

**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 ([HB20-1418](#)). 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 districts 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.