School District Overrides
Colorado Legislative Interim Committee on School Finance

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Overview

- Difficulty in national comparisons
- Putting Overrides into perspective
- What options will not work in Colorado
- Possible options for Colorado
District Overrides

District A
- Local
- State
- Federal
- Local Override

District B
- Local
- State
- Federal
- Local Override

[Bar chart showing the breakdown of funding for Districts A and B]
The Importance of District Overrides

Per Pupil Override Revenue (SY 2020-21)*

- Ave = $1,815
- < $500: 22 districts
- 54 districts generate no revenue

* Does not include program mills or bond mills
The Importance of District Overrides

% of Override Revenue of Total Program (SY 2020-21)

Ave = 18.2%

[Map showing district overrides]
Issues with Overrides

- Difficult for low-wealth communities to pass
- Even when passed, lower wealth communities bring in less funding
- Override provisions can exacerbate inequalities between districts
  - E.g., Great Recession
Issues with Overrides
District Examples

- 54 districts generate no override revenue

- **Average per pupil amount:** $1,815
  - Highest per pupil amount: $7,499

- **Average override revenue as a % of total program funding:** 18.2%
  - Highest share: 38.1%
# Districts without Overrides

<table>
<thead>
<tr>
<th>Urban-centric Locale [District] 2019-20</th>
<th>No. of Districts</th>
<th>% of Pupil Eligible for Free or Reduced Priced Lunch</th>
<th>Average of Per Pupil Net Assessed Valuation 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>City: Mid-size</td>
<td>3</td>
<td>59.7%</td>
<td>$39,305</td>
</tr>
<tr>
<td>Rural: Distant</td>
<td>11</td>
<td>45.2%</td>
<td>$116,375</td>
</tr>
<tr>
<td>Rural: Remote</td>
<td>30</td>
<td>52.7%</td>
<td>$225,480</td>
</tr>
<tr>
<td>Suburb: Large</td>
<td>1</td>
<td>48.7%</td>
<td>$33,852</td>
</tr>
<tr>
<td>Suburb: Mid-size</td>
<td>1</td>
<td>44.5%</td>
<td>$75,677</td>
</tr>
<tr>
<td>Town: Distant</td>
<td>1</td>
<td>57.0%</td>
<td>$84,808</td>
</tr>
<tr>
<td>Town: Remote</td>
<td>7</td>
<td>68.7%</td>
<td>$106,194</td>
</tr>
<tr>
<td>Grand Total</td>
<td>54</td>
<td>53.5%</td>
<td>$168,521</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td><strong>54</strong></td>
<td><strong>40.4%</strong></td>
<td><strong>$322,000</strong></td>
</tr>
</tbody>
</table>
Solutions that (Probably) Would Not Work In Colorado

- **Statewide property tax levies (MI, IN, and WA)**
  - The state levies a property tax and shares the funding with districts throughout the state
  - This state tax often replaces local property taxes

- **Revenue sharing (TX & VT)**
  - Often referred to as “recapturing”
  - This system redistributes property taxes from wealthy communities in a state to lower-wealth communities
Financial Incentives for Districts
Issues to Think About

• How large will the incentives be?
  • If districts are unable, or unwilling, to adopt these overrides now what amount of funding would get them to do so?

• Which districts will receive funding?
  • There is an issue of fairness if only districts who have not adopted an override receive additional state funds

• How long will funding be provided?
  • A set amount of time (3-years, 5-years, etc.)?
  • In perpetuity?
Financial Incentives for Districts

Safeguarding Funding

- **Use the state’s primary funding formula**
  - Helps to ensure that funding will be available each year
  - Could divert funding from other districts

- **Create a reserve account**
  - Would help to make funding predictable
  - Difficult to find sufficient dollars to ensure that adequate funding is available

- **Make use of categorical funding**
  - No guarantee that the dollars will be available each year
If you have any questions, please feel free to contact:

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