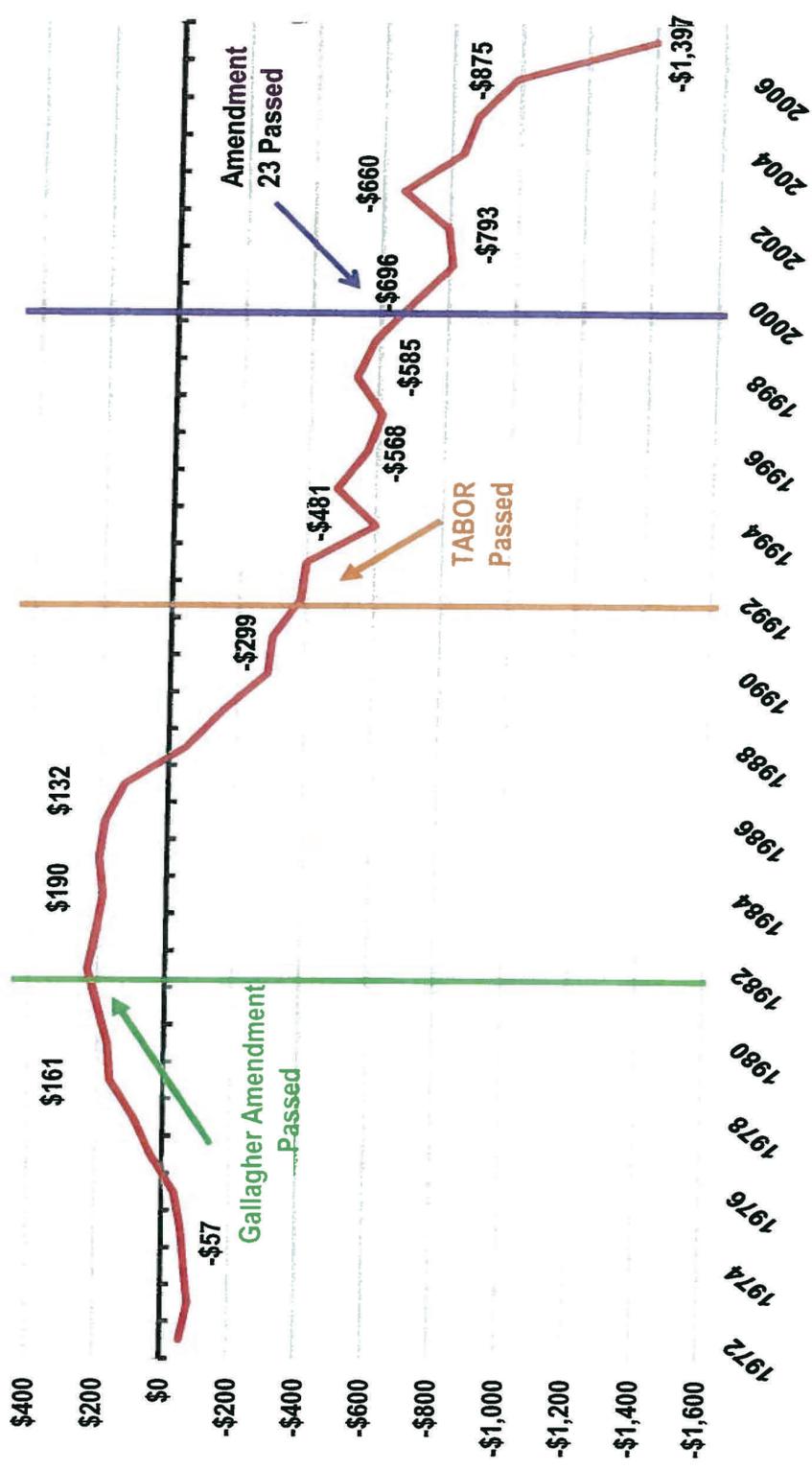


K-12 Per-Pupil Funding: Colorado vs. National Average

Source: National Center for Education Statistics

Difference between CO and National Average



Colorado K-12 Funding

A Crisis For Kids



Colorado K-12 Funding Talking Points

The Issue:

A tangled web of laws in Colorado's Constitution has robbed our legislature of the power it needs to maintain adequate funding for Colorado's public services.

Funding for all public services in Colorado has fallen during the last 25 years from approximately the national average to near bottom when compared to all states (see chart for K-12 funding comparisons).

K-12 funding was reduced by almost 1% in FY08-09, approximately 2.3% in FY09-10 and is expected to decrease dramatically in FY10-11 and FY11-12.

Why is this happening?

In the current economic recession, state revenues are expected to decline by at least \$2 billion, more than 25% of the state's operating budget, and local cities, counties, and school districts are expected to suffer similar losses in revenues.

Colorado public schools have never recovered from the last recession in 2001-03, when funding was slashed for many public programs, such as higher education and transportation, and when many of the state's cash savings accounts, such as the State Education Fund, were drained to maintain ongoing operating expenses.

The Colorado legislature does not have the resources or the authority to restore previous tax cuts or to fund and maintain a true rainy day fund

Why is this happening? (continued)

to protect public services during a recession.

What will be cut in Colorado schools?

Approximately 80% of every school district's budget is spent on staffing costs, and cuts of the magnitude now projected will therefore hurt every school district's education program.

Each of Colorado's 178 school districts will respond based on local needs and circumstances, but cuts now being implemented or considered across the state include:

- Increasing class sizes due to reducing the number of teachers;
- Reducing or eliminating programs to close the achievement gap, to lower drop-out rates, to increase readiness for college, and to meet the needs of high achieving students;
- Reducing or curtailing transportation services;
- Reducing or curtailing student support services and student activities;
- Reductions in support staff that include maintenance, custodial and transportation employees;
- Charging more and higher student fees.

What are the other challenges affecting public education?

Unfunded Mandates: Even in this recession, state and federal lawmakers continue to impose on our schools more and more mandates, without

What are the other challenges affecting public education? (continued)

regard to the many differences in districts and communities across Colorado.

Change of Mission: The historic mission of our schools to open school doors to all and to prepare 25% of our students for college has been changed, properly, to a mission of preparing 100% of our students for college.

Local Control Loss: Federal programs, always well intended and attempting to address significant problems in some school districts, run to thousands and thousands of pages in language so dense and complex that ordinary educators cannot understand the law.

What are the solutions?

The Colorado legislature and Department of Education could identify and repeal or relax unfunded mandates, and take steps to ensure that no new unfunded mandates are imposed on school districts.

Colorado voters could approve a permanent or temporary measure to restore the income and sales tax cuts made by the legislature in 1999-2000.

Colorado must reform its constitutional tax policies of Gallagher, TABOR, and Amendment 23 to ensure that the state has a reliable rainy day fund, the resources necessary to support Colorado's public services, and the flexibility the legislature needs to respond to a changing state and economy.

Other Facts:

- Colorado is a low-tax state: property and income taxes are amongst the lowest in the country. Sales taxes are about average.
- Colorado has the fastest demographic growth of children living in poverty of any state in the union. Free and Reduced Lunch student percentages are exploding across the state.
- Students that speak English as a second language include over 150 different primary languages.
- Comparisons show Colorado has now fallen to \$1,900 below the national average in per pupil spending (Quality Counts 2010). Lower spending quickly follows lower revenues.
- Colorado ranks in the top 10 of states with college degrees yet is in the bottom 10 funding K-12 and higher education.
- Colorado lacks state funding for programs funded by many other states: summer school programs, full-day preschool, full-day kindergarten, staff development, technology (infrastructure, equipment and instruction), reimbursement for special education at 75% or more, three plus years of funding for non-English speaking students, and meaningful at-risk allocations to serve identified populations (more than free lunch).

School Finance Basics

Colorado invests in K-12 public schools through a combination of local property taxes and state revenues, with some aid from the federal government. Here are some key factors affecting school funding:

Gallagher Amendment: Passed in 1982 and designed to limit residential property tax increases by maintaining a constant ratio between the property tax revenues that come from residential and business properties. The net effect of Gallagher has been to shift much of the burden of property taxes from residential to business property owners. This shift has made it difficult to get business support for school mill levies.

Amendment 23: Passed in 2000, Amendment 23 requires the state's investment in K-12 education to increase by the rate of inflation plus 1% through 2011 and by inflation thereafter. Amendment 23 was designed to restore education funding to 1988 levels. **After almost 10 years of Amendment 23, education funding finally achieved 1989 levels (in 2008).**

TABOR: The Taxpayer Bill of Rights, passed in 1992, and the most restrictive tax limitation in the country, prohibits any tax increase without a vote of the people. TABOR also prohibits a state or district from keeping revenues from all sources in any year that are more than the revenues received the previous year plus inflation and growth. Any revenue collected in excess of TABOR's revenue limits must be returned to the taxpayers, unless those restrictions have been lifted by voter approval. TABOR freezes all taxes and limits all revenues at both the state and district levels.

Referendum C: Passed in 2005 as a referred measure from the legislature, Referendum C is a five-year time-out from TABOR's annual state revenue collection and investment limits. During this five-year window, the state is allowed to keep all the revenue it brings in from Colorado's tax rates. Using this additional revenue, the state was able to fund the minimum Amendment 23 increases until the 2008-09 school year. Due to the current recession, the legislature chose not to fund the required Amendment 23 in-

creases in either the 2009-10 or 2010-11 school years. In 2011, TABOR's revenue limits will be put in place again.

TABOR and Gallagher: The combination of these two provisions has shifted the majority of funding for schools from local property taxes to the state General Fund. Thus, the state now provides more than 60% of school funding, whereas the state used to provide less than 40%. In addition, the interaction between TABOR and Gallagher has destroyed the state legislature's effort to maintain equitable property tax rates in Colorado school districts.

Federal Funding: School districts receive funding from several federal programs and are required to follow specific and complex regulations as a condition of receiving these funds. School districts must also contribute significant local funds to qualify for most federal programs. The largest federal programs are Individuals with Disabilities Act (IDEA) and Elementary and Secondary Education Act (known as No Child Left Behind).