Paying for educational excellence:
Behind the curtain on school finance

“You don’t know where you’re going until you know where you’ve been.” That old saying comes in handy for lots of situations, and it’s very relevant when we look to the future of school funding in Colorado.

Our two organizations are taking a fresh, detailed look at the equity and adequacy of school support in our state, an effort that’s informed by defined principles about school finance and by the realities of Colorado’s current system.

To give some context to you and everyone who’s following our work, here’s a quick refresher on those principles and that system.

Principles of school finance

Four central principles underlie a finance system – adequacy, equity, sustainability and adaptability.

Adequacy – The bar for defining adequacy is set by the state constitution’s requirement for a “thorough and uniform” educational system. Fleshing out that definition requires careful and detailed work by educators and policymakers, but the core constitutional principle and the requirements of state education law must always guide those decisions.

Equity – The needs and interests of both students and taxpayers come into play when considering equity. For students, equity means providing all children with the resources needed to provide them the opportunity to be successful as defined by Colorado’s expectations for achievement.

Sustainability – A proper finance system requires that school funding be consistent and reliable.

Adaptability – Educational needs and requirements change over time, so a finance system has to be adaptable to meet new circumstances.

The system’s starting point is “base” funding – the amount of money every district needs to provide the constitutionally required opportunities for children without special needs. (Our current study is intended to provide updated information about...
the resources required to provide a proper base.)

But it costs varying amounts to provide equitable opportunities for different kinds of students. District resources vary widely, and it costs more to provide full opportunity to some groups of students and individual pupils and to serve students in smaller districts. So, beyond the base, a finance system needs to include adjustments that recognize and pay for those different needs.

**Colorado’s system**

Remember 1994?

President Bill Clinton was in his first term, we were transfixed by the O.J. Simpson case, IBM was trying to sell the first smartphone and Facebook was still a decade in the future.

Our state had a population of about 3.7 million, with fewer than 650,000 kids in school. There were no statewide academic standards, tests or accountability and evaluation requirements. Classrooms were still a paper-and-pencil world.

And the school funding system we still use was enacted into law.

That system set base or foundation funding and required differentiated support of districts based on size, cost of living and numbers of at-risk students. The system provided some additional support for students in special education, English language learners, transportation and other specific district needs.

But the 1994 law also was built on the assumptions that funding would be split 50-50 by the state and districts and that districts would levy a relatively high level of property taxes.

While the law remains, much has changed in 22 years.

The base and district adjustments are still in place, but both have been eroded by the negative factor, and there are wide disparities in district property tax rates.

And schools now do their work under statewide standards, tests and accountability and educator evaluation systems. Computers are ubiquitous.

**Learn more**

Dive into more details about school finance principles, our state’s system and funding trends in these Colorado School Finance Project documents.

- [School Finance Principles](#)
- [School Finance Act of 1994 summary](#)
- [School Finance 101 (links to lots of detailed information)](#)
- [Timeline of school finance and education reform since 1982](#)
- [District budget cuts since 2011](#)
- [Past cost studies](#)

**Project update**

Here’s what our team has been up to since we last updated you in early September.

The survey of districts has been completed, and we’re working on the survey of school board members.

The five professional judgment panels have completed the bulk of their work.

And APA is continuing its research on base costs using the Successful School District model.