School Finance – TABOR – What Next?

• Historical context:
  – to state budget,
  – school finance,
  – legislation,
  – ballot initiatives

• district budget responsibilities, timing and allocations for schools.
School Finance & Education Reform Timeline
Condensed Timeline 1980 - 2017

1980 - 1999
1982: Gallagher Amendment
1983 - 1987: 5 Mid-Yr Rescissions
1988: School Finance Act

1990 - 1999
1992: Partial Fiscal Year, TABOR, Initiative 6 lost (1% sales tax increase to fund schools, set standards and assessments).
1993: 92-93 Mid-Yr Rescission
1994: School Finance Act
School Reform during the 1990's:
- New Content Standards, CSAP, Safe Schools Act, District Accreditation, Expanded Choice Legislation, Online Education, Basic Literacy Act, School Accountability Reports (SARs), Student Identification/Data Warehouse

2000 - 2005
2000: Amendment 23 (1% increase sunsets in 2011); Giardino Facility Settlement, Ref F lost ($55M in excess revenue to fund K-12 math & science grants).
2002: 01-02 $1.4M Mid-Yr Rescission 3.8% cut, No Child Left Behind (NCLB)
2004: CCHS Requirements (initial)

2006 - 2011
2006: Ref C
2007: Mill Levy Stabilization, P-20, revised CCHS Requirements
2008: CAP4K, BEST, partial full-day K & pre-school funding, Counselor Corp, declining enrollment, P-20 continues. Amendment 59 lost (divert TABOR refunds to K-12).
2010: 09-10 $130M Mid-Yr Rescission, A23 not fully funded, $231M (6.3%) cut, SB191 Educator Effectiveness (SB191), new CO Accreditation Program takes effect, Fed Edu Jobs (one-time money, must be spent June 30, 2011), received EAGLE-Net Grant $161M for statewide district broadband (36 months)
2011: 10-11 $16M Mid-Yr Recission, A23 not fully funded, 1% increase from A23 & Ref C Sunset, ARRA Stimulus Revenue ends, 11-12 $338.9M cut (4.2% less than 10-11, $344 per pupil), June Fed Edu Jobs ends, Lobato trial begins Aug. 1, Lobato District Court ruling; CO school finance system "irrational and inadequate, unconscionable" Dec 2011, Race to Top phase 3 $17.9M over 4 years, apply for ESEA waiver, Districts adopt new State Standards. Prop 103 lost ($536M temporary increase for education).

2012 - 2017
2012: Receive ESEA waiver, districts continue implement Ed Effectiveness, 2012-13 Negative Factor grows to 16.11% ($1B, districts continue multiple years of cuts), A23 not fully funded, SB12-1240: SBE Grad. Requirements 5/15/13 CDE Cost Study for PWR diploma endorsements 10/14/14, HB12-1345: READ $4.5M, $1.3B fund BOCES, CDE $3M acquire early literacy assessment tool RFP (preference to high at-risk schools), $3.8M at-risk support, 6th graders register College1nColorado, safe schools, HB12-1124: CDE commission study (via gifts, grants, donations) of issues integrating digital learning, SB12-172: SBE join PARCC testing consortium, SBE adopt Common Core standards. State appeal Lobato Decision to Supreme Court, CAP4K Costing Out final report delayed.
2013: 2013-14 Negative Factor 15.49% ($1B), A23 not fully funded, SB12-1840: CPP +3,200 slots, Charter school cap construction +1M, Refinance READ act from Public School (permanent) Fund, $200K from SEF to Great Teachers / Leaders FY13-14, SPED +$20M Tier B. 75% of FY13-14 GF surplus to SEF. Creates Quality Teacher Recruitment Program ($3M SEF), SB12-213 not implemented as statewide ballot measure A66 did not pass, SBE HS Graduation proof of competency Class of 21, Supreme Court ruling Lobato-current school finance system is constitutional. Sequestration 5% selected Federal programs. July: $15M supplement RT2 Early Learning Challenge
2014: 2014-15 Negative Factor $894.3M, A23 not fully funded, $110M down of Negative Factor (includes $17M for 5,000 more CPP slots (HB14-1298)), $16M READ act (HB14-1292), $27M ELL (HB14-1298), COLA adjustment, Charters $15M for capital construction, BEST capped at $40M for Lease/Purchase, $3M CDE transparency website, $2M BOCES. Social Studies and Science CMAS. Dywer v CO (Amendment 23) filed.
2015: Transparency-Districts post financial data required by HB10-1036 into new HB14-1292 format. PARCC and CMAS
2016/2017: Transparency-Districts post school level finance data into new HB14-1292 format.
2017: State Graduation Guidelines in effect for incoming Freshmen 2017-18
1994 School Finance Act

- Goals – 50/50 split state and local – 40 mills per district and make some adjustments regarding district and student characteristics

- Adjustments of current act: size, COL, at-risk inside the formula
1994: State Dollars – Local Dollars

• What makes K-12 different?
  – State sets mills
  – Other local governments could take a “time out” and not permanently lower mills
  – Other state government has some control of case load growth – not K-12

• Districts Mills vary dramatically – 1994 tried to address - today range is 1 to 27
2000: Amendment 23

- Citizens initiative
- What were the goals? To stop cuts to K-12 and restore funding levels to 1988-89 adjusted for inflation.
- How did the state interpret initially?
2005: Ref C

• Time out – keep revenue
• Re-base – created a new starting point
• Has accessed about 3 billion more dollars than would have been available.
• Did not solve the problem – bought time
Other Changes

• Mill levy stabilization – 2007 – mills not dropping, but no restoration

• SB 228 – impact on future budgets $259 million diversion for 5 years

• Student population continues to grow over 11,000 students per year.

• Rescissions, budget reductions, Negative Factor – over $1 billion
Colorado Overview

- 103,718 square miles: urban, rural, suburban, mid-sized and small towns.
- 63 counties density ranges 1 to over 600 people per square mile.
Colorado Overview – PK-12

• 179 school districts (includes the Charter School Institute).

• Student population continues to increase on average of 11,000 + students per year.

• 84 school districts are declining or flat in enrollment growth.
School Finance Principles

• Finance system must support academic expectations set forth in statute and the constitution.

• "Adequate" - constitutional language and state statute expectations. Inclusive of “Thorough and Uniform” and the “Local Control clause”.

• "Equitable" - student and tax payer equity.

• "Sustainable" - consistent and reliable revenue.

• "Adaptable" - can adjust to new statutes and expectations.
2014-2015

- State budget
- TABOR
- 228
- Negative Factor
- State share and local share
- Mill levy override
State & Local Contributions

School Finance Act, FY 1994-95
Total Funding: $1.6 billion
Student Count: 640,521

Local Share, $752 M, 47%
State Share, $848 M, 53%

School Finance Act, FY 2014-15
Total Funding: $5.9 billion
Student Count 876,999

Local Share, $1.98 billion, 33%
State Share, $3.95 billion, 67%

(MLO and Bonds are not Local Share)

Source: JBC staff documents
## Students: 1994-95 & 2013-14

<table>
<thead>
<tr>
<th>Students</th>
<th>1994-95</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>640,521</td>
<td>876,999</td>
</tr>
<tr>
<td>Free-Lunch</td>
<td>141,741</td>
<td>304,962</td>
</tr>
<tr>
<td>SPED</td>
<td>67,324</td>
<td>88,190</td>
</tr>
</tbody>
</table>

**1995-96**

| ELPA (2 yr funded)        | 17,685      | 35,695      |
| EL Served                 | data not collected | 126,750 |
What is proposed for 2015?

• Governor – growth, inflation, $200 million one time dollars – goes away 2016
• Superintendents request - $200 million and $70 million split between at-risk and rural
• JBC recommendations – Dec. 11
• Legislative process ends in May
• School districts timeline
Budgets are Priorities

• School districts begin budget conversations November - February
• Budgets reflects priorities – state or district
• Short term impacts – reserve use, grants
• Long term impacts – cuts programs, staff and retention of staff
• Elections – local or state
# District Timeline 2015-16 Budget – January - June

<table>
<thead>
<tr>
<th>January 2015</th>
<th>February 2015</th>
<th>March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature: Session Begins</td>
<td>CPI Forecast Preliminary indication of school finance</td>
<td>State: 2015-16 Revenue Forecast</td>
</tr>
<tr>
<td></td>
<td>BOE: receives budget update</td>
<td>BOE receives quarterly financials</td>
</tr>
<tr>
<td>April 2015</td>
<td>May 2015</td>
<td>June 2015</td>
</tr>
<tr>
<td></td>
<td>District/BOE: Staffing decisions, preliminary budget must be presented</td>
<td>BOE receives quarterly financials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BOE: Adoption of 2015-16 budget</td>
</tr>
</tbody>
</table>
## District Timeline 2016-17 Budget – June - December

<table>
<thead>
<tr>
<th>July 2015</th>
<th>August 2015</th>
<th>September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Fiscal Year</td>
<td>District: Plan budget calendar for 2016-17.</td>
<td>State: 2016-17 Revenue Forecast</td>
</tr>
<tr>
<td>Begins</td>
<td>BOE: Long –range budget forecast discussions with BOE. Decision due for Mill or Bond election.</td>
<td>BOE receives quarterly financials</td>
</tr>
<tr>
<td></td>
<td>District: Receive preliminary assessed valuation</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 2015</td>
<td>November 2015</td>
<td>December 2015</td>
</tr>
<tr>
<td>October Student</td>
<td>State: Governor’s Budget</td>
<td>State: 2016-17 Revenue Forecast</td>
</tr>
<tr>
<td>Count</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10 day window)</td>
<td></td>
<td>District: Receive final assessed valuation from county assessor.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BOE: Certify mill levies and property tax collection figures to county commissioner.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BOE: Revised 2015-16 Budget Approved and Quarterly financials</td>
</tr>
</tbody>
</table>
Total Program Funding
Before & After Application of Negative Factor
(includes State and Local Sources of Revenue)

Source: Legislative Council
Changes in State Budget

- Negative Factor implemented
- No “hold harmless” requirement in A23 after 2010
- State General Fund Support has been reduced from 42%-43% to 36%-37%
- Impact with lack of consistent K-12 revenue has consequences
K-12 Percentage of GF Appropriation (w/o SEF)
K-12 Percentage of GF Plus SEF

Education Percentage of General Fund Plus SEF Appropriations

- K-12 Education
- Other


Percentage: 41.6%, 40.7%, 40.8%, 40.0%, 39.7%, 42.1%, 44.9%, 46.3%, 52.1%, 46.6%, 45.2%, 43.5%
Challenges Moving Forward

- Negative Factor
- TABOR
- 228 transfers
- Local / state split
- Ballot initiative – when and for what?
- School districts impacted differently financially
- School districts impacted by accreditation
Questions & Concerns

• Today? Later – contact me
• T.Rainey@cosfp.org or 303-860-9136, Tracie Rainey
• cosfp.org
  – School Finance 101, ADM Study, CO rankings, Facts & Trends, budget cuts, district election information, BEST, School Finance & Education Reform timeline, etc.
  – Reports, statistics, presentations added monthly
• @COSFP & Facebook