

2017 Mill Levy Override Proposal: Frequently Asked Questions

Why is the Hanover Schools Board of Education placing a Mill Levy Override (MLO) on the November 7, 2017 Ballot?

During the recession, which peaked in 2008, and through to this year's budget the district was forced to cut millions impacting ongoing building maintenance and repairs, upkeep and refresh of the transportation fleet, updating student textbooks, refreshing to current technology in the classrooms and labs. All told, Hanover Schools have lost approximately \$3.0 million in funding since then. The district will continue to lose around \$360,000 in funding on an annual basis going forward. The outlook at the state level is not good for this being restored. Our reality is that our local schools will likely never recover to pre-recession levels if they rely solely on state funding.

Hanover Schools aspires to deliver a competitive education for our students and new resources are necessary for us to achieve that goal. With these new resources, we believe we can meet our community's expectations of having a competitive school system preparing our children for college, military or careers.

What has the District already done to balance its budget and live within its means?

Wisely spending the money you have is not the same thing as having all the funding you need. Hanover Schools has a fiscally sound budget and lives within its means. Three years ago the state legislators provided a one-time payment to rural school districts to help. That year we received \$60,000. Last year, Dr. Schmidt (Superintendent) was instrumental in his influence of legislators to pass another rural districts one-time payment. This year we received \$87,000. These two infusions over the past eight years have helped to make purchases of much needed items and human resources.

Important for voters to know is that our vision for graduates is growing, and so is the need to expand educational offerings, programs and technology to meet that need. Hanover Schools has set out to make sure our students are getting everything they need for a successful and fulfilling post-secondary career path.

Which Hanover Schools would benefit from a Mill Levy Override and Bond Measure?

Both of our schools in Hanover Schools would benefit from these funds, plus our maintenance and transportation departments.

What is the estimated size and tax impact of the Mill Levy Override and Bond?

Revenue/Tax Impact of Mill Levy Override

The total MLO request is \$285,500 annually. The current estimated impact of the mill levy override proposal is about \$5 per month for property with an assessed valuation of \$7,500.

When will the Board of Education make a decision regarding placing a Bond measure and Mill Levy Override on the November 2017 ballot.

The Board of Education unanimously voted on August 16, 2017 during their regular meeting to place the Mill Levy Override measure on the ballot for the November 2017 election.

How much additional local funding is provided to the school district from property taxes?

Per state law, school districts cannot collect locally (via a MLO) more than 25% of total program funding, plus a local cost of living adjustment. Hanover Schools currently does not have a mill levy in place. All of the school districts in the Pikes Peak region have a mill levy in place. If the 2017 MLO passes, Hanover Schools will collect 8% out of the 25% permitted by law.

What about the marijuana tax we passed in 2012? Doesn't all that money go to education?

Retail marijuana is subject to a 2.9% Colorado state sales tax, any local sales taxes and an additional 10% state sales tax. In addition, there is a 15% excise tax on wholesale marijuana sales to recreational marijuana retailers. It's the excise tax that is earmarked for school construction capital expenses and is largely credited with swaying voters to approve Amendment 64 in 2012. There is an annual cap on those excise tax funds of \$40 million, which has yet to be achieved. The other tax monies go into the state's general fund and are to be spent on drug-abuse education, research, and substance abuse treatment.

The \$40 million collected from the marijuana excise tax funds a program called Building Excellent Schools Today, or "BEST." The program includes a nine-member Assistance Board that oversees what is known as the "BEST" legislation, approved by the 2008 Colorado State Legislature and Governor.

Available BEST grant funds derived from marijuana taxes top out at \$40 million for the entire state per year. There are 178 public school districts in Colorado.

To put this into perspective, \$40 million is approximately enough to build two well-equipped elementary schools, or possibly one good-sized middle school, including athletic fields.

To put it simply, marijuana is a legal, regulated and taxed substance in our state that will build a school or two a year across all of Colorado. It is not the panacea to our state's ongoing dysfunctional system of school funding.

When was the last time the District placed a Mill Levy Override or Bond measure on the ballot.

In 2016, the district placed a Mill Levy Override on the ballot. This measure was not successful. Two Bond measures were placed on the ballot to fund the building of Prairie Heights Elementary School and Hanover Jr/Sr High School. Both measures passed.

Has the District used its reserves to address funding needs, and what is the current condition of those reserves?

The state of Colorado, through TABOR, requires all school districts to have 3% of the annual budget in cash reserve. The cash reserve is called, Fund

Balance. Through policy DB the Board of Education has directed the district to maintain a cash reserve of at least 5% of the annual budget to account for unforeseen and one-time budget expenditures. As such, the district has increased our cash reserve over the last two years to 15% of the annual budget. The current reserve level is at \$440,000. The district's operational budget (what we use to run schools) is about \$2.7 million per year and our total budget (including all funds) is about \$3.2 million per year.

Fund balance is an area that the major credit rating agencies such as Moody's and Standard and Poor's monitor closely. Hanover Schools' currently has a strong double-A credit rating.

How much is the State of Colorado currently funding Hanover Schools?

With a total of 274 students here in Hanover Schools the state formula for the total number of students we receive funding ends up being 250. Based on our estimated October 2017 count figures, we will receive approximately \$11,800 per pupil funding from the state.