Colorado has over 900,000 students
In pre-school – 12th grade,
in 178 school districts.
Districts range in size from
less than 50 to over 90,000 students.
Colorado’s Free & Reduced Lunch Students (proxy for poverty)

About 381,000 students – about 42%
Districts range from 4% to 90% of students

Students Learning English

Over 129,000 students – about 14%
235 languages & cultures
Gifted & Talented Students

About 66,000 students – about 7%

Students in Special Education Programs

Over 95,000 students – about 10.5%
Where do our students attend school?
16% of our students are in 148 districts.
84% of our students are in 30 districts.
Quick History of School Funding

• Requirement for statehood
• Colorado Constitution
• Governance Structure
• State vs Local
  – Why this is important

Who are the Taxing Entities?

• **Local Share** – dollars are levied at the local school district first, specific ownership tax portion for K-12 is then added – these are the initial dollars that go toward school finance.

• **State Share** – dollars that are income and sales tax revenue are applied differently to each district to establish the same “base” amount of funding.
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 (by design)

**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
Colorado’s Tax System (1 of 2)

- 1981: Gallagher – *statewide, voters passed*
- 1992: TABOR – *statewide, voters passed*
- 2000: Amendment 23 – *statewide, voters passed*
- 2005: Ref C – *statewide, voters passed*

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Colorado’s Tax System (2 of 2)

- 2008: Mill Levy Stabilization (Mesa County) - *courts*
- 2010 – present: Budget Stabilization Factor / Negative Factor – *Legislature*
  - Created during Great Recession as a way to balance the state budget
  - Currently $833K 2017-18
  - Cumulative loss to school districts $6B
Colorado’s School Finance Act

- Designed by Legislature in 1994 - 23 years ago
- 40 mills per district
- 50/50 split between district and state
- Equalization Formula – concern about tax-payer equity
- Educational Goal: *Every child had access to education*

Principles of School Finance System

- Equalization Formula
  - Every district starts with the same amount
  - Then adjustments are made based upon student and district characteristics that are out of the control.
- School Finance System & Tax System should mirror same principles of:
  
  *Adequacy - Equity - Stability - Adaptability*
Principles: School Finance System & Tax System

Adequate

Sustainable → Balance → Adaptable

Equitable

Mill Levy Overrides

- First authorized by Legislature in 1988
- Only tool school districts have to increase funding
## District Overrides: 2016-17

<table>
<thead>
<tr>
<th>Type of Override</th>
<th>Number of Districts</th>
<th>Percent of Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mill Levy Override</td>
<td>107</td>
<td>60.1%</td>
</tr>
<tr>
<td>Special Building &amp; Technology</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Transportation</td>
<td>9</td>
<td>5.1%</td>
</tr>
<tr>
<td>Full-day Kindergarten</td>
<td>3</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other Mills</td>
<td>3</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

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### Map of District Mill Levy Overrides

- **No MLO Revenue:** Blue
- **MLO passed prior to 2010:** Green
- **MLO passed 2010-2016:** Yellow

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How Does Colorado Do?

• You decide-
• Does our school finance system meet the principles outlined?
• Does our tax system meet the principles outlined?

What has been tried?

• An equity challenge to the courts in the early 1990’s - Lujan
• A facilities challenge to the courts in the late 1990’s – Giardino
• An adequacy challenge to the courts in the 2000’s – Lobato
• Two statewide ballot initiatives
• Three legislative interim committees on school finance (2005, 2009, 2017 & 18)
What might need to be tried?

- K-12 creating a positive narrative, with 178 local communities, all supporting a new school finance act, additional dollars, and distributing in a more equitable manner.
- This has never been tried, K-12 has always been asked to be a passenger on a train never the conductor.

Questions & Concerns

- Today
- Later – contact me
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