School Finance
How Does it Work???

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Total Program Funding
Total Program Funding

The vast majority of money for schools comes through the Public School Finance Act of 1994

Total Program Funding = Local Funding + State Funding

This formula attempts to equalize funding to districts across the state.

Local Funding always applied first.

2015-16
Total Program Funding - School Finance Act
$6.39 Billion

State, $3,980 , 64%
Local, $2,260 , 36%

in millions
Local Share Funding Sources

- **Local Funding**
  - Property Taxes – mill levies
  - Specific Ownership Taxes – vehicle registration fees

- This funding provides approximately 36% of total program funding statewide

- The percentage split in specific districts varies

State Share

- State Education Fund
- General Fund
- Public School Fund
- State Public School Fund
- State Share to Districts
Illustration of Two Districts

- **District A**
  - State Share: 96%
  - Local Share: 4%

- **District B**
  - State Share: 8%
  - Local Share: 92%

Total Program Funding Formula

Total Program Funding equals:

\[(\text{funded pupil count} \times \text{formula per pupil funding}) + \text{at-risk funding} + \text{online & ASCENT funding}\]

After Total Program is calculated, the Negative Factor is Applied.
**Funded Pupil Count**

- Based on October pupil count - enrollment

- **Funded pupil count**
  - Generally:
    - the greater of the current year’s pupil count or the average over the last two to five years (the best average for the district)

- **Full-time vs. part-time students**
  - Kindergarteners count as .58
  - Other adjustments for preschool and students without full-time schedules

**Base Per Pupil Funding**

- **2015-16**
  - Base Funding - $6,292.39
    - Increase of $171.39
    - Inflation of 2.8%

- **2016-17**
  - Base Funding - $6,367.90
    - Increase of $75.51
    - Inflation of 1.2%
Formula Per Pupil Funding - Factors

- Base per pupil funding is adjusted by factors
  - Cost of Living
  - Personnel & Non-personnel costs
  - Size of district

- Determine At-Risk Funding, On-line and ASCENT Funding

- Once Total Program is determined, the negative factor is applied
  - 2015-16 – 11.83% - with supplemental

Negative Factor

- The great recession and pressures on the state budget caused the General Assembly to adopt the “negative factor” in 2010-2011

- It acted as a budget balancing mechanism as the entire state budget was being reduced

- In 2015, the Colorado Supreme Court ruled this did not violate the requirements of Amendment 23

- It has reduced the amount of funding that would be required under the School Finance Act without the negative factor.
State of Colorado Total Program Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$5,717.3</td>
<td>$7,070.3</td>
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<tr>
<td>2010-11</td>
<td>$5,822.3</td>
<td>$6,006.5</td>
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<tr>
<td>2011-12</td>
<td>$6,006.5</td>
<td>$6,813.6</td>
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<tr>
<td>2012-13</td>
<td>$6,309.4</td>
<td>$5,933.4</td>
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<tr>
<td>2013-14</td>
<td>$6,531.2</td>
<td>$6,239.6</td>
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<tr>
<td>2014-15</td>
<td>$6,813.6</td>
<td>$5,298.0</td>
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<tr>
<td>2015-16</td>
<td>$7,070.3</td>
<td>$5,526.9</td>
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</tbody>
</table>

Gaps represent rescissions and legislative actions.

State of Colorado Average Per Pupil Funding

Similar to Total Program, the gaps in the bars represent the effect of the negative factor.

For 2015-16, the effect is $974 in the statewide average per pupil funding.
### State vs. Local Share Increases

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fund Growth and Inflation</th>
<th>Local Funding</th>
<th>State Funding</th>
<th>Actual State Funding Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>$184.17</td>
<td>$(118.33)</td>
<td>$302.50</td>
<td>$125.53</td>
</tr>
<tr>
<td>2012-13</td>
<td>$302.88</td>
<td>$17.72</td>
<td>$285.16</td>
<td>$47.79</td>
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<td>2013-14</td>
<td>$221.85</td>
<td>$20.58</td>
<td>$201.26</td>
<td>$208.39</td>
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<tr>
<td>2014-15</td>
<td>$282.41</td>
<td>$44.00</td>
<td>$238.41</td>
<td>$362.51</td>
</tr>
<tr>
<td>2015-16 with Supplemental</td>
<td>$256.65</td>
<td>$276.95</td>
<td>$(20.31)</td>
<td>$29.17</td>
</tr>
<tr>
<td>Estimated 2016-17</td>
<td>$156.22</td>
<td>$21.00</td>
<td>$135.22</td>
<td>???</td>
</tr>
</tbody>
</table>

In millions

### Other Sources of District Funds

- **Locally raised funds**
  - Voter approved mill levy overrides
  - Fundraising, gifts, donations
  - Local fees
  - Capital construction needs

- **Categorical Program Revenue**

- **Federal Funds**
Mill Levy Overrides

- **Voter approved override** - revenues cannot exceed greater of 25% of its Total Program or $200,000 (30% for small rural) – 118 districts

- **Special Building and Technology Fund** levy up to ten mills for not longer than three years - land, buildings, facilities, security, technology – 1 district

- **Full-day Kindergarten Fund** levy for excess full-day kindergarten program costs – 2 districts

- **Transportation Fund** levy a mill to generate revenues to pay for excess transportation costs – 8 districts
Categorical Program Revenue

- Funding provided for specific programs that serve particular groups of students or student needs
  - English Language Proficiency Act (ELPA)
  - Gifted and Talented Education
  - Special Education
  - Transportation
  - Vocational Education
  - Small attendance centers

These sources of revenue do not cover the full cost of these programs. Districts spent over $1.4 billion on these programs. The state estimate of the “gap in funding” in 2013-14 was over $900 million statewide.

2013-14 Estimated Categorical Gap

- Exceptional Children’s Education Act (ECEA)
- English Language Proficiency Act (ELPA)
- Transportation
- Gifted & Talented
- Colorado Career & Technical Act

The chart shows the percentage of funding from State/Federal and Local sources for each category.
Federal Revenue

- Formula funding grants
  - Title Grants
  - Individuals with Disabilities Act
- National School Lunch and Breakfast Programs
- Competitive grants

2014-15 Distributions - $521 million

Total Program Formula

\[
\left(\left[\text{Size Factor} \times \left(\text{Base Funding} \times \text{Cost of Living Factor} \times \text{Personnel Cost Factor}\right) + \left(\text{Base Funding} \times (1-\text{Personnel Factor})\right)\right]\right) \\
\times (\text{Funded Count} - \text{Online Count} - \text{ASCENT Count}) \\
+ \text{At-Risk Funding} + \text{Online Funding} + \text{ASCENT Funding})
\]

\[\times \text{Negative Factor} = \text{TOTAL PROGRAM}\]
Links to Other Resources

Understanding Colorado School Finance and Categorical Funding

Legislative Council Research and Documents

Joint Budget Committee Staff Briefing Documents