

CSFP Briefing Document: How are Colorado School Districts Funded?

School districts are funded by a combination of sources as defined in the School Finance Act.

The formula for total program funding is defined by the legislature in the School Finance Act. Local revenue + State revenue = Total Program Funding for a district.

1. How are the local and state revenues determined?

- a. **Local revenue is determined first:** Generated by local property taxes and specific ownership tax.
 - b. **Next, Local revenue is subtracted from the amount designated in the School Finance Act.**
 - c. **The result is the State revenue portion.** (State revenue comes from sales and income tax.)
2. The **formula also calculates the “Negative Factor” and an amount is deducted from the State’s portion of funding for each school district.** The impact varies by school district as the calculation is on the statewide average, not calculated for each school district. Otherwise there would be 178 school finance formulas.

Additional revenue streams to districts:

- 1) **Federal Funds:** flow to districts that are tied to certain programs or students.
- 2) **State funds:** “Categorical” dollars for special education, English language learners, gifted and talented, Vocational education, transportation and small attendance centers. (source: Sales and Income Tax collected by state)
- 3) **Local override dollars:** Voter approved increases in local tax dollars for local programs and priorities. These dollars are outside the mills raised for the school finance act.
- 4) **Grants:** Typically for a specific purpose and for a particular length of time.
- 5) **Bond Dollars:** Voter approved increases primarily approved for capital construction. Bond dollars cannot be used for general operations in a district.