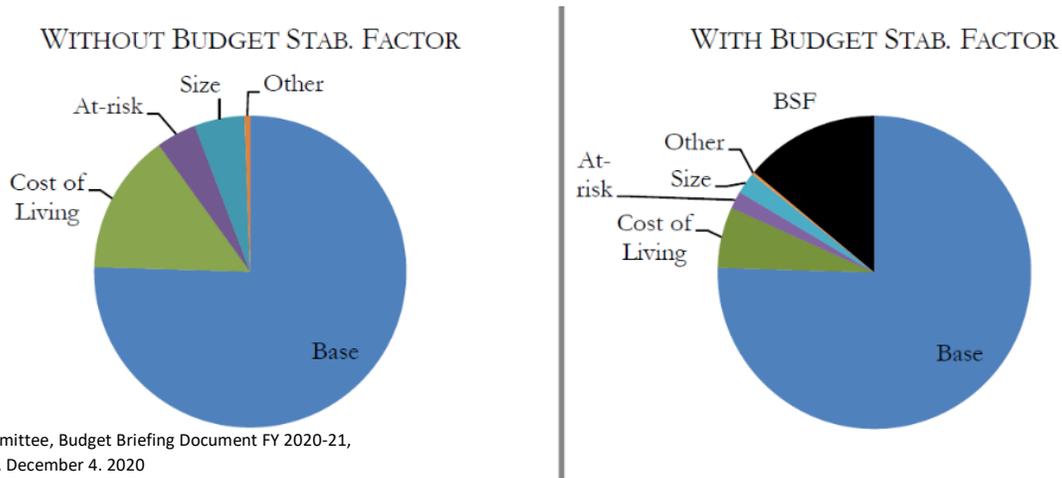


The School Finance Act of 1994, created the foundation formula that is still used today. The 1994 Act was to ensure universal access to education. Today the expectations and requirements of schools and educators has changed significantly to one of academic proficiency for all students.

“School Finance in Colorado: 2020”, Legislative Council the statewide base is the per pupil starting point for the school finance formula.<sup>1</sup> The base is set annually by the General Assembly and must increase by population and inflation. The current base amount is not supported by any research of what is needed to educate a student. For 2020-21 the statewide base was \$7,084.

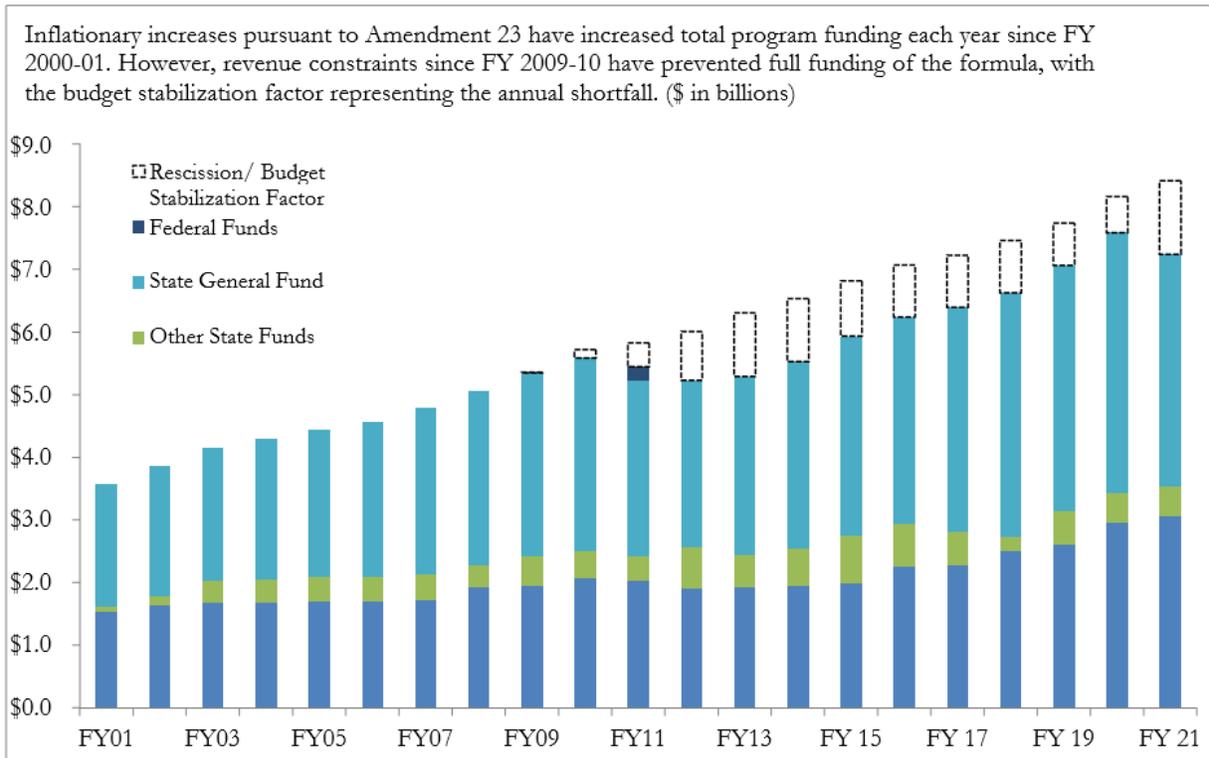


Source: Joint Budget Committee, Budget Briefing Document FY 2020-21, Department of Education, December 4, 2020

There are three factors that provide additional dollars and one factor that reduces funding in the school finance formula.

<p><b>Cost of Living Factor (COL)</b> – The factor accounts for COL of a school district relative to other districts in the state. The factor ranges from 1% to 65%. The Personnel Costs Factor (PCF) is applied to the COL factor. This defines the percentage of the statewide base that each districts COL is applied against. The PCF ranges from 79.9% to 90.5%. The PCF recognizes that smaller districts have to spend a higher percentage of their budget on “non personnel” and therefore less of their base cost is COL.</p>	<p><b>Size Factor</b> – The Size Factor provides money to all school districts, smaller enrollment districts receiving the most to adjust for economies of scale.</p>	<p><b>At-risk Factor</b> – The At-Risk Factor provides additional district funding for students who may be at risk of failing or dropping out of school. The state uses <b>free lunch</b> under the federal school lunch program as a proxy for at-risk students. The definition also includes a small number of non-English speaking students.</p>	<p><b>Budget Stabilization Factor (B/S)</b> – The B/S factor reduces funding from COL, Size and At-risk. This was put in place in 2009-10 and has cumulatively reduced over \$9 billion dollars. Currently over \$1.1 billion.</p>
--	---	---	--

According to December 4, 2020, Budget Briefing document the factors were 12.3% of total program in 2021-22. Total program funding after the Budget Stabilization Factor was \$7,238,343,519. The remaining dollars in the factors were \$890,316,252. <sup>2</sup>



Source: Joint Budget Committee, Budget Briefing Document FY 2020-21, Department of Education, December 4, 2020

Reference documents:

<sup>1</sup>Legislative Council Staff, "School Finance in Colorado: 2020", Research Publication No. 746, pages 7-11.

<sup>2</sup>Craig Harper, JBC Staff, "Staff Budget Briefing FY20-21: Department of Education," December 4, 2020.