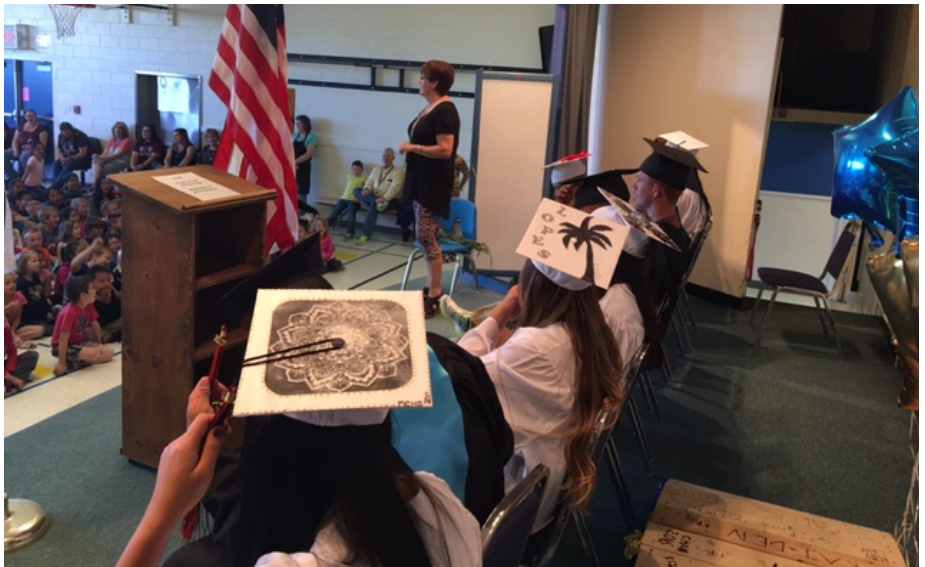


committed to supporting EVERY student in meeting the Colorado Academic Standards and more importantly to reaching their individual potential as students and community members.

RE-1 Commitments to

Educating the Whole Child

- ▶ **Safety** –The district and all schools have safety plans and regular drills.
- ▶ **Health** -All schools have nurses and school health staff. MCHS and SWOS have school-based clinics. All schools have PE classes.
- ▶ **Arts and music** –All schools have art and/or music classes.
- ▶ **Sports** –MCHS and CMS offer a variety of competitive sports.
- ▶ **Social-emotional** –All schools have counselors, anti-bullying curriculum, and support for individual students.
- ▶ **Career and Technical Education (CTE)** –MCHS offers a variety of career and technical classes in areas such as fire science, EMT, culinary, welding, agriculture and much more.



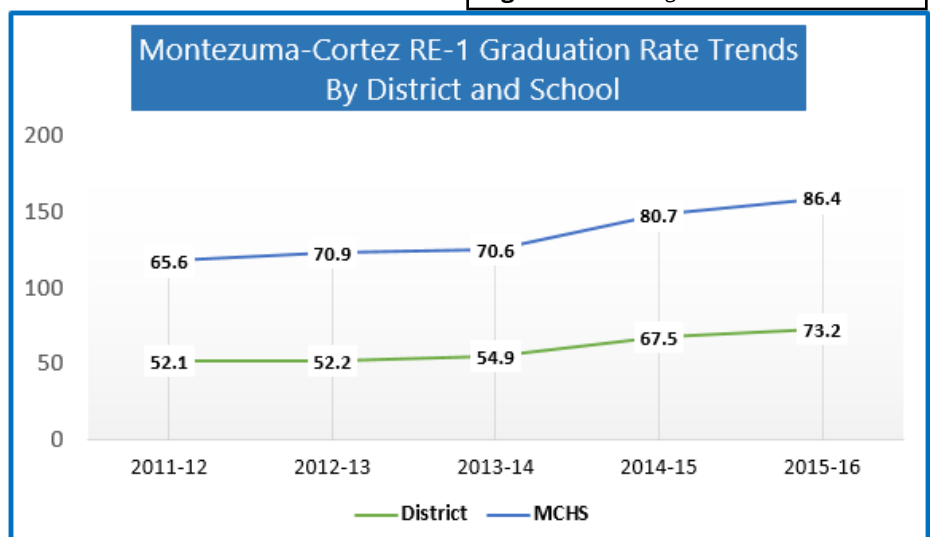
OUR ACADEMIC ACHIEVEMENT AND RESULTS

The Montezuma-Cortez RE-1 school district has been steadily improving academic outcomes for students. The majority of schools have improved their accreditation level, with both Kemper and the district moving “off the clock” in 2017 after eight years of low accreditation. In addition, the district and MCHS have improved the

graduation rate for students by over 20% in the past 5 years. MCHS students are now graduating at rates equal to or greater than other schools across the state. Our goal is to graduate ALL students ready for the college and/or career of their choice.

Figure 4 shows the District’s graduation rate over the past five years.

Figure 4 - District graduation rates over time





The Montezuma- Cortez RE-1 Annual Budget 2017-18

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.

**BASE
FUNDING**
All districts in
Colorado receive the
same **base funding of
\$6,546 per student** for
2017-18

+

**ADDITIONAL
FACTORS**
Districts may receive
additional funding
based on the **state
formula factors** such
as cost of living, district
size and number of
at-risk students

=

CORTEZ FUNDING
Montezuma-Cortez RE-1 received
funding of \$7,408 per student for
2017-18 based on the state formula
funded by local property tax & state aid

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.

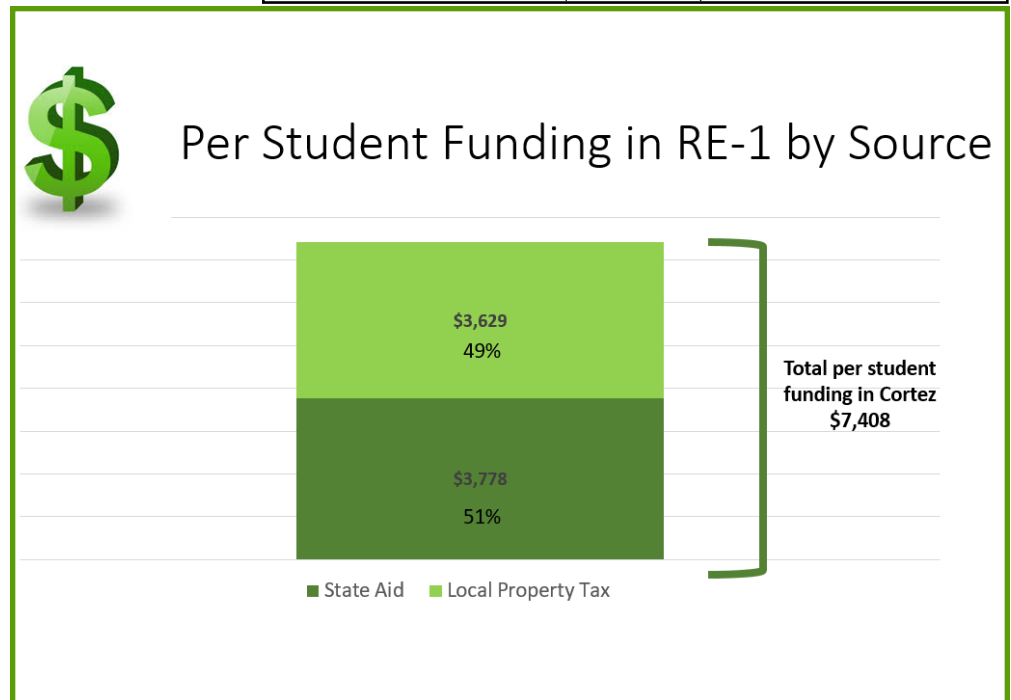
2. State Aid (state equalization):

» 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.

Figure 5 shows the state formula-based set “per-pupil” amount for Montezuma-Cortez RE-1, and the portions that are funded through local taxes and state funds.



Figure 5 - Montezuma-Cortez RE-1 Per Student Funding by Funding Source (Local vs. State)

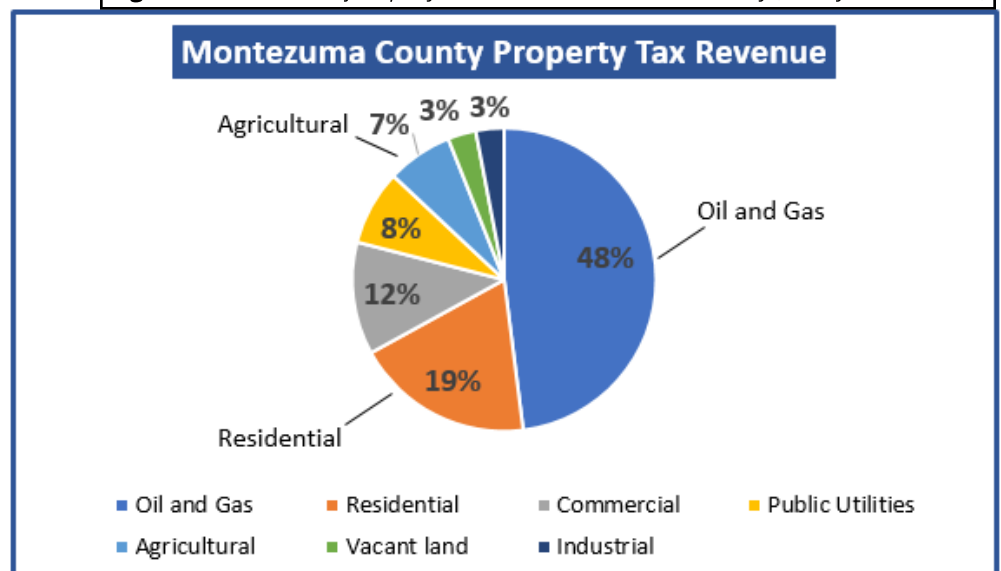


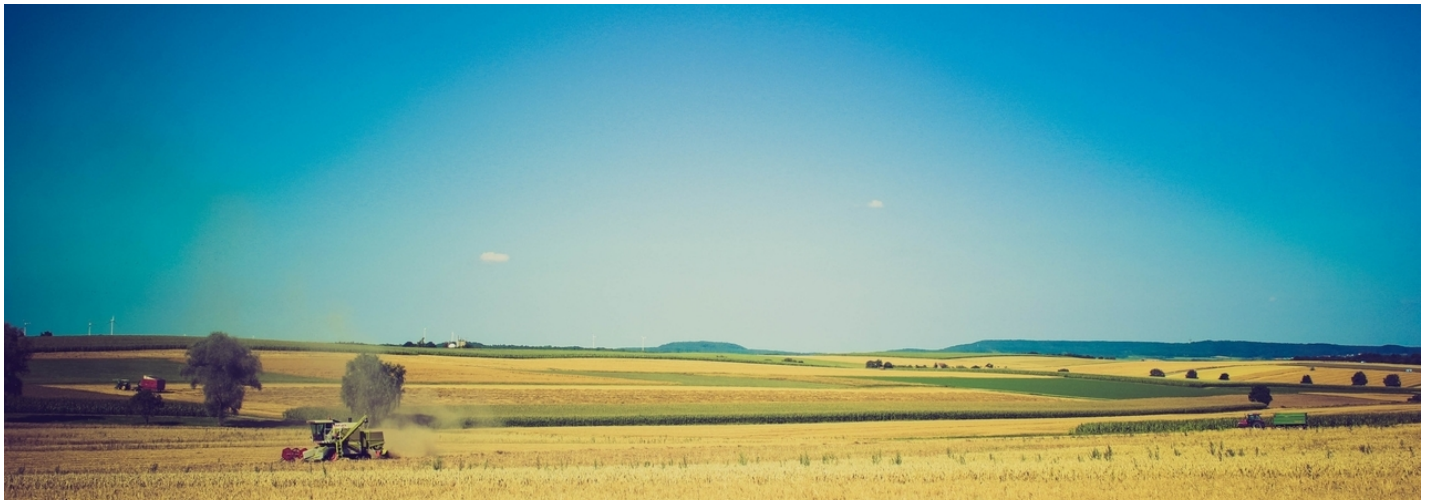
WHERE DOES OUR LOCAL REVENUE FOR EDUCATION COME FROM?

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 6 shows where local property tax comes from in Montezuma County.

Figure 6 - Breakdown of Property Tax Revenue in Montezuma County (County Abstract 2017)





HOW DOES STATE LAW AFFECT OUR FUNDING?

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 that 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 growth of state revenue and spending. If 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 known as the “**negative factor**”).

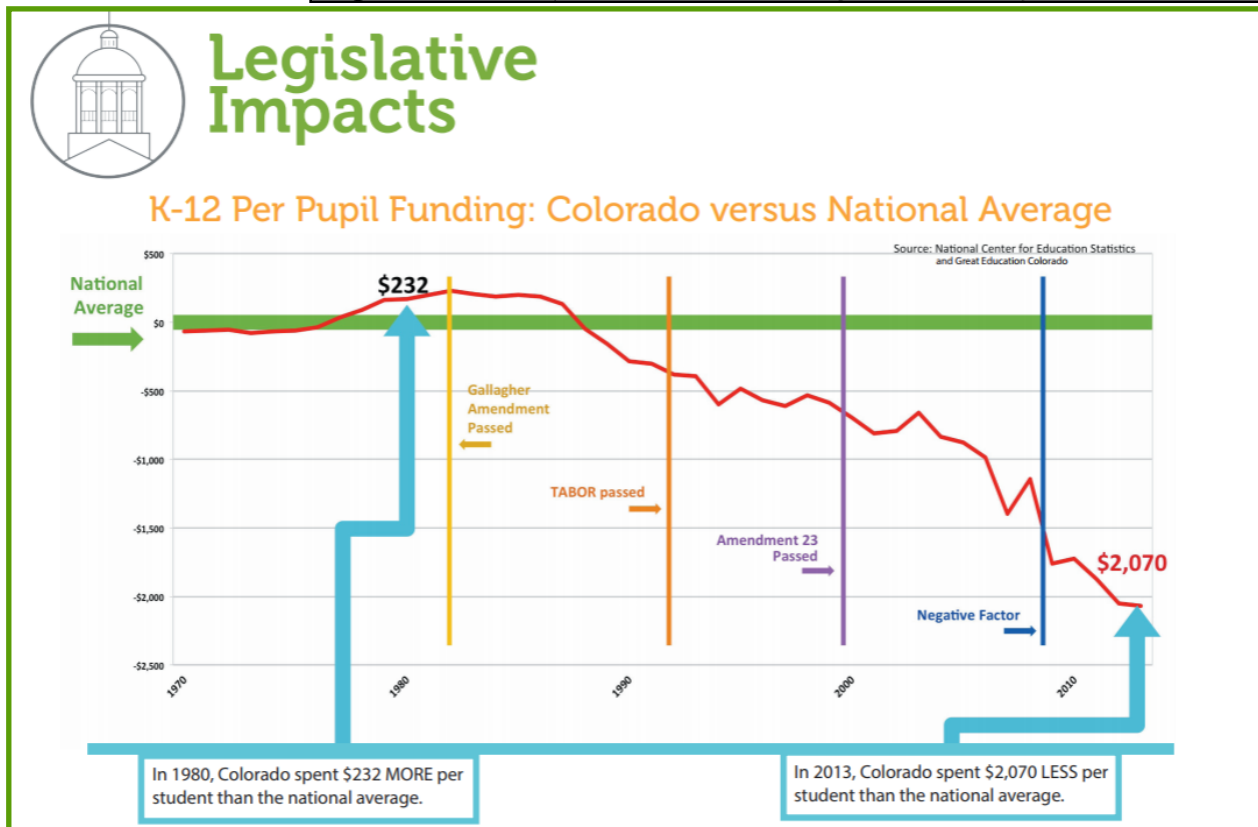
State Budget Stabilization (formerly known as the Negative Factor)

A state budgeting mechanism, inserted into the state finance formula in 2009, allowing the legislature to reduce funding for schools 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 were “fully funding” education, RE-1 would be receiving an additional \$927 per student per year funding or \$2.5 million in total additional funding from the state.

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 marijuana taxes make up only 1% of the state's education budget and they are 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.state.co.us/communications/20160902marijuanarevenue>

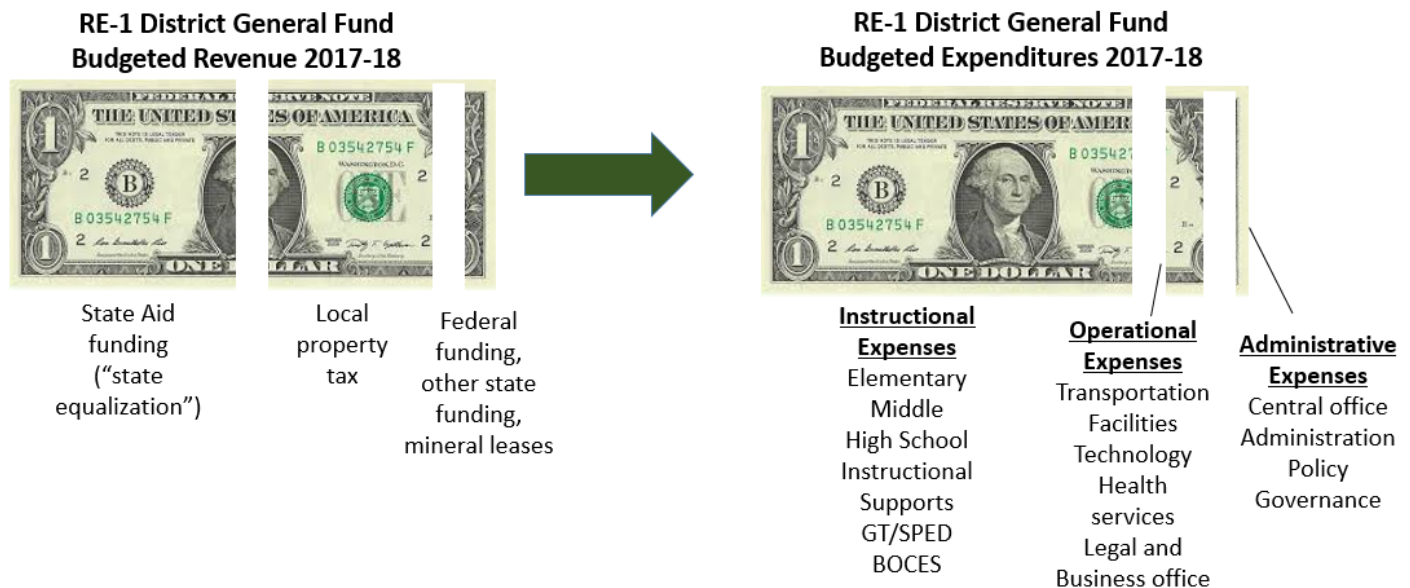
RE-1 Budget Revenue and Expenditures 2017-18

GENERAL FUND BUDGET

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 \$2,357,586, 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 \$18,513,178 in net general fund revenue for the 2017-18 school year and is budgeted to spend \$17,993,378 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 2017-18 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 of general fund revenue we receive, RE-1 spends 78 cents directly on instructional expenses for our schools, our teachers, and our students’ education!

We spend less than 3 cents of every dollar on administrative expenses.

General Fund 2017-18

REVENUE & TRANSFERS

Amount

Property Tax.....\$8,861,540
State Revenue.....\$10,251,948
Specific Ownership Tax.....\$929,776
Other Revenue.....\$2,298,096

Total Revenue.....\$22,341,360

Transfers to Charters.....\$(2,149,740)
Transfers to Other Funds*.....\$(1,678,442)

Total Transfers.....\$(3,828,182)

TOTAL AVAILABLE REVENUE.....\$18,513,178

* includes transfers to Capital Projects, Preschool and Risk Management

EXPENDITURES

Amount

School Expenditures (Elementary, Middle, High School).....\$13,098,232
Other Instructional Services.....\$629,535
BOCES Services.....\$351,806

Total Instructional Expenditures.....\$14,079,573

Transportation.....\$1,167,809
Operations & Maintenance.....\$702,649
Utilities.....\$724,933
Business Office, Tech, Health & Other.....\$834,852

Total Operation Expenditures.....\$3,430,243

Total Administrative Expenditures.....\$483,562

TOTAL EXPENDITURES.....\$17,993,378

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 \$2,357,586 in grant funding for 2017-18. This grant funding received has declined by over \$400,000 over the last four years and future levels of funding are not guaranteed. This grant funding comes primarily from the federal government and state government and is provided primarily to support additional services for our low income elementary schools and our turnaround schools and is 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 and budget.

The board meets a minimum of once a month 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 7:00 p.m. at the district offices (400 North Elm). 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.

