

School District Overrides

Colorado Legislative Interim Committee on School Finance

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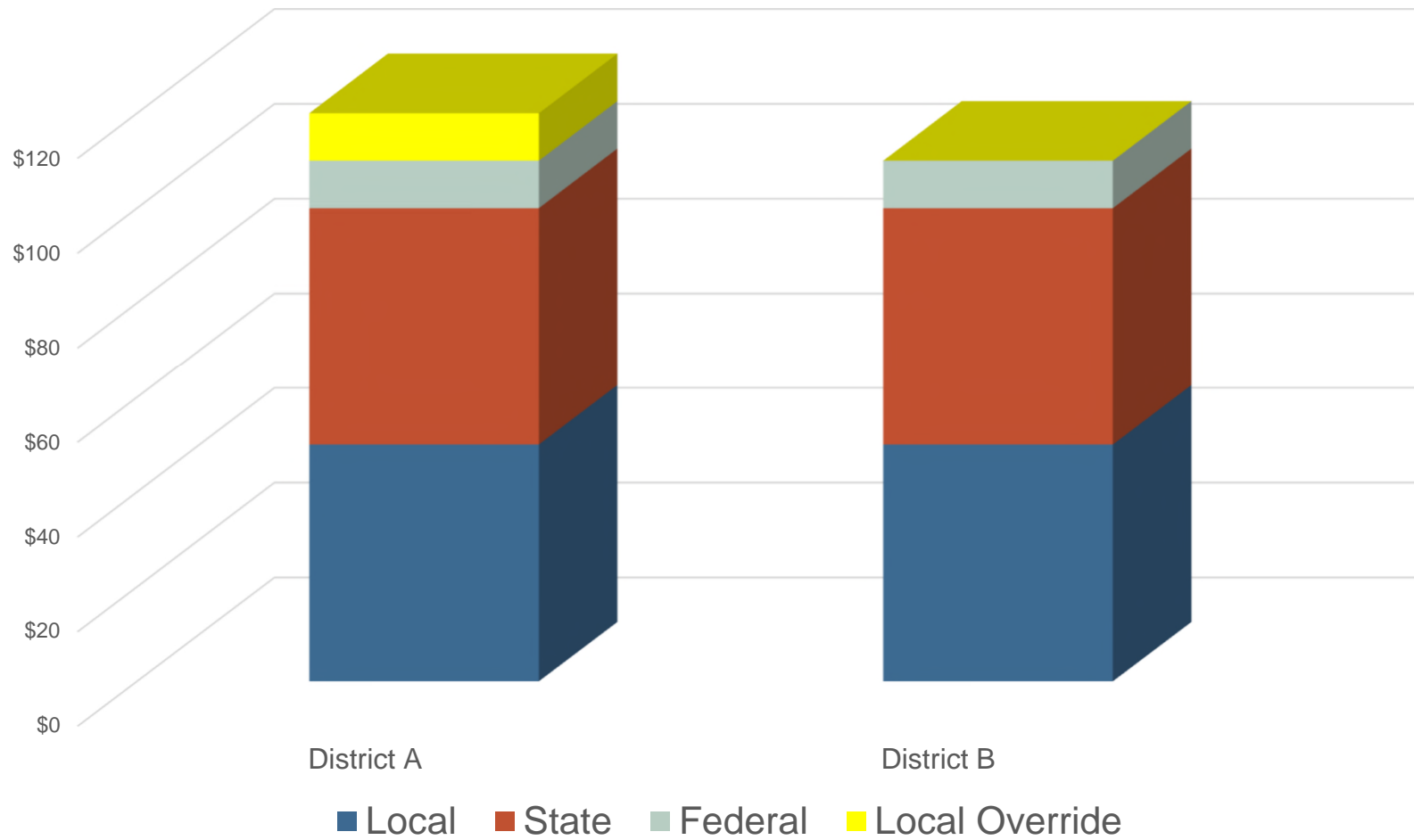
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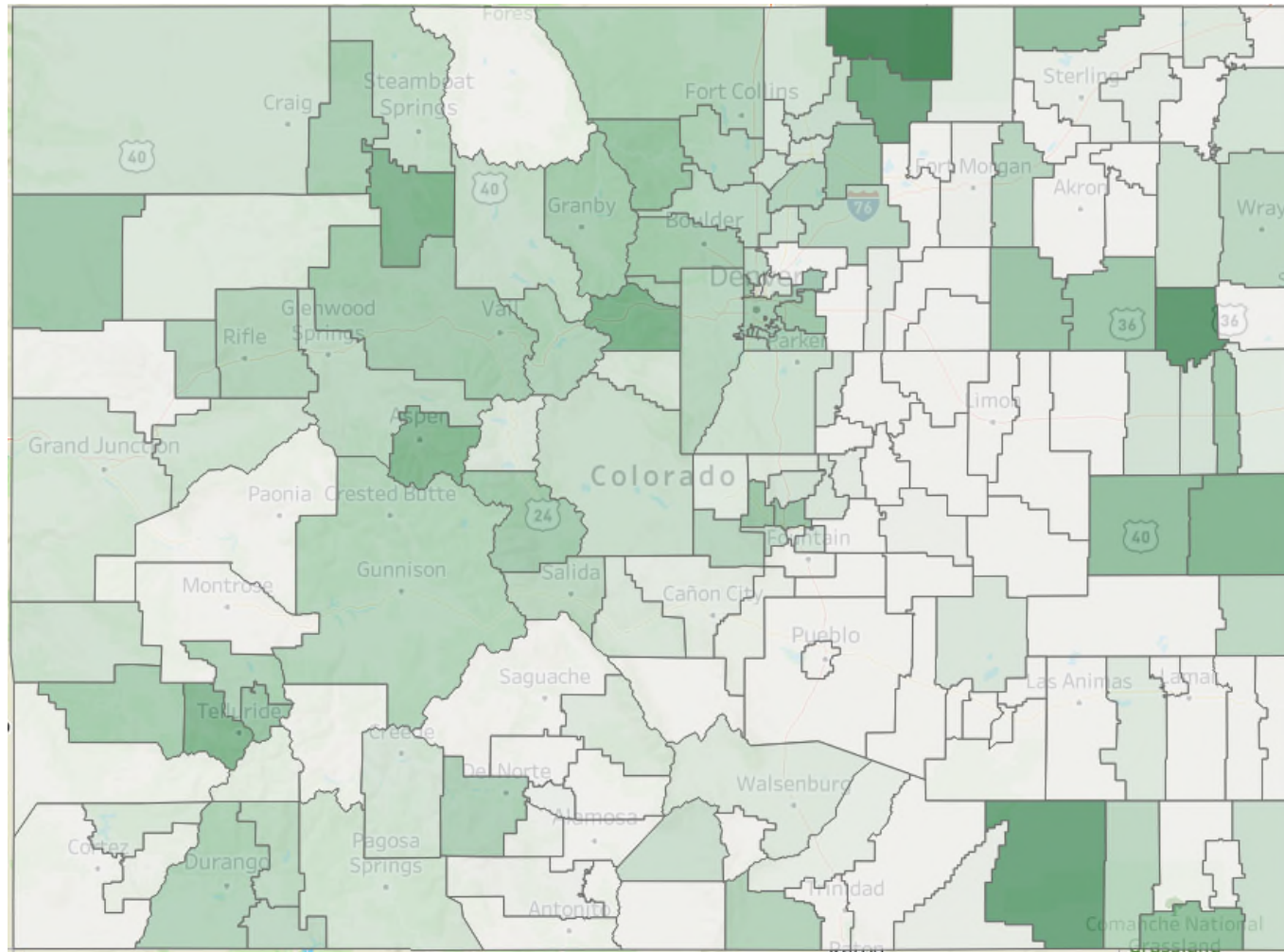
Overview

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

District Overrides



The Importance of District Overrides



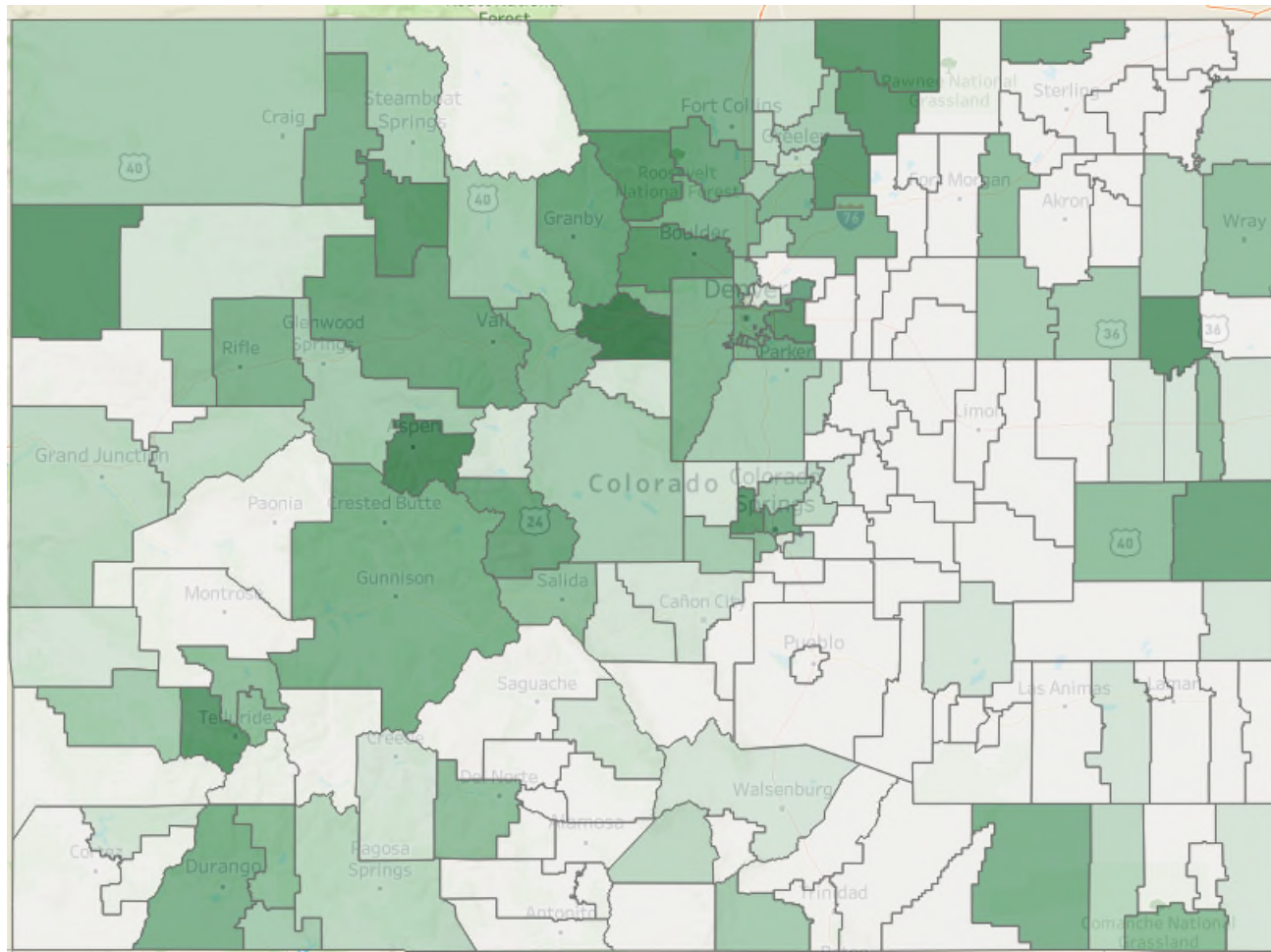
Override Revenue Gene..
\$0.00 \$8,000.00

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%

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
(Knight, David S. “Are High-Poverty School Districts Disproportionately Impacted by State Funding Cuts?: School Finance Equity Following the Great Recession.” *Journal of Education Finance* 43, no. 2 (2017): 169–94.)

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

Urban-centric Locale [District] 2019-20	No. of Districts	% of Pupil Eligible for Free or Reduced Priced Lunch	Average of Per Pupil Net Assessed Valuation 2020
City: Mid-size	3	59.7%	\$39,305
Rural: Distant	11	45.2%	\$116,375
Rural: Remote	30	52.7%	\$225,480
Suburb: Large	1	48.7%	\$33,852
Suburb: Mid-size	1	44.5%	\$75,677
Town: Distant	1	57.0%	\$84,808
Town: Remote	7	68.7%	\$106,194
Grand Total	54	53.5%	\$168,521
Statewide		40.4%	\$322,000

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

Q & A

If you have any questions, please feel free to contact:

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