



# CU Denver School Finance

**Colorado School Finance Project**

November 14<sup>th</sup>, 2023

COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

## Who is CSFP?

- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policy makers since 1995
- Governed by a board comprised of national and state experts on school finance

**Our Mission:** To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers. CSFP also supports school districts by providing expertise, technical assistance and capacity building related to best practices in school finance.


## Goals of Presentation

- Where does revenue come from?
- How is revenue distributed?
- What timelines influence funding?
- What has changed in the past few year?

## Colorado's Students

- 883,264 students
- 354,966 (40.2%) students eligible for Free and Reduced Lunch
- 109,623 (12.4%) students receiving special education services
- 109,809 (12.4%) Emerging Bilingual students\*
- 64,599 (7.3%) students identified as Gifted & Talented

\*English Language Learners is a term CDE uses



Student need has changed  
Requires more services-this costs more \$

Students of poverty are  
40% of population

- Approximately \$.30 of every \$1.00  
is state funded

Students learning English are  
12.4% of population

- Approximately \$.20 of every \$1.00 is  
state funded

Students with special needs  
are 12.4% of population

- Approximately \$.30 of every \$1.00 is  
state funded

Gifted students are 7.3% of  
population

- Approximately \$.15 of every \$1.00 is  
state funded

# How schools are funded in Colorado

## Revenue Sources for School Finance

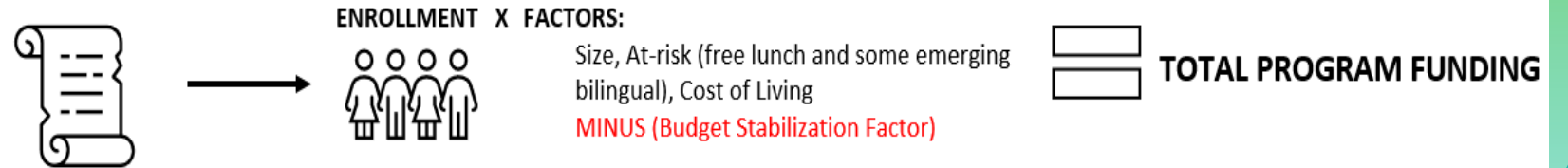


### OUTSIDE THE FORMULA REVENUE:

- Federal Funds 5%-6% annually, targeted populations
- Categoricals – General Fund and State Ed Fund
- Stimulus Funds- ONE-TIME dollars with targeted uses for COVID-19

## How Revenue is Distributed to Colorado Schools

School Finance Act

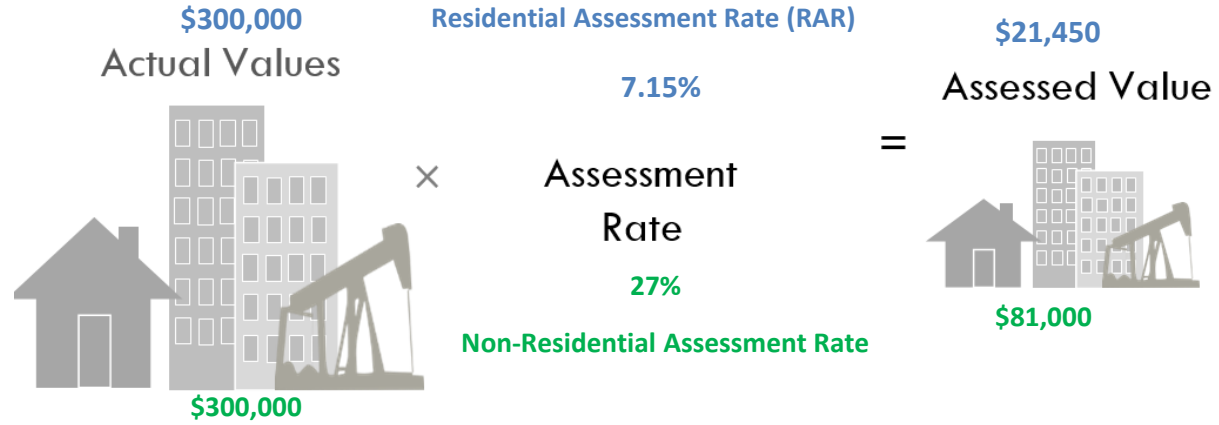


Distributes majority of \$7+ billion BASE Per-pupil Allocation (\$7083.61)

### OUTSIDE THE FORMULA:

- Categorical Funding= \$311,871,933 Every district receives an allocation
  - o For special education, emerging bilingual, gifted and talented, career and technical education students, transportation and small attendance centers
- Grants, Local District and Individual School Fundraising, Foundation Support and Local Overrides- These VARY greatly district to district across the state and in many cases are targeted for specific programs for a limited amount of time.

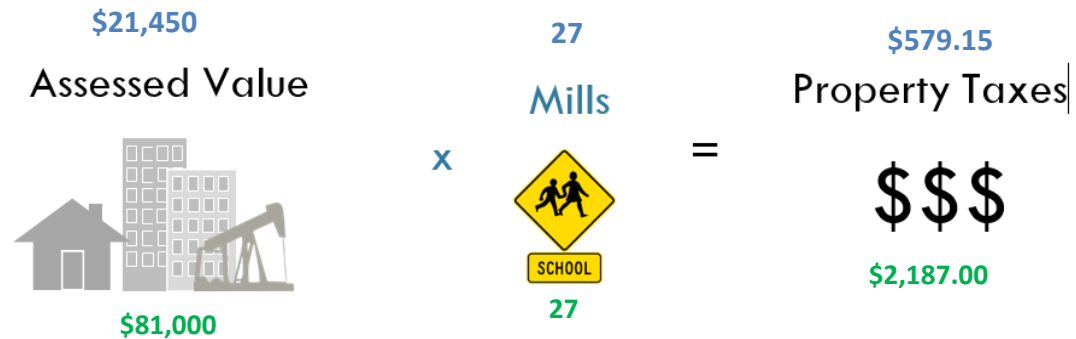
# Understanding mills



- *Assessed Value Per Pupil* measures a district’s property tax base on a per pupil basis – and determines how much a given mill levy will generate per pupil.

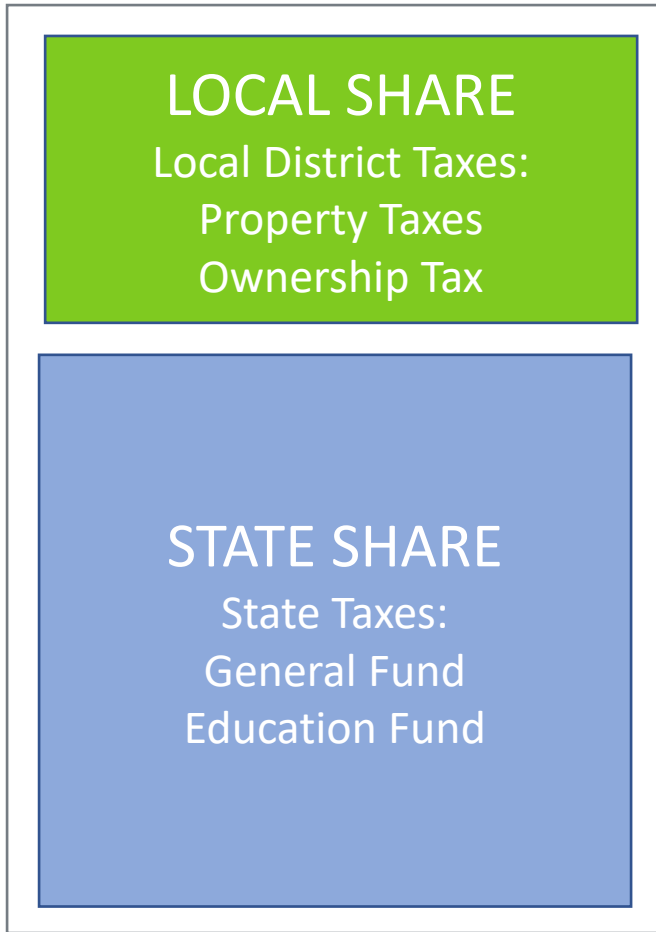
The *Mill Levy* is the tax rate.

- A mill is equal to 1/1000, so each mill generates one dollar per \$1,000 of assessed value.

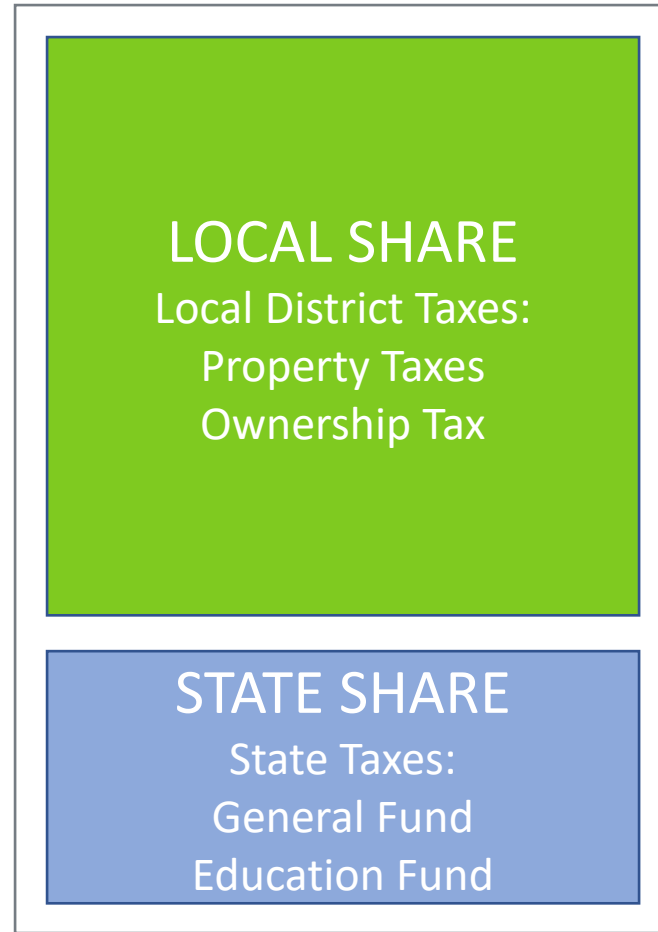


# State & Local Share Varies (by design)

District A



District B





# How are mills calculated?

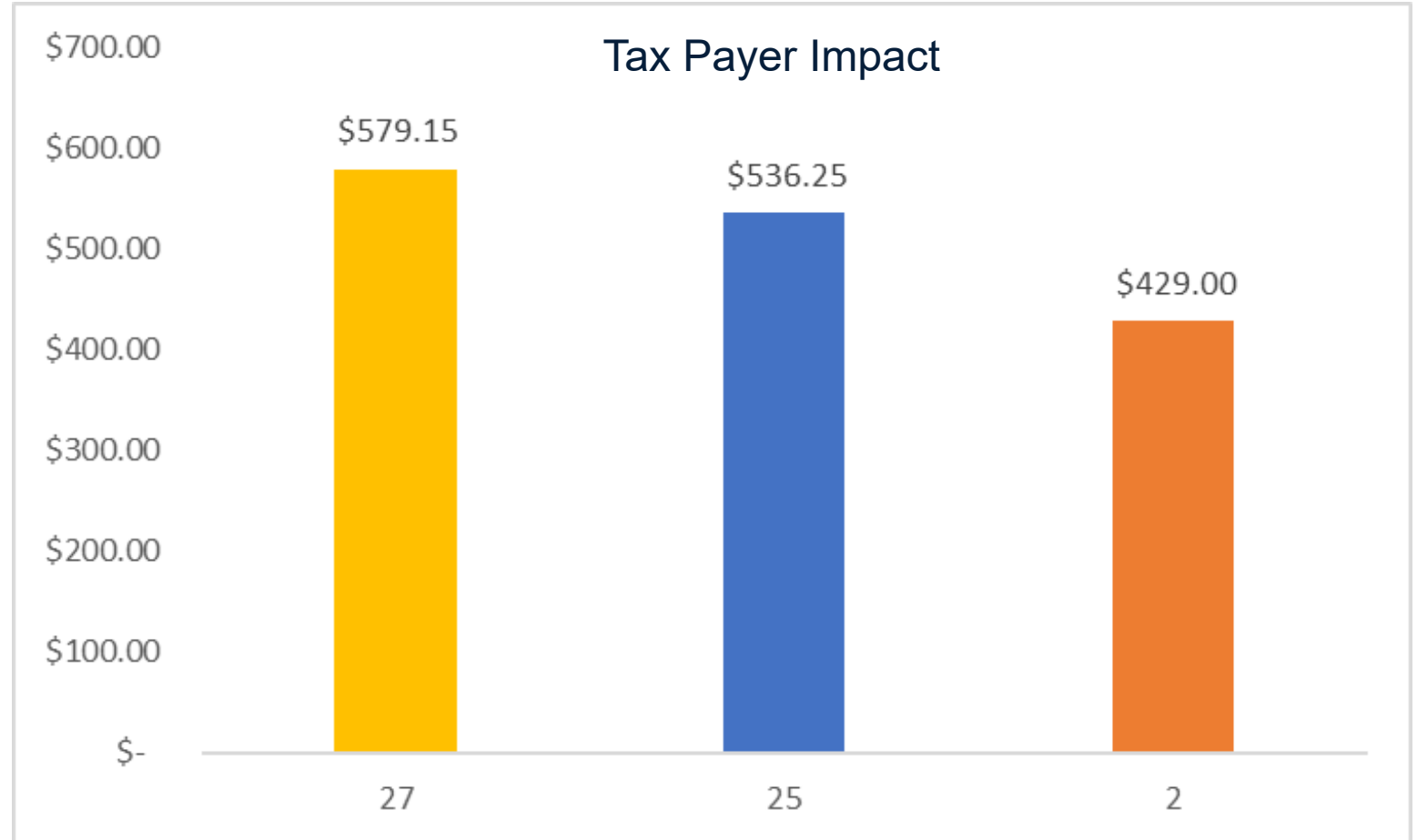
**Actual Value of Home= \$300,000**

**Residential Assessment Rate (RAR)  
= 7.15%**

**Home value x RAR =**

**Total Assessed Value= \$21,450**

**Total Assessed value x mill levy =  
taxes paid (mill levies vary by  
district)**





# How are mills calculated?

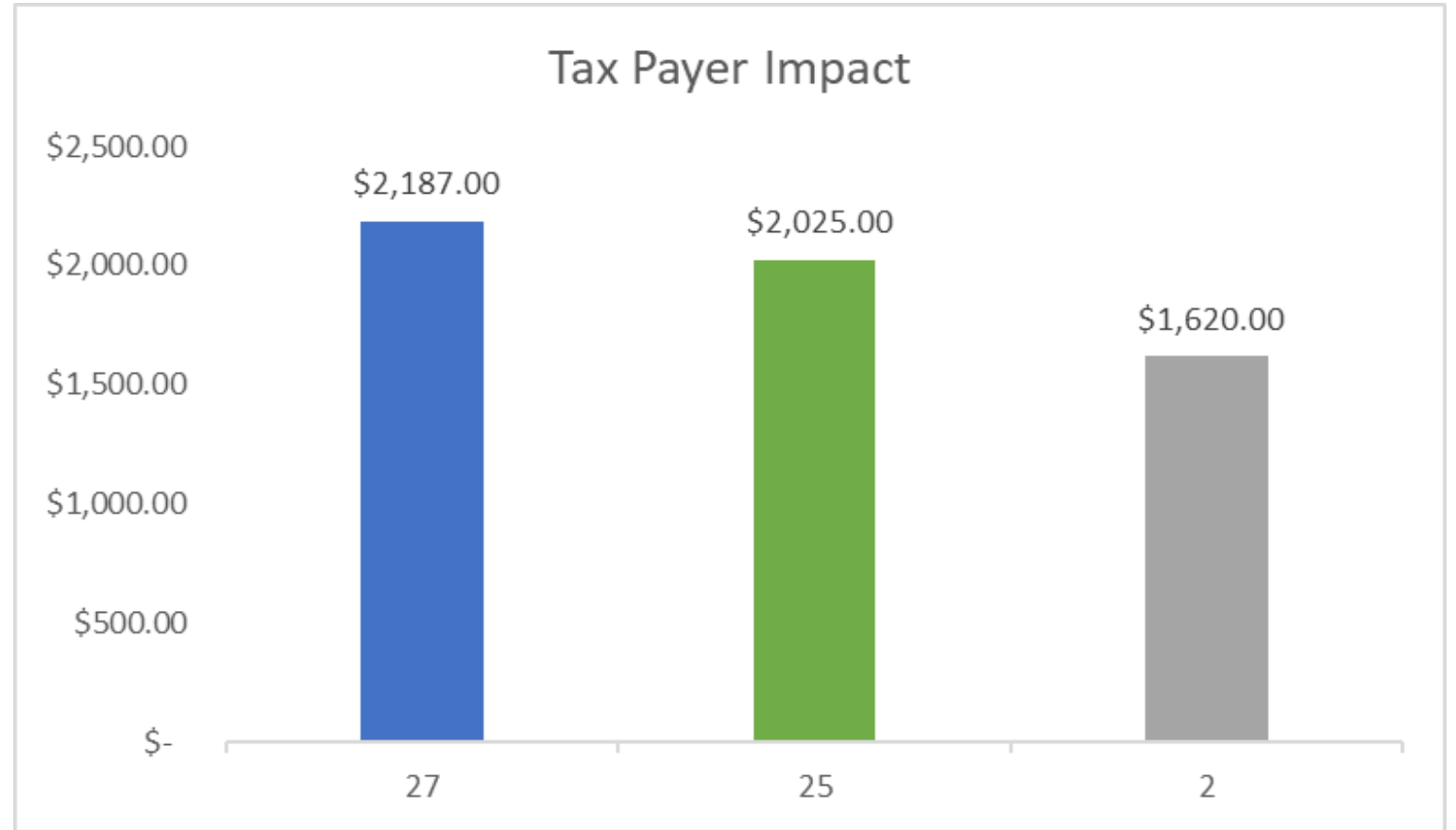
**Actual Value of Non-residential= \$300,000**

**Non-residential Assessment Rate (RAR)= 27%**

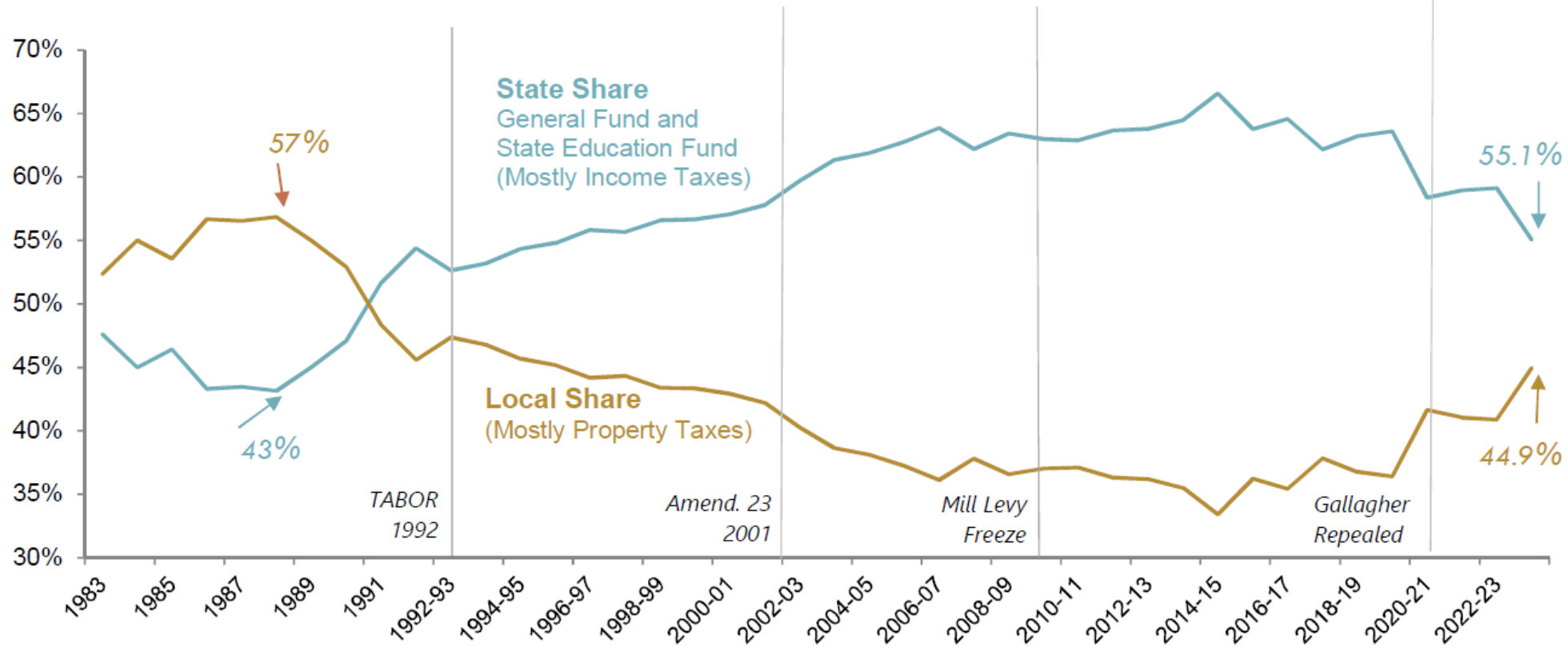
**Non-residential x RAR =**

**Total Assessed Value= \$81,000**

**Total Assessed value x mill levy = taxes paid (mill levies vary by district)**



### Relative State and Local Shares of School Finance, 1983 to 2023-24



Source: Legislative Council Staff.

Note: Prior to 1993, K-12 funding was done on a calendar year basis.

FY 2023-24 is as appropriated in SB23-287

## How is revenue distributed?

- School districts receive the majority of their funding through the school finance act.
- This distribution is a foundation formula - which should adjust for student and district characteristics outside of a district's control.
- Colorado has never analyzed what the cost of the education system is - therefore the base and adjustments aren't reflective of actual costs.

## What items are funded outside the formula?

- School districts also receive categorical dollars, additional dollars for:
  - Special Education students
  - English Learners
  - Gifted and Talented students
  - Career and Tech students
  - Transportation
- School districts do not receive enough revenue to cover costs of these programs

## School District Funding

- First Dollars in – Local Revenue - property taxes – residential and non-residential and ownership taxes
- State backfills difference so ever district’s “base funding” starts the same.
- Then factors applied less the budget stabilization factor
- Per Pupil Revenue

## Dollars are distributed to districts through a formula

- Base funding
- At-risk factor
- ELL factor
- District Cost of Living
- District Size
- Budget Stabilization Factor Applied (reduces funding)

## What is the Budget Stabilization Factor (BSF)?

The BSF is a tool the state legislature uses to help balance the state budget



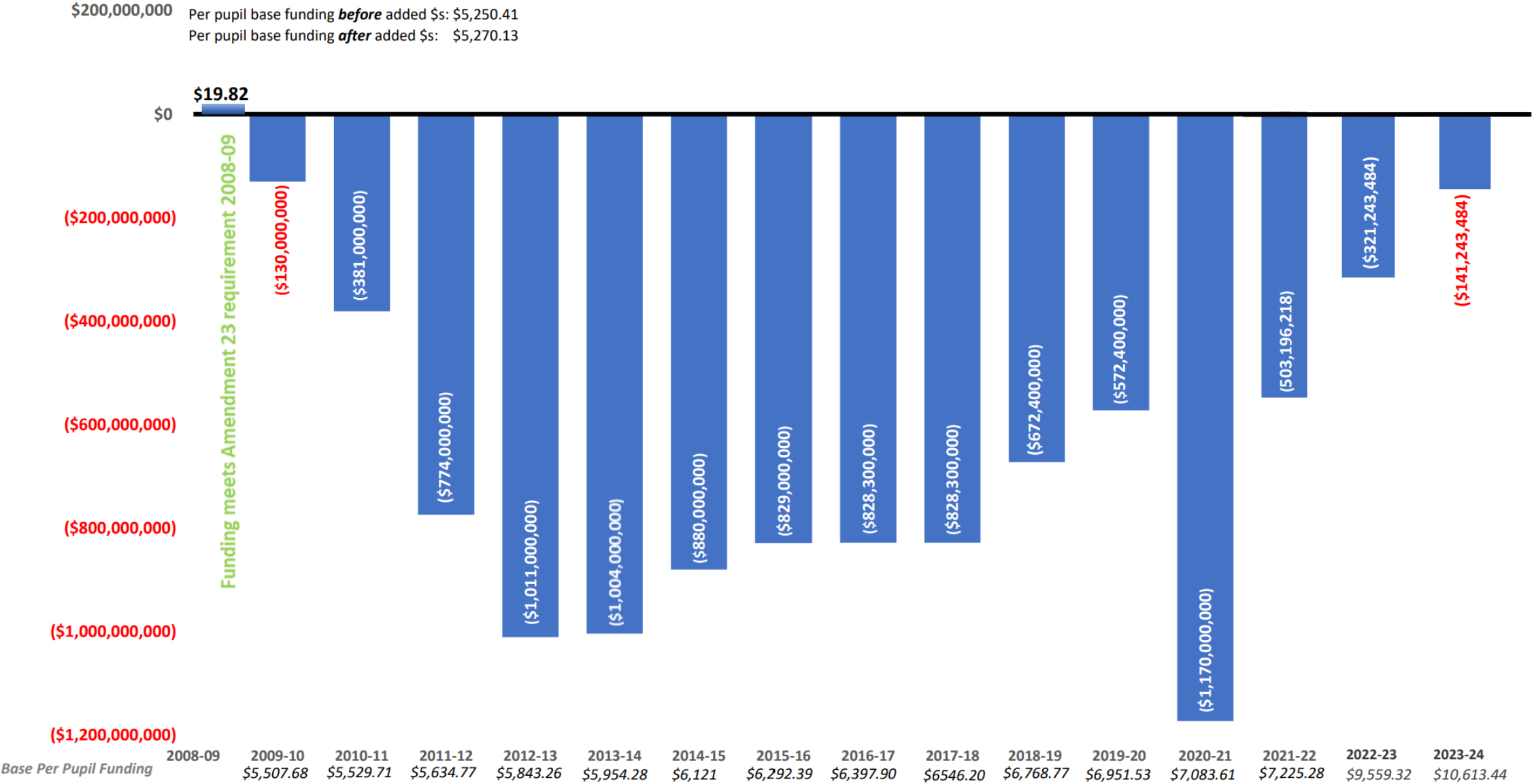
After the state sets the budget, if more money is needed, money is subtracted from education budget-*but only the factors (Dwyer lawsuit)*



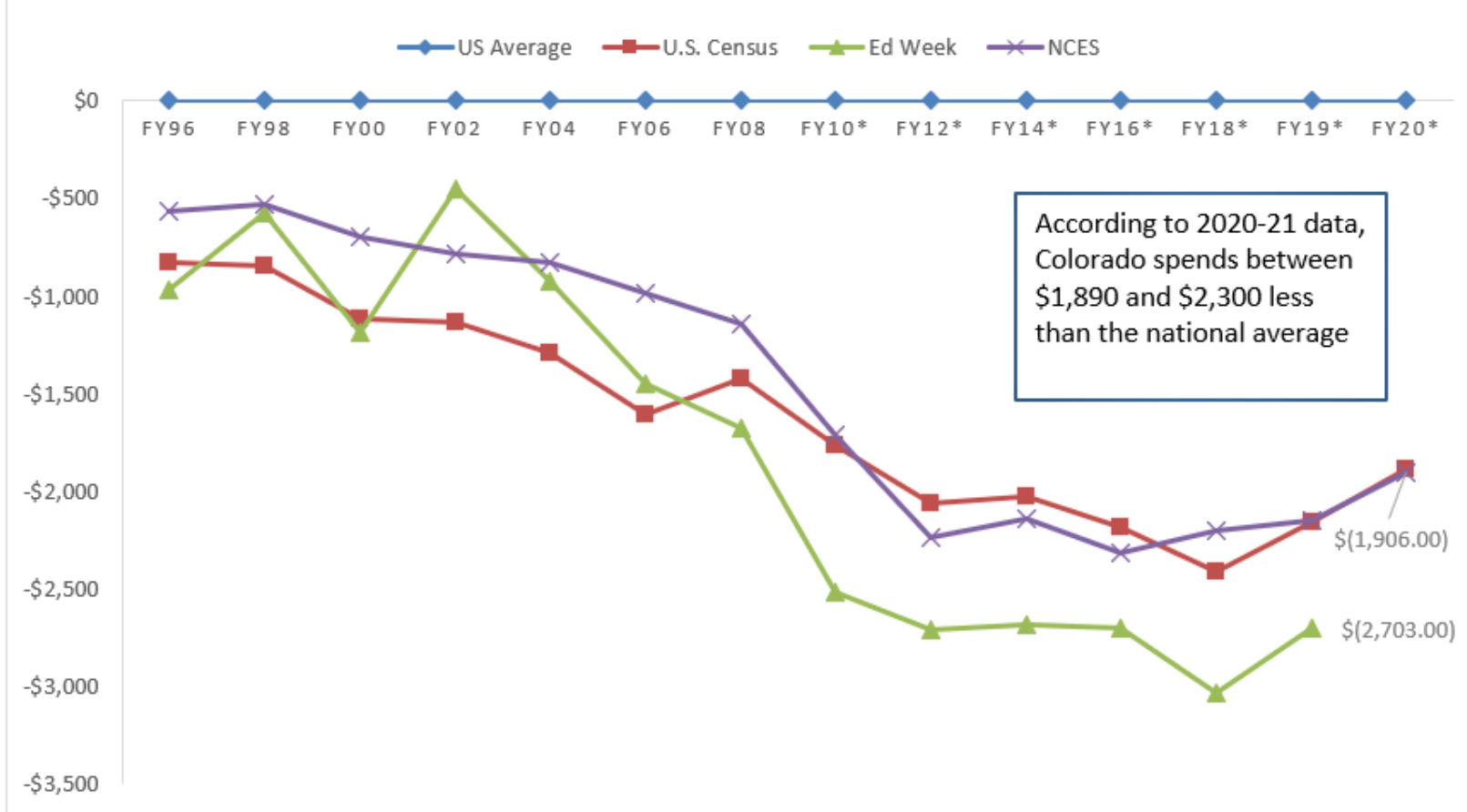
Since its creation schools have lost more than **\$10 billion**



### Budget Stabilization Factor Statewide Total: 2009-2010 to 2023-2024



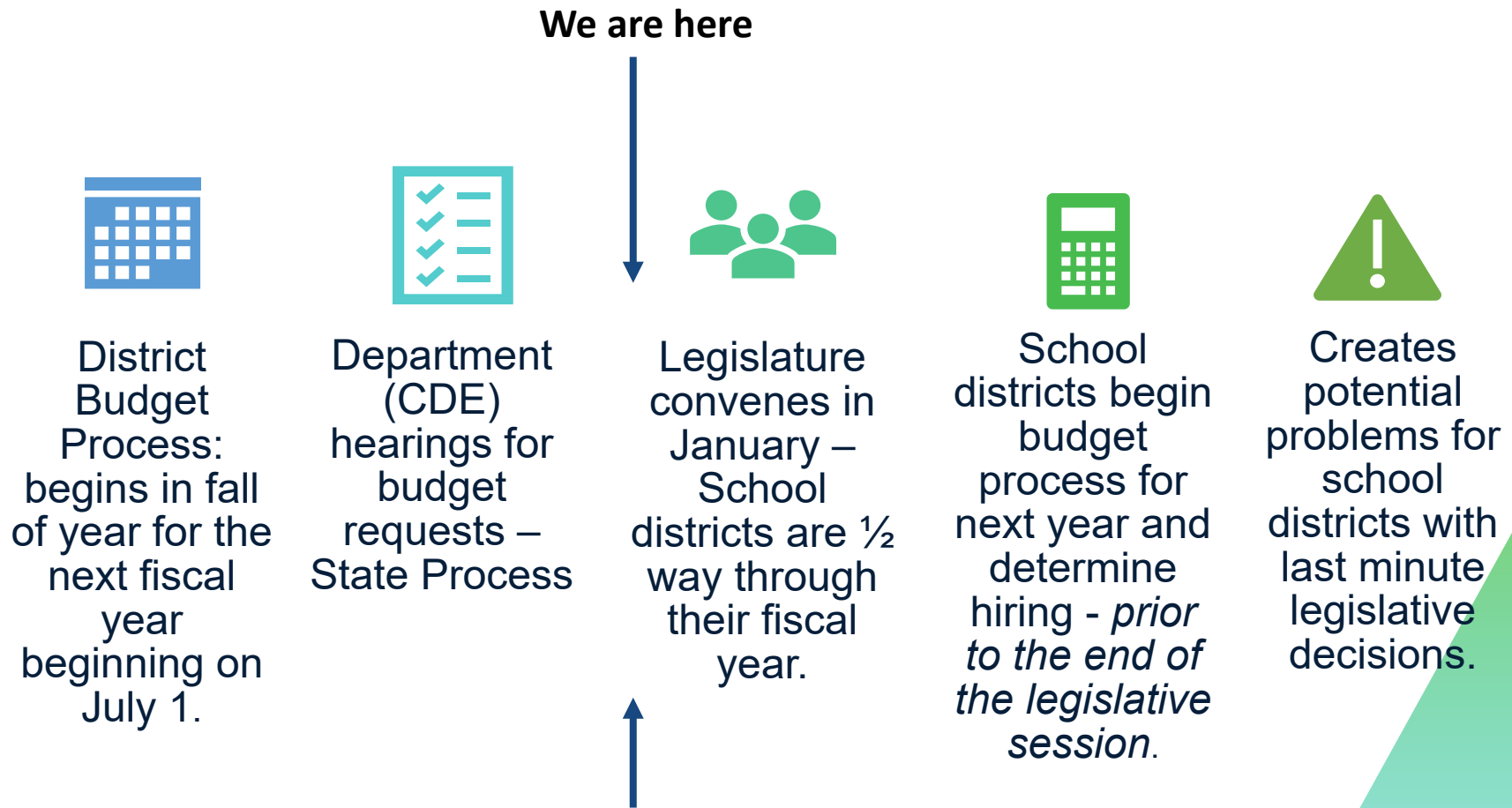
### TRENDS IN PER PUPIL SPENDING: COLORADO VS. NATIONAL AVERAGE FY 1996-2020



Data Sources: Education Week Quality Counts 2021, US Census Bureau Public Elementary-Secondary Education Finances by State, NCES Revenues and Expenditures for Public Elementary and Secondary Education FY20

\*Years with Budget Stabilization Factor in Colorado

# Process and Timing of Legislature



**Supplemental process- State “true up” with districts, enrollment impacts**

**Legislature sets funding amount for next school year**

## Results of November 2023 Ballot

- Prop HH - failed – Special Session Nov. 17, 2023
- Prop II - passed
- School District Elections – mixed bag
  - Mill Levy Override
  - BEST Match
  - Bond
  - Sales Tax Increase
- School Board Members – being sworn in



# School Finance Task Force

## School Finance Task Force

- Created by SB23-287
- 17 members comprised of stakeholder groups, including Superintendents, CFOs, and school finance experts
- Task Force will meet no more than 8 times- work completed by Jan. 2024
- Costing out work – completed by Jan. 2025

## School Finance Task Force (cont'd)

The Task Force is charged with two tasks:

- Recommending changes to factors in the school finance formula to be enacted for the 2024-25 budget year.
- They developed the parameters for a study, commonly called an adequacy or costing out study. RFI to be out for bidders this week. To be completed January 2025.

## Current Conversations of the Task Force

- At-Risk
- Cost of Living
- Special Ed
- ELL
- Size
- CSI Mill Levy Match
- Etc.



# Questions?

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## Stay connected

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