

## Colorado K-12 Funding

### CASB Convention 2015 School Finance – New Board Member Training

Glenn Gustafson, Colorado Springs D-11  
Deputy Superintendent/Chief Finance Officer

Tracie Rainey, Colorado School Finance Project  
Executive Director

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## State of Colorado

- **178 School Districts**
- **20 BOCES**
- **850,000 K-12 Students**
  - **Average Annual Increase 10,000/year**

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## Role of the Board of Education

- **Fiscal Stewards**
- **Financial Accountability (budget, audit, debt, and elections)**
- **Personnel Hiring**
- **Salary Schedule / Compensation Systems**
- **Adoption of Curriculum**

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## Principles of a School Finance Act

- **School finance systems should address:**
  - **Adequacy – Enough resources to accomplish academic expectations**
  - **Equity – Resource distribution to address school district and student characteristics**
  - **Stability – Consistency of Revenue**

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## Colorado School Finance Act

- **Total Program Funding (90% of Revenues)**
  - Pupil Count x Per-Pupil Revenue
- **Total Program Components**
  - Property Taxes
  - Specific Ownership Taxes
  - State Equalization
- **School Finance Factors**
  - Size
  - Cost of Living
  - Personnel & Non-Personnel
  - At-Risk
  - Negative Factor (Reduction)

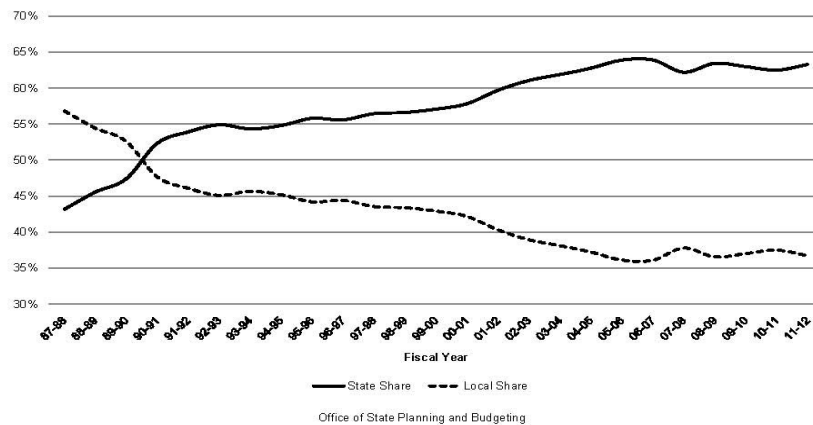
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## K -12 Shift from Local to State Funding

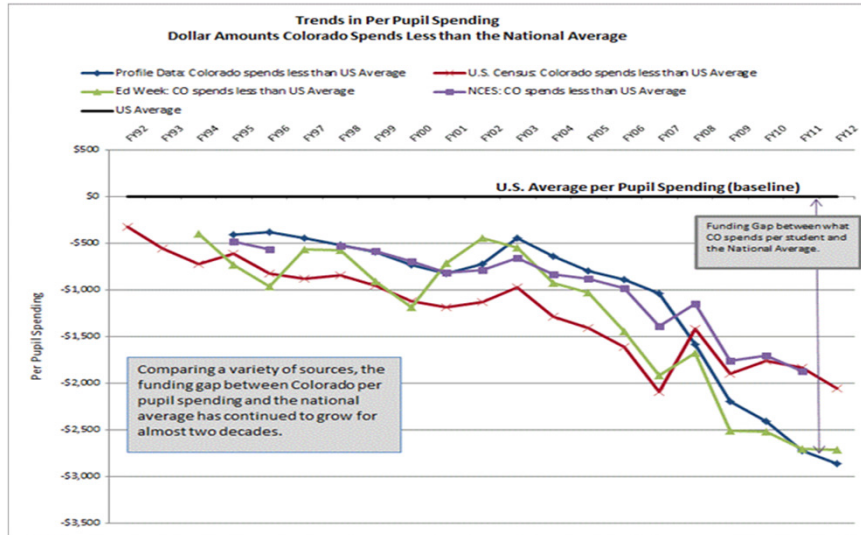


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## K-12 Funding vs National Average



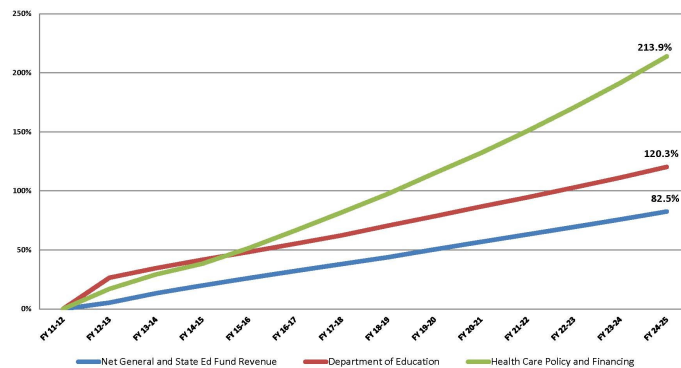
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## But Colorado's Structural Budget Problems Will Worsen

Cumulative Growth Rates From FY 11-12 through FY 24-25 for General and State Education Fund Revenues and Departments of Education and Health Care Policy and Financing



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## Colorado K-12 Negative Factor

- Negative Factor 2016-17: \$905M (projected)
  - 2015-16: \$855M
  - 2014-15: \$880M
  - 2013-14: \$1.004B
  - 2012-13: \$1.001B
  - 2011-12: \$774M
  - 2010-11: \$381M
- What does this mean for school districts?
- State leaders warn of increasing negative factor
- What happens when the negative factor maxes out?

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## State Medicaid Match

- **Health Care Expansion**
- **Medicaid Expansion**
  - State must pick up higher shares of cost of Medicaid expansion over the years.
  - 2015, 2016: Federal government picks up 100% of cost expansion through 2016
  - 2017: Fed picks up 95%
  - 2018: Fed picks up 94%

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## What About Pot?

- **Difference between Medical and Recreational**
- **K-12 Funding set at \$40M for Capital Construction**
- **Capital Construction through BEST grant**
  - **Best Grant Criteria includes local property wealth**

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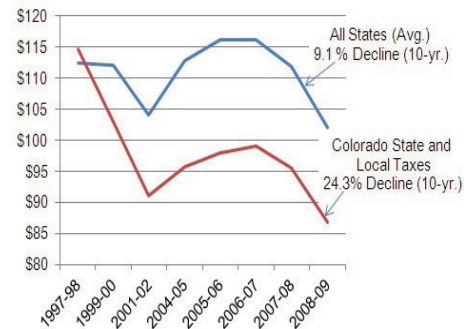
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## Colorado Local Tax Collections

**Table 1 - Combined State and Local Tax Collections  
 Per \$1,000 Income, FY 2008-09**  
*Source: U.S. Census Bureau.*

State	Rank	Tax
Alaska	1	\$206.46
U.S. Avg. (all states)	N/A	\$102.10
<b>Colorado</b>	<b>45</b>	<b>\$86.82</b>
South Dakota	50	\$79.32



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## Colorado Combined State & Local Taxes

**Table 2 - Combined State and Local  
 Property and Sales Tax Collections  
 Per \$1,000 Income, FY 2008-09**

State	Rank	Tax
<b>Colorado (property)</b>	<b>31</b>	<b>\$29.17</b>
U.S. Avg. (all)	N/A	\$34.05
<b>Colorado (sales)</b>	<b>26</b>	<b>\$23.45</b>
U.S. Avg. (all states)	N/A	\$23.37

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## Colorado State Tax Collections

**Table 4 - State Tax Collections  
 Per \$1,000 Income, FY 2010-11**

State	Rank	Tax
<b>State Total Taxes</b>		
Alaska	1	\$175.30
U.S. Average	N/A	\$61.30
<b>Colorado</b>	<b>48</b>	<b>\$44.35</b>
New Hampshire	50	\$40.32
Colorado Income Taxes	27	\$21.27
Colorado Sales Taxes	44	\$10.18

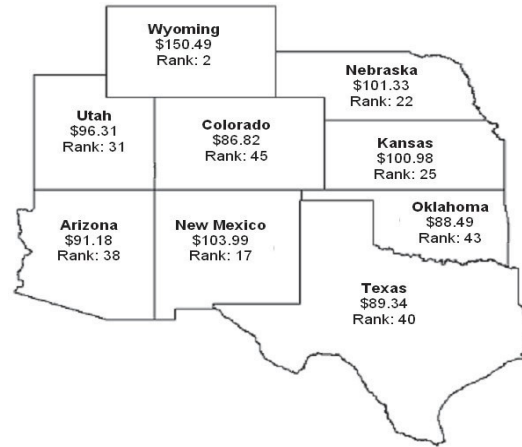
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## Tax Comparisons to Other States

Combined State and Local Taxes: Colorado  
and Neighboring States  
Per \$1,000 Income, FY 2008-09



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## TABOR/Gallagher

- **Article X, Section 20 of the Colorado Constitution**
- **FY92/93 Base Year**
- **Limits Government Growth to Inflation Plus Growth**
- **Spending and Revenue Limits**
- **Reserving Technique – Ties to Audit**
- **TABOR Emergency Reserve = three percent**
- **Gallagher Amendment**
  - **55%/45% Ratio Assessed Property**
  - **Doesn't Affect Per-Pupil Revenue**
  - **Limits Bond and Mill Levy Override Revenues**

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## Challenges

- **K-12 Initiatives (SB 163/191/212, Early Literacy and Common Core)**
- **Competitiveness of Salary and Benefits**
- **Declining Physical Plants and Grounds**
- **Aging Vehicle Fleet**
- **Technology Obsolescence**

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## Challenges – (continued)

- **Increasing PERA Pension Requirement**
- **Healthcare Costs and Affordable Healthcare Act**
- **Declining Reserves and Matching Grant Obligations**
- **Reporting Requirements and Automated Data Exchange**

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## Questions and Contact Information

- Glenn Gustafson: [glenn.gustafson@d11.org](mailto:glenn.gustafson@d11.org)
- Tracie Rainey: [t.rainey@cosfp.org](mailto:t.rainey@cosfp.org)