



46th ANNUAL CASE
EDUCATION LEADERSHIP CONVENTION

Summit Seminar

PRESENTED BY



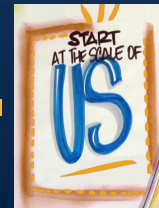
Making Sense of the School Finance Landscape

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Wednesday, July 29
1:45 pm – 4:45 pm
DoubleTree Hotel, Columbine A

#CASE2015

July 29-31, 2015 Breckenridge, Colorado



DRAFT- Colorado: Funding Reductions / Elections, Constitutional, Judicial / Legislation

1982-83 thru 2015-16

Annually: \$2-\$3.00 CDE Per Pupil Rescissions

Fiscal Year	REDUCTIONS IN FUNDING		ELECTIONS, CONSTITUTIONAL, JUDICIAL	LEGISLATION	
	Legislative Reduction Mechanisms*	Comments		Legislation - No additional funding to districts	Legislation - Some funding to districts
2017-18	Negative Factor?	Expected			
2016-17	Negative Factor?	Expected			
2015-16	Negative Factor	Estimated Negative Factor: \$855.1M (\$25M estimated Negative Factor buydown)		Reduce HS testing & streamline of some assessments (HB15-1323); Reduce frequency of Social Studies tests (SB15-056) Transparency: Districts post school level finance data into HB14-1292 format. Accountability Project - SBE monitoring. PARCC & CMAS.	2015 Legislation: Only SY 2015-16 \$5M At-Risk Free/Reduced Lunch), Only SY 2015-16 \$10M Rural Schools < \$1,000 students & MLO raised to not exceed 30% total program (HB15-1321
2014-15	Negative Factor	Negative Factor \$880M (\$100M Negative Factor	Summer 2015: CO Supreme Court 1) Dwyer oral arguments heard; 2) Rules vouchers unconstitutional	Social Studies and Science CMAS.	\$100M Buy down of Negative Factor (includes \$17M for 5,000 more CPP slots (HB14-1298), \$18M READ act (HB14-1292)
2013-14	Negative Factor, No rescission	Negative Factor \$1.004B (\$110M Negative Factor buydown)	Summer 2014: Dwyer v CO filed - Negative Factor violates A23. Nov 2013: Amendment 66 fails (SB12-213 not implemented).	SBE HS Graduation proof of competency Class of 2021, \$15M supplement Race to the Top Early Learning Challenge	CPP added 3,200 slots, Charter school capital construction +\$1M, Refinance READ 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 to create Quality Teacher Recruitment Program; \$15M to supplement Race To Top Early Learning Challenge

*(Rescission totals are not tracked year to year. Negative Factor is tracked)

Source: CDE, CO Statutes

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	Legislative Reduction Mechanisms*	Comments		Legislation - No additional funding to districts	Legislation - Some funding to districts
2012-13	Negative Factor, No rescission	Negative Factor \$1.001B.	Spring 2013: Supreme Court ruled state's current system of funding is constitutional.	Breakfast After The Bell (HB13-1006). Receive ESEA waiver. Districts continue to implement Educator Effectiveness, SBE Graduation Requirements 5/15/13, CDE Cost Study for PSWR diploma endorsements 10/1/2014, 6th graders register CollegeinColorado; safe schools. SBE joins PARCC testing consortium, SBE adopts Common Core standards, CAP4K Costing Out final report delayed	READ \$5.4M; BOCES \$1.3M; CDE \$3M to acquire early literacy assessment tool RFP; \$3.8M at-risk support
2011-12	Negative Factor	Negative Factor: \$774M.	Lobato v CO: August 2011 decision Denver District Court, Dec 2011 CO school finance system "irrational and inadequate, unconscionable". Nov 2011: Prop 103 fails (\$536M temporary increase for education.	Apply for ESEA waiver, districts adopt new State Standards.	Federal: ARRA stimulus ends. Fed Edu jobs money ends in June. Dec 2001 Race to Top Phase 3 \$17.9M over 4 years.
2010-11	Negative Factor / Mid-Year Rescission	Reduction to funding \$381M.	A23 Maintenance of Effort sunsets.	New CO Accreditation Program takes effect.	Federal: Fed Edu jobs (one-time money) EAGLE-NET Grant \$101M
2009-10	Mid-Year Rescission	\$130,000,000 Mid-Year Rescission.	A23: +1% MOE	Ed. Effectiveness (SB10-191), Standards Review. CAP4K Costing Out begins, Long-term Fiscal Stability Commission, School Finance Interim Committee	Federal: ARRA stimulus (covers approximately 4% of the state's share).
2008-09	Mid-Year Rescission	\$7.5M Mid-Year Rescission (SB09-215)	A23: +1% MOE	CAP4K, P-20 continues.	BEST (capital only), partial full-day K & pre-school funding, Counselor Corps
2007-08			A23: +1% MOE	Mill Levy Stabilization, P-20, revised CCHE Requirements	

*(Rescission totals are not tracked year to year. Negative Factor is tracked)

Source: CDE, CO Statutes

COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future



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Fiscal Year	REDUCTIONS IN FUNDING		ELECTIONS, CONSTITUTIONAL, JUDICIAL	LEGISLATION	
	Legislative Reduction Mechanisms*	Comments		Legislation - No additional funding to districts	Legislation - Some funding to districts
2006-07			A23: +1% MOE. Nov 2006: Voters approve Ref C		
2005-06			A23: +1% MOE		
2004-05			A23: +1% MOE	CCHE initial Requirements	
2003-04			A23: +1% MOE		
2002-03	Mid-Year Rescission	\$784M Reduce all districts by shortfall for locally-negotiated business incentive	A23: +1% MOE,		
2001-02	Mid-Year Rescission	agreements \$1.7M Mid-Year Rescission (HB02-1393)	A23: 2002-2011 = +1% Maintenance of Effort (MOE)	2001: Federal: NCLB: "highly qualified" K-12 core content teachers.	
2000-01			Nov 2000: Voters approve Amendment 23		
1990's				New content standards, CSAP, Safe School Act, District Accreditation, Expanded Choice Legislation, Online Education, Basic Literacy Act, School Accountability Reports (SARs), Student Identification/Data Warehouse.	
1999-00					
1993-94					

*(Rescission totals are not tracked year to year. Negative Factor is tracked)

Source: CDE, CO Statutes

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Fiscal Year	REDUCTIONS IN FUNDING		ELECTIONS, CONSTITUTIONAL, JUDICIAL	LEGISLATION	
	Legislative Reduction Mechanisms*	Comments		Legislation - No additional funding to districts	Legislation - Some funding to districts
1992-93	Mid-Year Rescission		Nov '92: Voters approve TABOR. Initiative 6 fails (1% sales tax increase to fund schools, set standards and assessments).		
1991-92				Partial Fiscal Year.	
1983-87	5 Mid-Year Rescissions				
1982-83			Nov '82: Voters approve Gallagher Amendment		

*(Rescission totals are not tracked year to year. Negative Factor is tracked)

Source: CDE, CO Statutes

**Colorado: Student Count, Free and Reduced Lunch, English Learners
2003-04 thru 2014-15**

Fiscal Year	PK-12 Membership (Oct count)	Free Lunch*		Reduced Lunch*		Free and Reduced Lunch		English Learners**	
		Free Lunch	Free Lunch % of PK-12 Membership	Reduced Lunch	Reduced Lunch % of PK-12 Membership	Free & Reduced Lunch	Free & Reduced Lunch % of PK-12 Membership	English Learners*	EL % of PK-12 Membership
2014-15	889,006	305,342	34.4%	64,418	7.3%	369,760	41.59%	126,840	14.27%
2013-14	876,999	305,172	34.8%	62,850	7.2%	368,022	42.00%	126,750	14.45%
2012-13	863,561	297,167	34.4%	61,732	7.1%	358,899	41.56%	124,701	14.44%
2011-12	854,265	288,568	33.8%	60,362	7.1%	348,930	40.85%	123,002	14.40%
2010-11	843,316	279,275	33.1%	57,168	6.8%	336,443	39.90%	117,369	13.92%
2009-10	832,368	258,899	31.0%	60,529	7.3%	319,428	38.00%	113,526	13.64%
2008-09	818,443	231,232	28.3%	58,172	7.1%	289,404	35.36%	101,612	12.42%
2007-08	802,639	220,619	27.5%	54,941	6.9%	275,560	34.33%	106,413	13.26%
2006-07	794,026	215,267	27.1%	52,323	6.6%	267,590	33.70%	99,819	12.57%
2005-06	780,708	210,939	27.0%	48,734	6.2%	259,673	33.26%	99,809	12.78%
2004-05	766,657	193,587	25.3%	48,032	6.3%	241,619	31.52%	90,391	11.79%
2003-04	757,668	180,755	23.9%	47,955	6.3%	228,710	30.19%	91,751	12.11%
*Free Lunch and Reduced Lunch counts are a proxy for poverty.									
**English Learner (EL) data from CDE's Instructional Program report includes NEP, LEP, FEP Monitor Year 1 and FEP Monitor Year 2									
Free and Reduced Lunch:									
Colorado's smaller districts have a larger percentage of students living in poverty than the largest districts (over 20,000 students).									
Two districts serving over 20,000 students have over 60-80% of their students identified as Free/Reduced Lunch									
For the past 6 years, 31-35% of students have been identified as Free Lunch.									
For the past 5 years, 40-42% of Colorado's students have been identified as Free or Reduced Lunch.									
Colorado does not fund students identified as Reduced Lunch Count - approximately 7% of students.									

COLORADO SCHOOL FINANCE PROJECT

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STATE EDUCATION FUND SPENDING, REVENUE, AND BALANCE FY2002 TO FY2018 (All figures in millions)

Fiscal Year	Total State Education Fund Spending*	Spending for School Finance	State Education Fund Balance
2001-02	\$154.5	\$101.6	\$298.5
2002-03	\$330.7	\$296.9	\$202.4
2003-04	\$351.7	\$316.5	\$142.6
2004-05	\$347.2	\$313.4	\$118.4
2005-06	\$335.8	\$299.9	\$152.9
2006-07	\$336.9	\$299.8	\$225.1
2007-08	\$301.7	\$259.1	\$349.3
2008-09	\$494.0	\$362.2	\$331.0
2009-10	\$482.2	\$339.6	\$188.2
2010-11	\$423.7	\$284.0	\$363.4
2011-12	\$654.3	\$511.1	\$133.8
2012-13	\$511.2	\$345.5	\$170.4
2013-14	\$739.8	\$527.4	\$1048.9
2014-15	\$966.9	\$667.6	\$660.0
2015-16	\$928.8	\$624.4	\$300.0
2016-17	\$811.1	\$498.8	\$100.0
2017-18	\$643.2	\$323.4	\$100.0

*Includes spending on education-related programs, such as facility school funding, student assessments, and charter school capital construction.

COLORADO SCHOOL FINANCE PROJECT

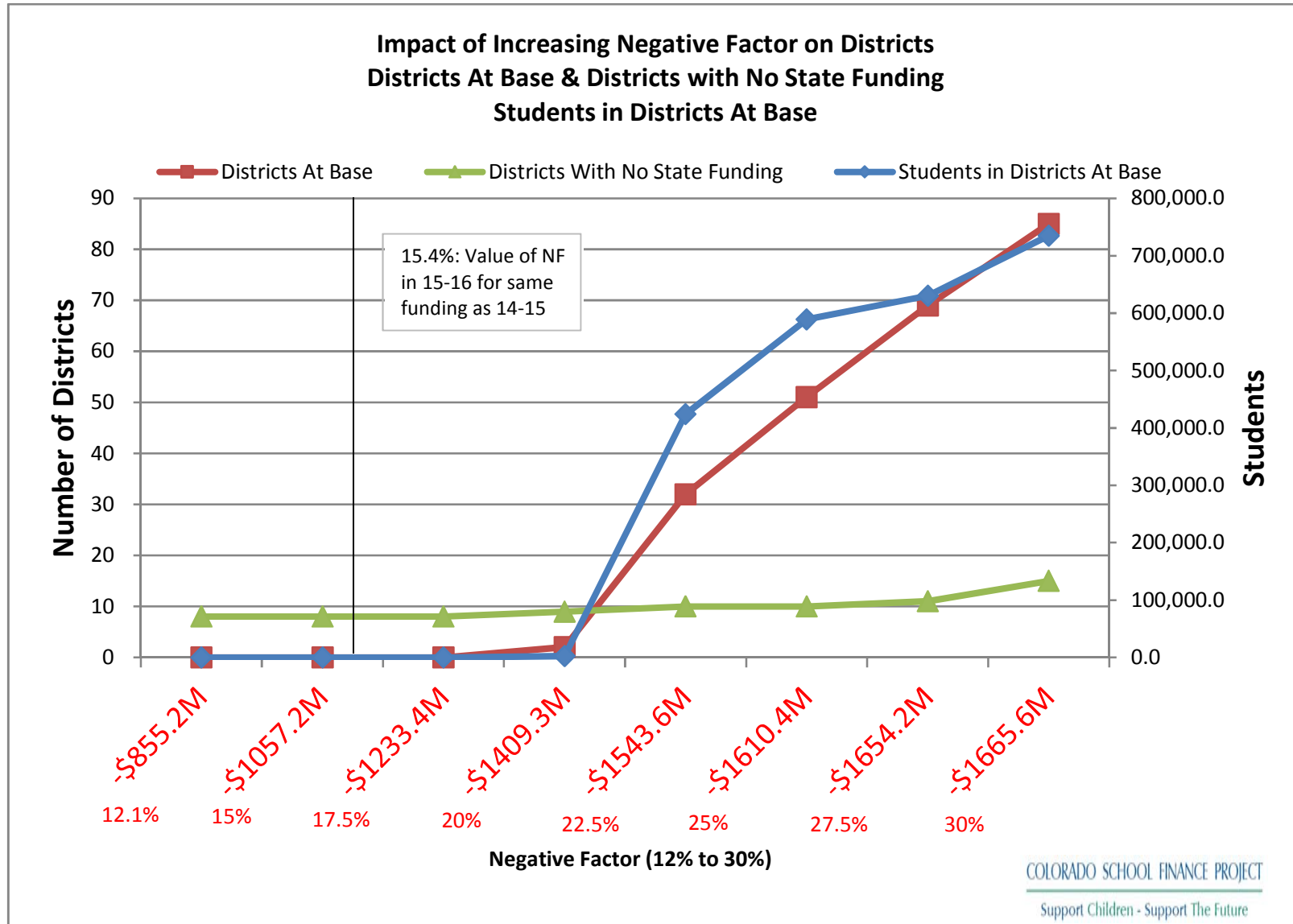
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STATE EDUCATION FUND SPENDING BY TYPE FROM FY2002 TO FY2018 (All dollar figures in millions)

Fiscal Year	Spending for School Finance	Spending for Categorical Programs	Spending for Other Purposes*	Total State Education Fund Spending*	Percentage of SEF on SFA	Percentage of SEF on Categoricals	Percentage of SEF on Other
2001-02	\$101.6	\$7.2	\$45.7	\$154.5	65.8%	4.7%	29.6%
2002-03	\$296.9	\$15.7	\$18.1	\$330.7	89.8%	4.7%	5.5%
2003-04	\$316.5	\$20.3	\$14.9	\$351.7	90.0%	5.8%	4.2%
2004-05	\$313.4	\$23.7	\$10.1	\$347.2	90.3%	6.8%	2.9%
2005-06	\$299.9	\$25.5	\$10.4	\$335.8	89.3%	7.6%	3.1%
2006-07	\$299.8	\$26.3	\$10.8	\$336.9	89.0%	7.8%	3.2%
2007-08	\$259.1	\$35.5	\$7.1	\$301.7	85.9%	11.8%	2.4%
2008-09	\$362.2	\$77.4	\$54.4	\$494.0	73.3%	15.7%	11.0%
2009-10	\$339.6	\$88.2	\$54.4	\$482.2	70.4%	18.3%	11.3%
2010-11	\$284.0	\$89.3	\$50.4	\$423.7	67.0%	21.1%	11.9%
2011-12	\$511.1	\$93.7	\$49.5	\$654.3	78.1%	14.3%	7.6%
2012-13	\$345.5	\$102.5	\$63.2	\$511.2	67.6%	20.1%	12.4%
2013-14	\$527.4	\$127.1	\$85.3	\$739.8	71.3%	17.2%	11.5%
2014-15	\$667.6	\$136.5	\$162.8	\$966.9	69.0%	14.1%	16.8%
2015-16	\$624.4	\$144.0	\$160.4	\$928.8	67.2%	15.5%	17.3%
2016-17	\$498.8	\$151.2	\$161.1	\$811.1	61.5%	18.6%	19.9%
2017-18	\$323.4	\$157.9	\$161.9	\$643.2	50.3%	24.5%	25.2%

*Includes spending on education-related programs, such as facility school funding, student assessments, and charter school capital construction.



COMPONENTS FOR STATE LEVEL MODELING SCHOOL FINANCE FUNDING FOR 2015-16, 2016-17, AND 2017-18 (PAGE 1)

	228 Transfers	TABOR Refunds	Medicaid Expansion	Recission	Negative Factor
Context	<p>Triggered by a 5% growth in personal income in 20xx. Requires 2.5% of GF to go to transportation in first two years and 3% in final three years. Can be halved or eliminated based on certain TABOR refund levels.</p>	<p>Required refunds to taxpayers when revenues exceed Ref. C TABOR Cap. If refunds above \$97.7 million EITC kicks in. Over \$294.6 million income tax reate reduction kicks in. Effectively means that increases in revenues above cap provide no additional revenues to state.</p>	<p>State must pick up higher shares of cost of Medicaid expansion over the years. The federal government picks up 100% of the cost of expansion through 2016, 95% in 2017, and 94% in 2018.</p>	<p>Based on projected funding for 2015-16, recission may be necessary to balance budget according to current forecasts.</p>	<p>Statutory language exists to keep the negative factor at \$855 million going forward. Modeling assumes this figure may need to change due to budget pressures.</p>
2014-15	<p>Projected full transfer needed at \$260 million. Only half that amount was budgeted.</p>	<p>Governor's Model \$194 million, Leg. Model - \$217 million</p>			<p>\$885 million</p>
2015-16	<p>Full, Half, None - \$260 million</p>	<p>Governor's Model - \$76.2 million, Leg. model \$0</p>	<p>No new cost</p>	<p>Model recission in 2015-16 . Assume around 40% of \$180 million to education funding. \$180 million includes the additional needed for 228 transfers.</p>	<p>\$855 million, need about \$50 million to stay constant</p>
2016-17	<p>Full, Half, None - \$260 million</p>	<p>Governor's Model \$385.2 million, Leg. Model \$211.5 million</p>	<p>Half year of 5%</p>		<p>\$50 million to stay constant (\$100 million for 15-16 and 16-17)</p>
2017-18	<p>Full, Half, None - \$260 million</p>	<p>\$400-\$600 million projected</p>	<p>Half year of 5%, and half year of 6%</p>		<p>\$50 million to stay constant (\$150 million for 15,16, 16-17, and 17-18)</p>

COMPONENTS FOR STATE LEVEL MODELING SCHOOL FINANCE FUNDING FOR 2015-16, 2016-17, AND 2017-18 (PAGE 2)

	Student Growth	Inflation	At-Risk %	State Ed Fund Balance	General Fund Contribution	Other Factors
Context	Projected figures represent projections and recent trends.	Projected figures represent recent trends.	Assuming percentage of total population in the state stays constant. This does not take into account individual district changes	State Education Fund balance is declining. Ending balance targets have been set by the state.	If negative factor is to remain constant, then in conjunction with growth and lower SEF funds, GF contribution will need to grow.	Changes to the Hospital Provider fee, a decision on Dwyer in the plaintiffs favor, or a de-brucing effort would cause a level of change that would make current modeling moot.
2014-15	1.50%	Recent years closer to 2.5%, state modeling 1.4%		\$300 Million		
2015-16	1.50%	State modeling 2.6%	44%	\$147 million currently assumed in budgets	\$350 million increase to keep current funding levels, does not include \$50 million for negative factor.	
2016-17	1.50%	State modeling 2.4%	44%	\$100 million target	Will increase unless changes to policy	
2017-18	1.50%	2.5% - assumption	44%	\$100 million target	Will increase unless changes to policy	

SCENARIO SUMMARY

2015-16 – The three scenarios include:

- **Status Quo** – Assumes statutory negative factor is applied.
- **State Short Fall** – Assumes current \$180M projected shortfall is reduced by \$70 million additional local property tax revenue and that K-12 takes a 40% cut of the remaining \$110M shortfall.
- **Additional Negative Factor** – Assumes the same share of the shortfall and an increase of the negative factor to \$900M.

2016-17 – The three scenarios include:

- **Status Quo** – Assumes statutory negative factor is applied.
- **Additional Negative Factor** – Assumes a growth in the negative factor to \$900M.
- **Negative Factor and Medicaid** – Assumes a growth in the negative factor to \$950M and K-12 assuming 40% of the cost of Medicaid expansion.

2017-18 – The three scenarios include:

- **Status Quo** – Assumes statutory negative factor is applied.
- **Additional Negative Factor** – Assumes a growth in the negative factor to \$950M.
- **Negative Factor and Medicaid** – Assumes a growth in the negative factor to \$1,000M and K-12 assuming 40% of the cost of Medicaid expansion.

2015-16 SCENARIOS

	Status Quo	State Short Fall	Additional Negative Factor
Assume State Budget		State short fall of \$180M is addressed with \$70M additional local prop., K-12 takes 40% of remainder of cut.	State short fall of \$180M is addressed with \$70M additional, K-12 takes 40% of remainder of cut and increase to \$900M for negative factor.
Total Program Before Negative Factor	\$7,094,740,921	\$7,094,740,921	\$7,094,740,921
Per Pupil Funding	\$8,294	\$8,294	\$8,294
Current Statutory Negative Factor	\$855,176,146	\$855,176,146	\$855,176,146
Total Program After Negative Factor	\$6,239,564,775	\$6,239,564,775	\$6,239,564,775
Per Pupil Funding	\$7,294	\$7,294	\$7,294
Additional Impacts on Funding			
Possible Recision Negative Factor		\$44,000,000	\$44,000,000
			\$44,823,854
Funding after additional impacts	\$6,239,564,775	\$6,195,564,775	\$6,150,740,921
Per Pupil Funding	\$7,294	\$7,243	\$7,191

2016-17 SCENARIOS

	Status Quo	Additional Negative Factor	Negative Factor and Medicaid
	Assume State Budget	Assume Larger Negative Factor of \$900M	Assume Larger Negative Factor \$950M and 40% of Medicaid Expansion
Total Program Before Negative Factor	\$7,371,435,816	\$7,371,435,816	\$7,371,435,816
Per Pupil Funding	\$8,490	\$8,490	\$8,490
Current Statutory Negative Factor	\$855,176,146	\$855,176,146	\$855,176,146
Total Program After Negative Factor	\$6,516,259,671	\$6,516,259,671	\$6,516,259,671
Per Pupil Funding	\$7,505	\$7,505	\$7,505
Additional Impacts on Funding			
Additional Negative Factor		\$44,823,854	\$94,823,854
40% of Medicaid Expansion			\$14,490,720
Funding after additional impacts	\$6,516,259,671	\$6,471,435,816	\$6,406,945,097
Per Pupil Funding	\$7,505	\$7,454	\$7,379

2017-18 SCENARIOS

	Status Quo	Additional Negative Factor	Negative Factor and Medicaid
	Assume State Budget	Assume Larger Negative Factor of \$950M	Assume Larger Negative Factor \$1,000M and 40% of Medicaid Expansion
Total Program Before Negative Factor	\$7,666,293,249	\$7,666,293,249	\$7,666,293,249
Per Pupil Funding	\$8,699	\$8,699	\$8,699
Current Statutory Negative Factor	\$855,176,145	\$855,176,146	\$855,176,146
Total Program After Negative Factor	\$6,811,117,104	\$6,811,117,103	\$6,811,117,103
Per Pupil Funding	\$7,729	\$7,729	\$7,729
Additional Impacts on Funding			
Additional Negative Factor		\$94,823,854	\$144,823,854
40% of Medicaid Expansion			\$33,696,719
Funding after additional impacts	\$6,811,117,104	\$6,716,293,249	\$6,632,596,530
Per Pupil Funding	\$7,729	\$7,621	\$7,526

Comparison of Per Pupil Figures

	Scenario 1	Scenario 2	Scenario 3
Per Pupil before Negative Factor			
2015-16	\$8,294	\$8,294	\$8,294
2016-17	\$8,490	\$8,490	\$8,490
2017-18	\$8,699	\$8,699	\$8,699
Per Pupil After Negative Factor			
2015-16	\$7,294	\$7,294	\$7,294
2016-17	\$7,505	\$7,505	\$7,505
2017-18	\$7,729	\$7,729	\$7,729
Per Pupil After Additional Impacts			
2015-16	\$7,294	\$7,243	\$7,191
2016-17	\$7,505	\$7,454	\$7,379
2017-18	\$7,729	\$7,621	\$7,526