



# Leadership Cherry Creek

## January 2023 Executive Summary

Members of the Leadership Cherry Creek Class of 2023 started the New Year with an exploration of the complex issue of school finance, and a preview of the 2023 session of the Colorado Legislature.

Scott Smith, Chief Financial and Operating Officer (CFOO) for Cherry Creek Schools, presented “Finance 101,” an overview of school finance in Colorado and in CCSD. He explained that CCSD has a total annual operating budget of \$672 million for the fiscal year 2022-23. The district’s monthly payroll for more than 9,000 employees exceeds \$53 million in salary and benefits. CCSD has earned a credit rating of Aa1 from Moody’s and AA+ from Standard & Poor’s.

Smith told the group that school funding in Colorado is based on enrollment, with the State of Colorado conducting official enrollment counts in early October each year. After decades of strong growth, CCSD is now a “declining enrollment” district. Smith explained that enrollment averaging over a period of years is used to soften the blow of declining enrollment.

The bulk, or 89.6%, of the CCSD Operating Fund is spent on salaries and benefits. Although the district does not typically offer the highest pay in the metro area, it offers competitive pay and benefits. A market study is done every three years on each employee group to ensure the district remains competitive. Smith said the district has been able to recruit and retain an adequate number of teachers but is facing staff shortages of paraeducators and Food & Nutrition Services employees.

The bulk, or 84% of the CCSD General Fund is spent on direct or indirect instruction. The General Fund also covers Operation and Maintenance and Transportation.

Smith said that the Colorado School Finance Act sets forth a complicated formula for school funding that takes into account enrollment, personnel costs, the cost of living, the size of the district, and factors such as the at-risk student population in a district. School districts are funded through a combination of state dollars from state income and sales taxes, and local dollars from local property taxes. If local dollars go up, state dollars are decreased. Based on the School Finance Act formula, the net per pupil funding for 2022-23 is \$9,547.

School districts can raise additional funds through mill levy override and bond elections. Mill levy revenues fund the operating budget and are used for operating expenses such as salaries and benefits and classroom technology. Bond revenues are used to fund capital expenditures, such as new construction, building renovations and repairs, vehicles, and infrastructure.

To be responsible stewards of taxpayer dollars, the Cherry Creek School District is focused on maintaining a balanced budget and investing in compensation, Student Centered Budgeting, and departmental needs. The district limits the use of financial reserves in both short- and long-term planning.

While Governor Polis' November 1, 2022, budget request included significant investments into K-12 education, there are several downside risks and total funding will not be known until the end of the legislative session.

Next, the group heard from Board of Education member Angela Garland, who shared her family's experience with both private and public education. She encouraged LCC participants follow the legislative process and contact their legislators to voice their opinions about funding issues and proposed legislation.

Then district lobbyist Mike Beasley followed up with an exploration of his role at the state Capitol, where he advocates on behalf of the Cherry Creek School District and its community. Beasley highlighted a wide range of issues he regularly discusses with legislators who represent the district's 108 square miles, including school finance and safety. He also highlighted some of the issues, in addition to school finance, that are likely to come before the Legislature this session.