CSFP Briefing Document:
How are Colorado School Districts Funded?

The formula for total program funding is defined by the legislature in the School Finance Act (SB23-287). In its simplest form, the formula's revenue is

local property tax + 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, the state sets the amount it will spend for the year through the School Finance Act.**
   c. **Then the local revenue is subtracted from this, creating a different amount for every district.**
   d. **The result is the state revenue portion, to be used backfills the difference**. (State revenue comes from sales and income tax)
2. **The formula also calculates the "Budget Stabilization/Negative Factor" and that percentage is deducted from the state's portion of funding for each school district**. The impact varies for each school district.

3. This becomes the district's **Per Pupil Revenue** for the year (PPR).

Additional revenue streams to districts:

The first two flow to all 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 programs and priorities. These dollars are outside the mills raised for the school finance act.

4) **Grants:** Typically for a specific purpose and length of time, revenue sources vary.

5) **Bond Dollars:** Voter approved increases for maintenance and capital construction. Bond dollars cannot be used for general operations in a district.

PO Box 3828 | Littleton, CO 80161-3828
303-860-9136 | @COSFP | cosfp.org