School Finance: What Now?
CASB Convention 12/7/2018

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Colorado School Finance Project (CSFP)

Who are we? What do we do?
- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policy makers since 1995.

Mission: To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.

Today’s Goals
- Background information on budget and legislative process and timing
- Understanding the Principles of School Finance
- Framework for evaluating various school finance ideas coming forward over the next few months
**Today’s Chapters**

- **Chapter 1**: Who are Colorado’s students and what does school funding look like today?
- **Chapter 2**: What happened in 2018 and what can we expect in 2019?
- **Chapter 3**: What does this mean for you as school district leaders?

**Beginning to Evaluate Various Concepts**

- Must be Grounded In:
  - Who are our students?
  - Where do our students live?
  - What is constitutional?
  - What are today’s accountable academic expectations?
    - For districts?  For schools?
    - For students?  For teachers?

**Chapter 1**

- Who are Colorado’s students?
- What is the current state of Colorado’s funding system?
Colorado's PK-12 students

- 2017-18: Over 910,000 students
- 1997 – 2015: average yearly increase about 10,000 students
- 2016 – 2017: average increase about 5,000 students annually
- Demographers predict recent trend to continue
- What are students’ characteristics?
- What services might they need?
- Where do they live?

What are the Elements in School Finance?

- Base Funding – what does the base represent?
- What are adjustments or weights for students?
- What are adjustments or weights for school districts?
- What isn’t included in the formula currently?
- What might be included in a formula?
  - Full-day Kindergarten?
  - Preschool?
  - Students with special need characteristics?
Every Child: Basic funding
The study found that Colorado's base funding would have to increase by almost $2,000 to meet the needs of a student with no special needs in a district with no special characteristics.

Source: Colorado School Finance Project

Every Child: Rural Funding
The study found that an additional 140% is needed to ensure that students without special needs in small rural districts (200-500 students) can meet standards.

Colorado's school finance formula doesn't come close.

Source: Colorado School Finance Project

Every Child: Rural Funding
The study found that an additional 114% is needed to ensure that students without special needs in small rural districts (1800) can meet standards.

Colorado's school finance formula doesn't come close.

Source: Colorado School Finance Project
Special Education Students Receiving Services

Colorado (CO)
- 2017-18: About 99,000 students
- Historically: About 11% of Colorado’s students receive special education services

National (National Center of Education Statistics)
- About 13% of public-school students receive Special Education services

Comparison of Adequacy & Colorado: Mod. Special Ed

Every Child: Special Ed

The study found that an additional 73-700% is necessary to meet the needs of special ed students, depending on severity of disabilities.

Colorado caps total special ed funding. In 2015, the average per student was $1,800 or about 30%.

Source: Colorado School Finance Project

CO Gifted Education Student Count - Average Per Pupil Funding

2014-15: About 7.4% of students

Source: Colorado School Finance Project
Every Child:
Gifted &
Talented
The study found that
meeting the needs of
students identified as
Gifted and Talented
require an additional
25% in funding.
Colorado provides
about $139 per
identified pupil on top
of the inadequate
base.

Comparison of Adequacy &
Colorado: Gifted and Talented

Between 2003-04 and 2017-18:
- Colorado added 152,000 students total
- Students qualifying for Free/Reduced Lunch increased about
  150,000 students.

2003-04: 30% of students qualified
for Free or Reduced Lunch
2017-18: 42% of students qualified
for Free or Reduced Lunch

Every Child:
At-Risk Funding
• The study found that
an additional 35% is
needed to ensure
students eligible for
free lunch (at-risk
proxy) meet
standards.
• Colorado provides
12% per at-risk pupil
on a lower base.
Every Child: ELL Funding

- The study found that an additional 47% is necessary to ensure students who are learning English can meet standards.
- Colorado provides less than $500 per ELL pupil on top of a lower base.

Comparison of Adequacy & Colorado: English Language

Chapter 2

2018: What has happened?

2019: What is on the horizon?
School Finance: Recap of 2018

- Interim Committee on School Finance
- HB18-1232 – Superintendent’s Proposal
- Interim Committee on Gallagher
- Amendment 73

Decade of Cuts to PK-12 Education
Budget Stabilization Factor
Proportionately reduces total funding to each school district - ongoing

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Decade of Cuts to K-12 Education – Links to Additional Information

- Over $7.5B: 2009-10 to 2018-19
- Decade of Cuts to K-12 Education spreadsheet
- Budget Stabilization Factor (Negative Factor)
- District Budget Cut Discussions
- CSFP School Finance & Education Reform Timeline
What is on the Horizon?

- Budget Forecast – 12/20/2018
- Interim Committee on School Finance
  - 2017 & 2018 Interims
- Superintendents’ Bill – Version 2
- Other School Finance ideas floating around
- Governor-Elect’s Ideas
- New Legislature - full of ideas

Process & Timing

Legislative & District Timeline

- District Budget Process begins in fall of year for the next fiscal year beginning on July 1.
- Department (CDE) hearings for budget requests – State Process
- Legislature convenes in January – School districts are ½ way through their fiscal year.
- School districts begin budget process for next year and determine hiring - prior to the end of the legislative session.
- Creates potential problems for school districts with last minute legislative decisions.

Impact of Local Elections

- School districts pursuing overrides – increasing local dollars
- School districts pursuing dollars to build or update facilities
- Some school districts have pursued the “BEST” program for facility projects
- Sales tax increases for some school districts
Chapter 3

What does this mean for you as school district leaders?

How to Balance?

- The values of your community?
- The timelines set by the legislative process?
- The principles of an adequate and equitable school finance system?
- The tax policy implications of an adequate and equitable taxing system?
Samples for Evaluation School Finance

• Establishing criteria for The Principles of School Finance
• Evaluating the impact of change
• Evaluating how future years will be calculated
• What are the revenue streams that need to adjust with changes?

Principles: School Finance System & Tax System

Adequate
Sustainable → Balance → Adaptable
Equitable

Budget Forecast

Enrollment? Inflation? Residential Assessment Rate (RAR) changes? What is the caseload growth? Who else is competing for dollars?
Interim Committee on School Finance

- Will they get new dollars to extend their work?
- Will they be re-constituted with new members?
- What will their focus be as they move forward?
- Will bills emerge to move forward - prior to committee work being finished?
- Will Education Leadership Council work play into this work?

Superintendent’s Bill – 2.0

- The principles of Adequacy, Equity and Sustainability
- How is this defined?
- Equity – where some students benefit from additional dollars
- Adequacy – where all students benefit from additional dollars

Governor-Elect Ideas

- Full-day kindergarten
- Improve teacher pay
- Unclear on expansion of choice
Questions: Now & Later

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