Quick History Lesson

• Every state has an education clause in their constitution – part of statehood requirement
• Thorough and uniform system
• Local Control
• School Boards have authority over school configuration, curriculum, budgets and hiring staff
Why is This Important?

• State to state comparisons – what adjustments are needed?
• Is the governance structure the same?
• Are the school districts and states responsibilities the same?
• If not - how accurate are comparisons?

Colorado’s Funding System

• The local school district levies a mill to generate a certain amount of revenue - for the school finance act.
• The state then fills in the balance to get to the statewide “base” amount.
• Then, adjustments are made for each school district depending upon the school district characteristics and at-risk population.
**Revenue INSIDE the School Finance Act**

Local Share – District Total Program = State Share

**LOCAL SHARE**
Local District Taxes:
- Property Taxes
- Ownership Tax

**STATE SHARE**
State Taxes:
- General Fund
- Education Fund

Local Share
- Property tax
- Starting point for determining state share of District Total Program
- Remains in the district

State Share
- State “backfills” to reach District Total Program.

**State & Local Share Varies**

**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
Foundation Formula

- Colorado, like many states, uses a foundation formula – starts with a base amount and makes adjustments for district and student characteristics.
- The negative factor has caused the adjustments component to be nullified, causing great hardships on school districts.
St. Vrain Negative Factor

2017-18  $28.6M (est.)
2016-17:  $28.1M (est.)
2015-16:  $28.2M
2014-15:  $29.4M
2013-14:  $33.4M
2012-13:  $33.1M
2011-12:  $24.6M
2010-11:  $12.0M
2009-10:  $4.0M

$221.4M Total Lost Revenue

Includes: Mid-year, Budget Stabilization, Negative Factor

Quick History – Local Overrides

• In 1988 – the override discussion centered on equity and how much latitude a district should have that creates an inequitable system
• 1988 – legislature gave 5% authority to school districts
• 2016 – 30% for small districts, 25% for others plus multiple exceptions – transportation, technology, kindergarten, etc.
Override Impact

• School districts have utilized overrides to compensate for lack of state resources
• School districts have used the tools created for them by the legislature
• 70 school districts have no overrides
• 90% of students in state benefit from some override
• Override dollars range from under $5.00 per student to almost $3,000

Overrides – Quick Facts

• Are not part of school finance formula
• Are local dollars raised for specific local initiatives
• Are not subject to the state’s budget cuts or negative factor
• Have created large inequities in the system
• Have impacted tax payers differently across the state
Future for Colorado

- Does the state budget grow at the same rate or are changes made to allow more flexibility?
- Negative factor?
- State rearranging deck chairs or making meaningful changes that increase revenue?
- Economic stability or volatility for Colorado?
- Quarterly forecasts
- Unforeseen challenges – Supreme Court ruling and local share changes

November 2016

- Potential statewide ballot initiative through a citizens initiative that would allow for the state to keep the revenue that it has already collected versus refunding.
- This is a great first step
- This doesn’t increase taxes
- This doesn’t create additional new revenue
Questions & Concerns

• Today
• Later – contact me

Contact Information

• Tracie Rainey – 303-860-9136
• T.Rainey@cosfp.org
• cosfp.org | @COSFP