School Finance
How Does it Work???

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Total Program Funding

Total Program Funding

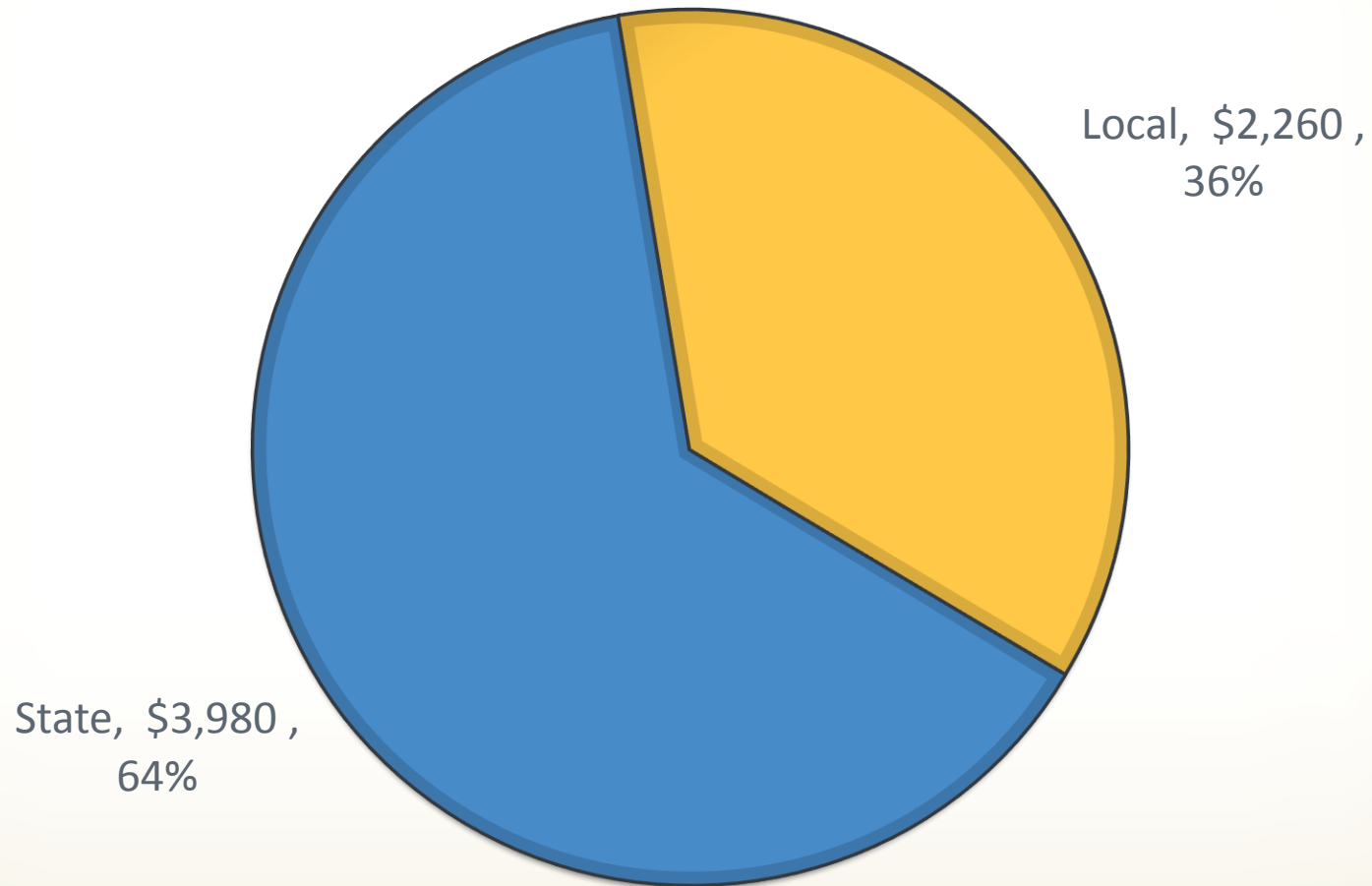The vast majority of money for schools comes through the Public School Finance Act of 1994

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

Local, $2,260, 36%

State, $3,980, 64%

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
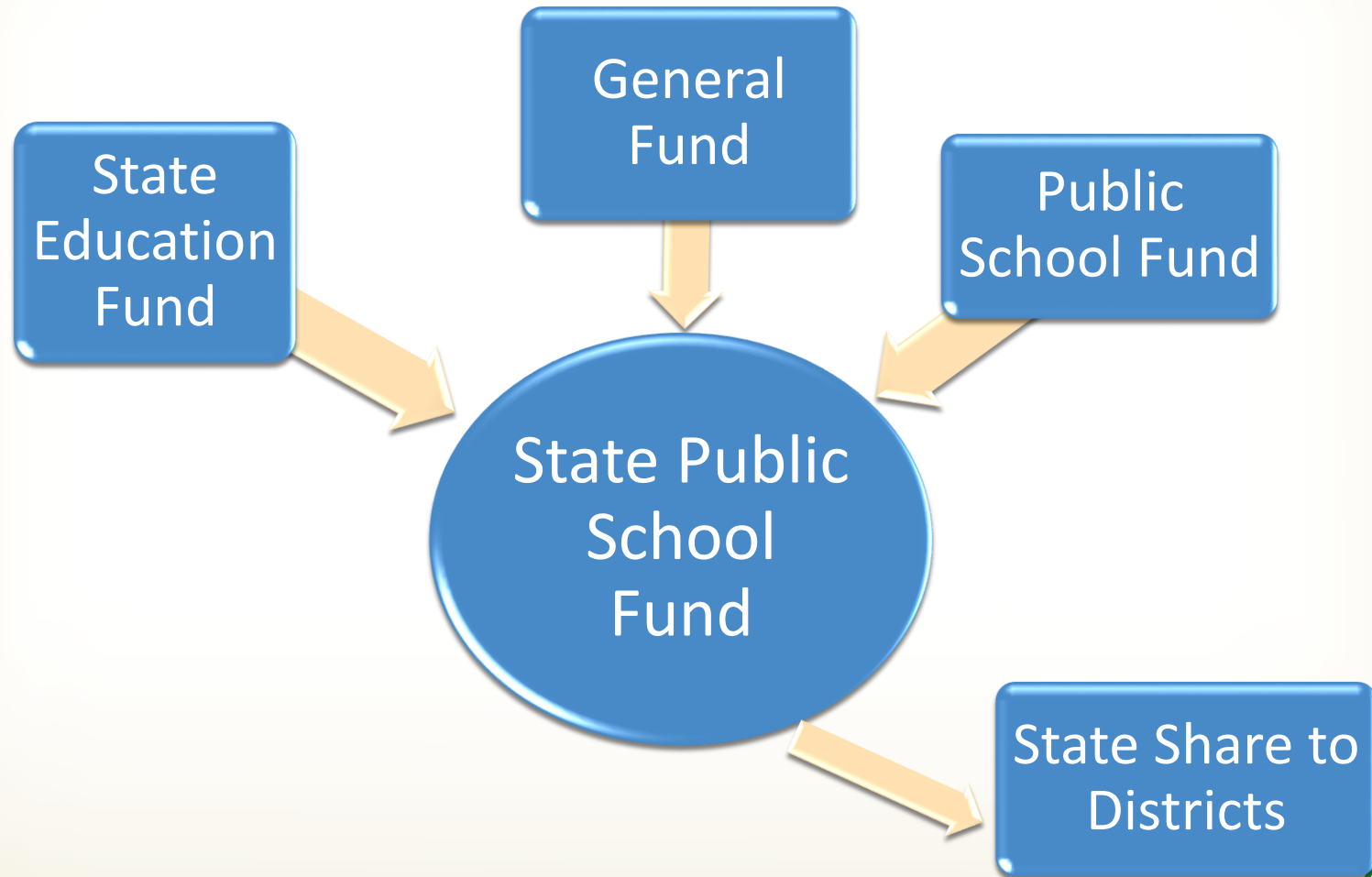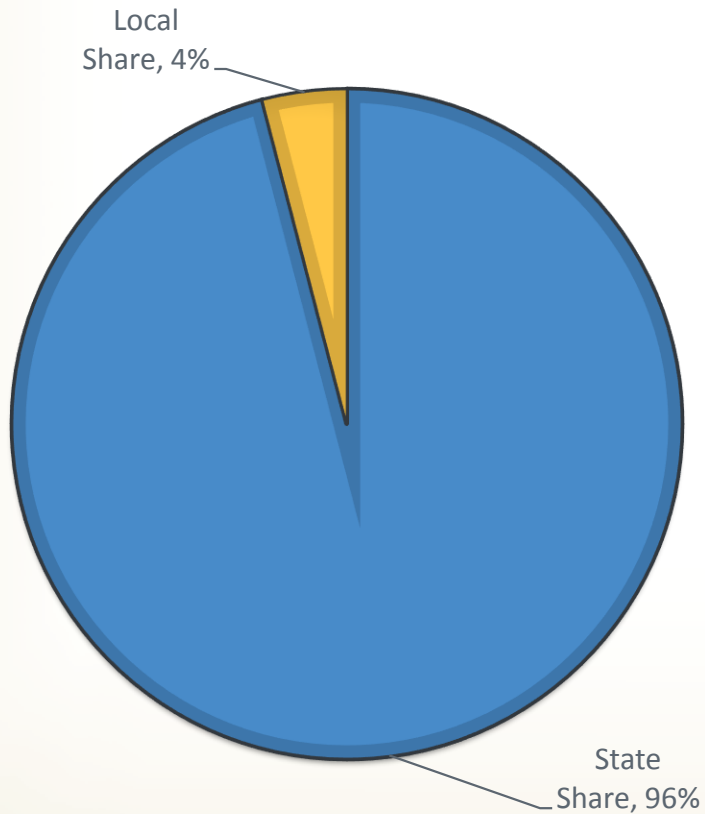
State Share

Illustration of Two Districts

District A — Local Share, 4%; State Share, 96%

District B — State Share, 8%; Local Share, 92%

Total Program Funding Formula

Total Program Funding equals:

=(funded pupil count x

                  formula per pupil funding)

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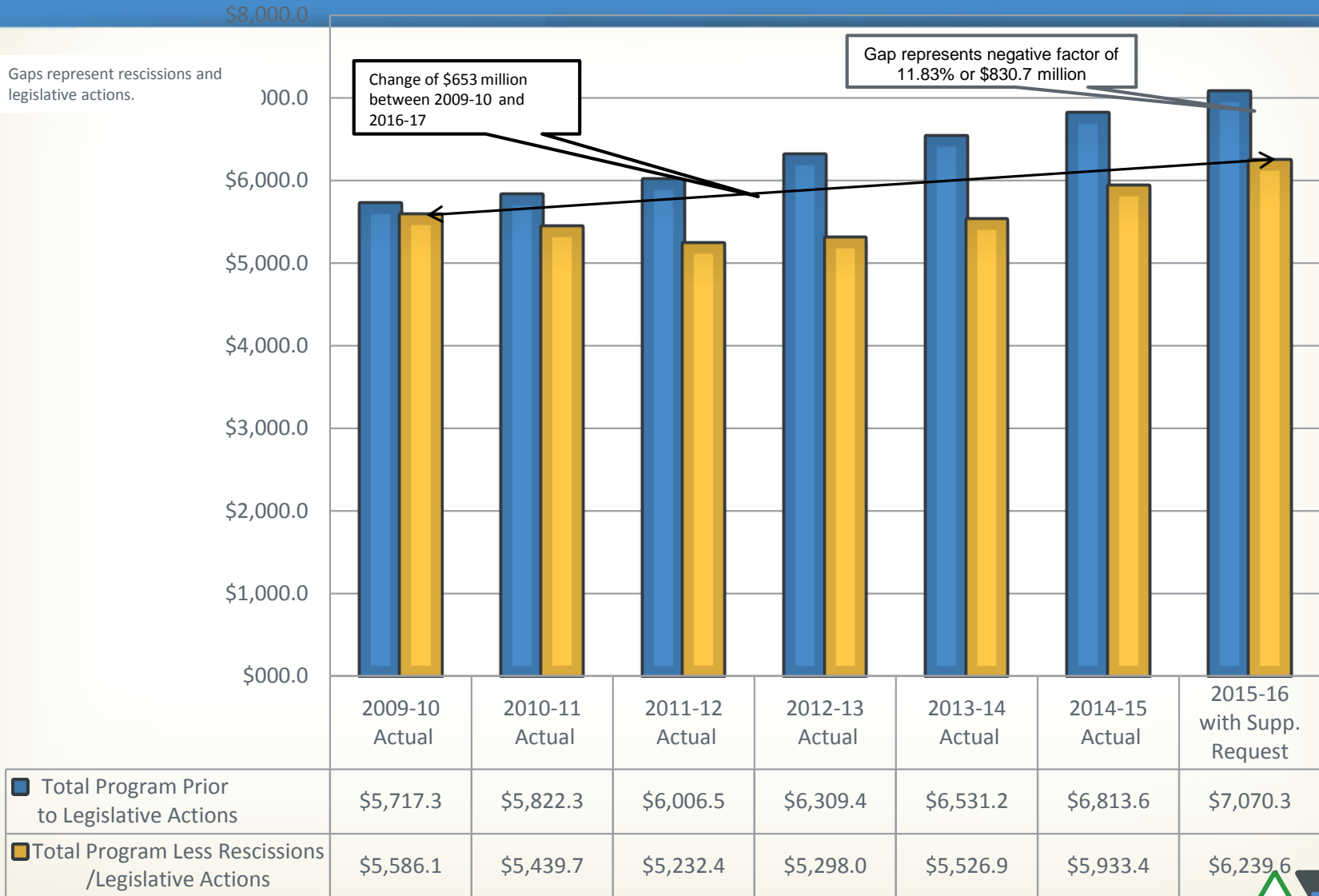
- **Base per pupil funding is adjusted by factors**
  - **Cost of Living**
  - **Personnel & Non-personnel costs**
  - **Size of district**

- **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

Gaps represent rescissions and legislative actions.

Change of $653 million between 2009-10 and 2016-17

Gap represents negative factor of 11.83% or $830.7 million

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 with Supp. Request
■ Total Program Prior to Legislative Actions	$5,717.3	$5,822.3	$6,006.5	$6,309.4	$6,531.2	$6,813.6	$7,070.3
■ Total Program Less Rescissions /Legislative Actions	$5,586.1	$5,439.7	$5,232.4	$5,298.0	$5,526.9	$5,933.4	$6,239.6

In millions

State of Colorado Average Per Pupil Funding

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

For 2015-16, the effect is $974 in the statewide average per pupil funding.

Gaps represent rescissions and legislative actions.

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2015-16 with Supp. Request
Average Per Pupil Funding Before Legislative Actions	$7,242	$7,291	$7,432	$7,717	$7,861	$8,286
Actual Average Per Pupil Funding	$7,076	$6,813	$6,475	$6,480	$6,652	$7,313
Base Per Pupil Funding	$5,508	$5,530	$5,635	$5,843	$5,954	$6,292

State vs. Local Share Increases

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

In millions

Other Sources of District Funds

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

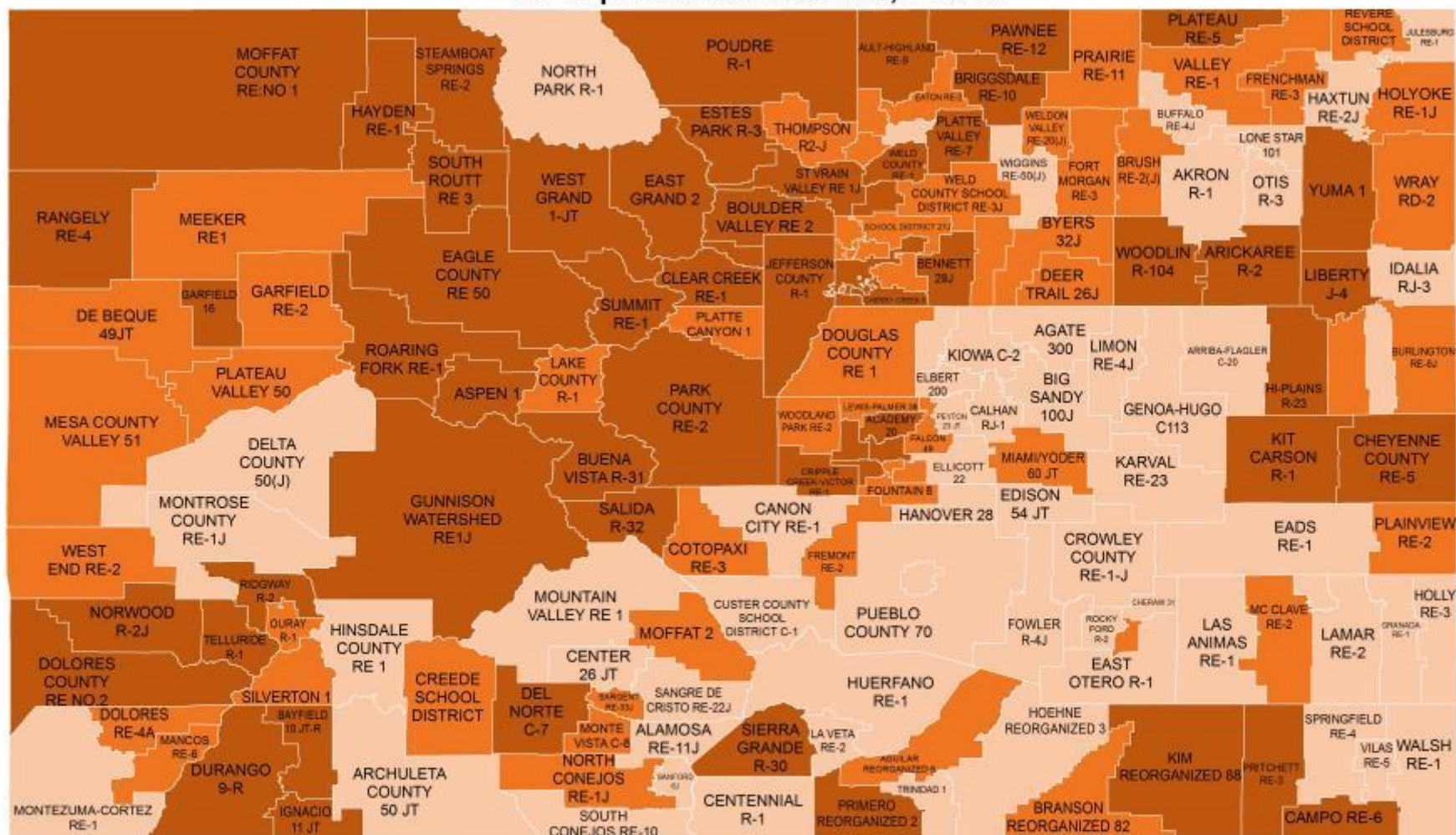- **Categorical Program Revenue**

- **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
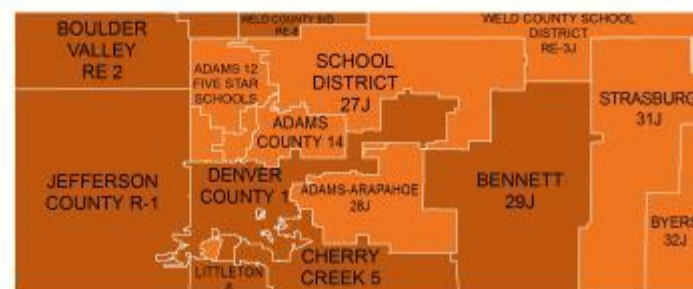
Per Pupil Override Revenues, 2015-16

Legend

Per Pupil Override Revenues

- No override or zero
- 2. Override at $1000 or less per pupil
- 3. Override greater than $1000 per pupil

Prepared by CDE Staff, December 21, 2015
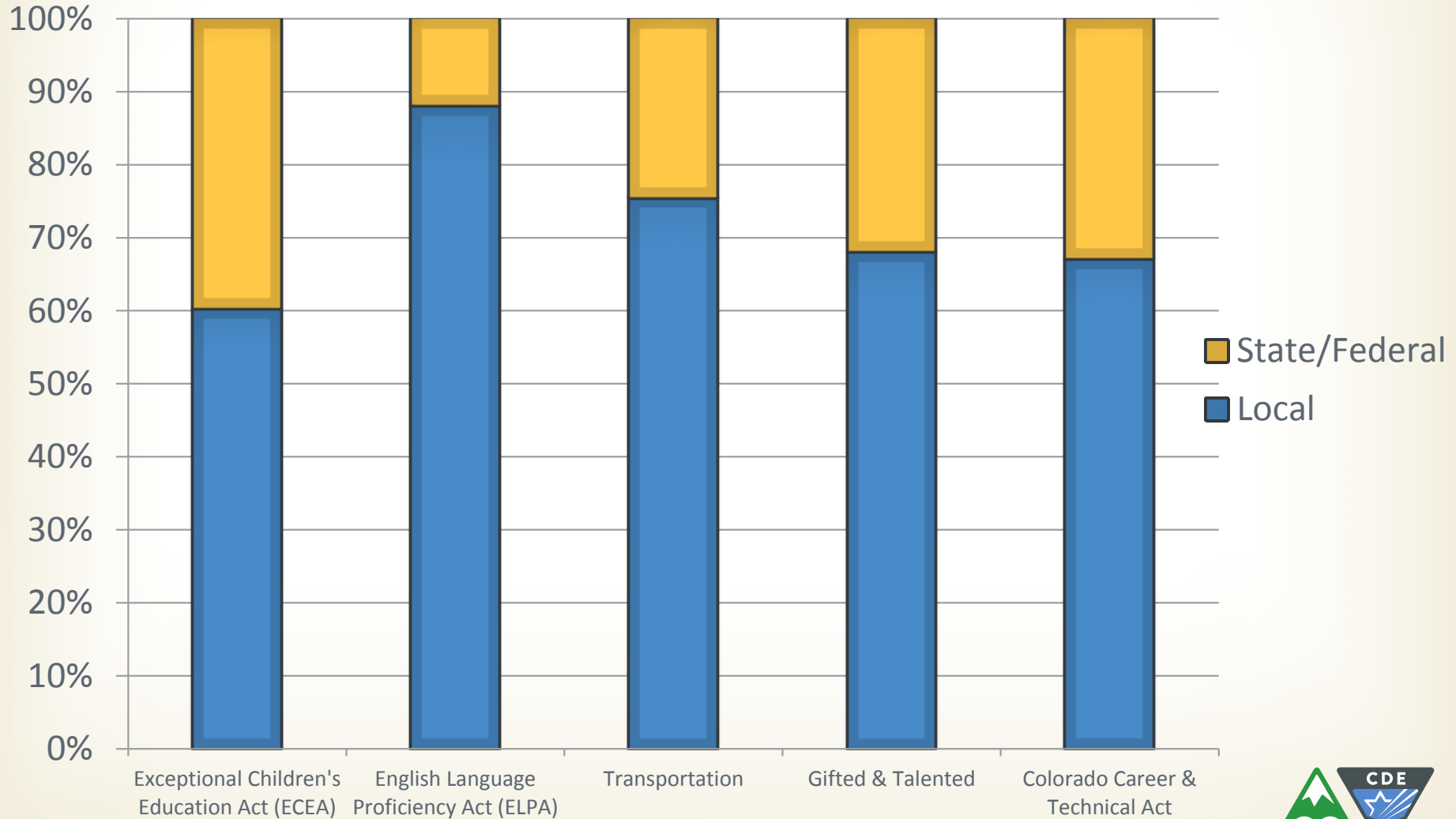
Categorical Program Revenue

- 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

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

(([Size Factor X ((Base Funding X Cost of Living Factor X Personnel Cost Factor) +(Base Funding X (1-Personnel Factor)))]

X (Funded Count – Online Count – ASCENT Count))

+ At-Risk Funding + Online Funding + ASCENT Funding)

X Negative Factor = TOTAL PROGRAM

Links to Other Resources

Understanding Colorado School Finance and Categorical Funding

Legislative Council Research and Documents

Joint Budget Committee Staff Briefing Documents