

## Why Change the School Finance Formula?

Has it been determined there is a problem?

Yes – Supported by school district issues – Lobato and Partnership Report

*Trial Court judge ruling that found no rational relationship between how the state funds schools and the outcomes it expects from its education system. For this reason, the judge found the state was not in compliance with the constitutional mandate to provide a thorough and uniform system of education in Colorado. (The preceding statement is from the Lobato ruling and is further supported by the Partnership report.)*

What is the problem?

- a. Current system developed in 1994 –different educational goals.
- b. The “goals” of the act have not been met.
- c. **The “base amount” was backed into reflecting dollars available, not what was needed.**

What does this problem mean today?

- a. \$1.1 billion dollars cut from K-12 and below Amendment 23 requirement.
- b. Education system has been defined through standards and high stakes accountability – costs for this system aren’t reflected in K-12 funding.
- c. As student population continues to increase and reflect more diversity and need, the funding system does not provide adequate resources.
- d. **The “base amount” does not reflect what it costs to provide appropriate education.**

Addressing the problem:

- a. How much does it cost to implement the educational system?
- b. How is a new tax system adequate, equitable, adaptable and sustainable?
- c. How will a new funding formula be innovative, provide for equality, be sufficient and aligned with student outcome? (Partnership Report)

**Costing Out analysis provides information reflecting the “base amount” of funding and how to make adjustments for student and district characteristics.**

(The Costing Out analysis is supported by both the court’s ruling and the Partnership report.)