Who is CSFP?

- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policymakers 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

November 14, 2023
How schools are funded in Colorado

**Revenue Sources for School Finance**

LOCAL
- Property and Ownership taxes
  - Approximately $3 billion

STATE
- General Fund and State Ed Fund
  - Approximately $4 billion

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
  - 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

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

STATE SHARE
State Taxes:
General Fund
Education Fund

District B

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

STATE SHARE
State Taxes:
General Fund
Education Fund
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

State Share
General Fund and State Education Fund
(Mostly Income Taxes)

Local Share
(Mostly Property Taxes)

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.
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
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

Per pupil base funding before added S$: $5,250.41
Per pupil base funding after added S$: $5,270.13

Funding meets Amendment 23 requirement 2008-09

- $19,82
- ($200,000,000)
- ($130,000,000)
- ($80,000,000)
- ($30,000,000)
- ($20,000,000)
- ($10,000,000)
- ($5,000,000)
- ($1,000,000)
- ($500,000)
- ($250,000)
- ($125,000)
- ($62,500)
- ($31,250)
- ($15,625)
- ($7,812.50)
- ($3,906.25)
- ($1,953.13)
- ($976.56)
- ($488.28)
- ($244.14)
- ($122.07)
- ($61.03)
- ($30.51)
- ($15.25)
- ($7.63)
- ($3.81)
- ($1.90)

Base Per Pupil Funding

- 2008-09: $5,507.68
- 2009-10: $5,529.71
- 2010-11: $5,694.77
- 2011-12: $5,843.26
- 2012-13: $5,954.28
- 2013-14: $6,121
- 2014-15: $6,292.39
- 2015-16: $6,397.90
- 2016-17: $6,545.20
- 2017-18: $6,768.77
- 2018-19: $6,951.53
- 2019-20: $7,083.61
- 2020-21: $7,225.28
- 2021-22: $9,559.32
- 2022-23: $10,613.44
TRENDS IN PER PUPIL SPENDING:
COLORADO VS. NATIONAL AVERAGE FY 1996-2020

According to 2020-21 data, Colorado spends between $1,890 and $2,300 less than the national average.

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
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.

We are here

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

Legislature sets funding amount for next school year

Creates potential problems for school districts with last minute legislative decisions.
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
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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