



COLORADO

Department of Education

School Finance Overview

November 2017

Constitutional Constraints

Gallagher Amendment - 1982

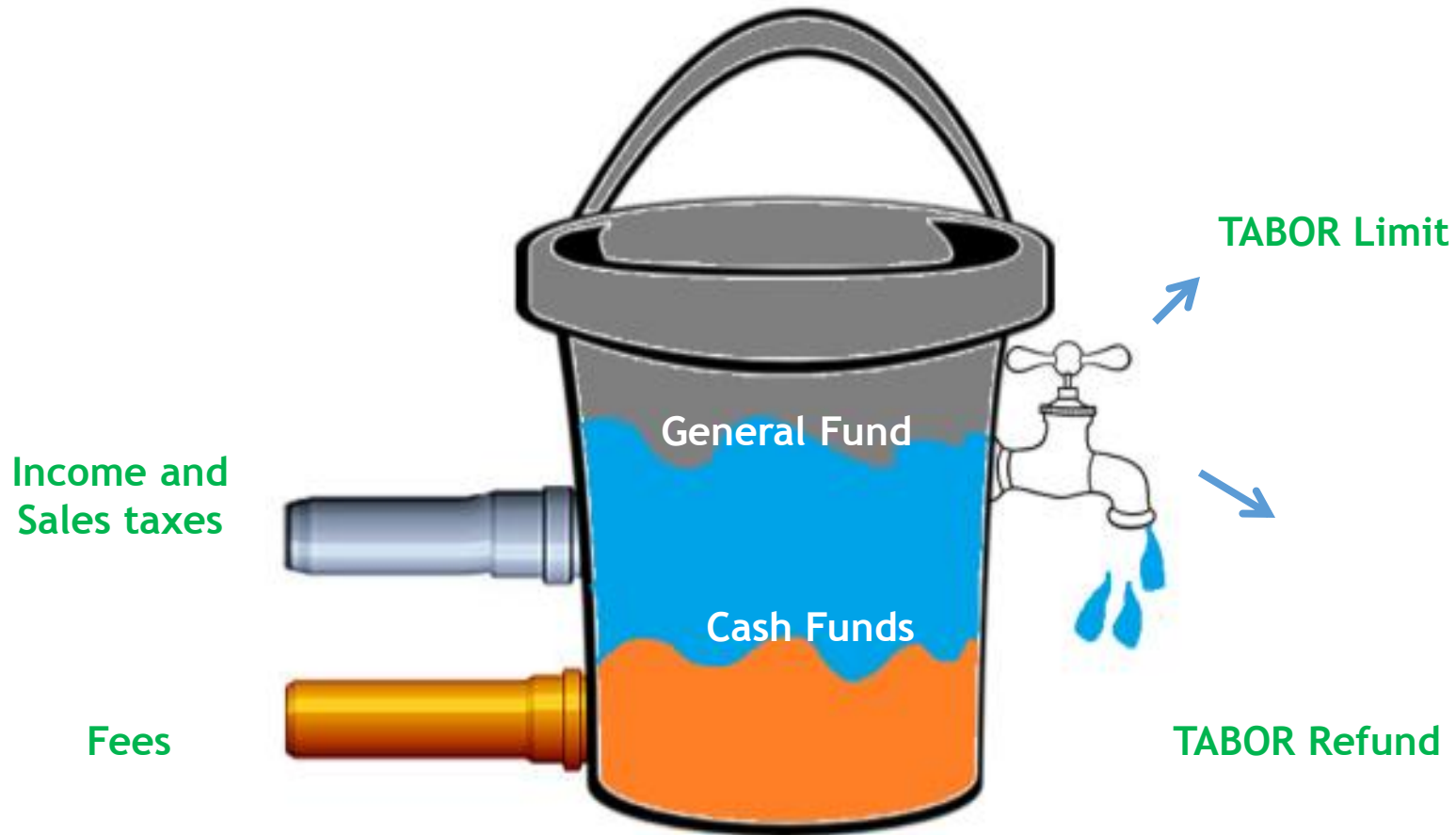
- Intended to set the ratio of property taxes raised from both residential vs. business properties
 - Split - 45% residential vs. 55% business - statewide
 - Residential assessment rate - resets every two years potentially
 - 7.20% beginning in 2017
 - 7.96% from 2003 to 2017
 - 21% in 1985
 - Under TABOR, this rate cannot rise without a vote of the people
- Has had the impact of lower property taxes contributing to school funding - the Total Program
- State share for K-12 education has increased to 64% from 44% while the local share has decreased from 56% to 36%

TABOR Amendment - 1992

- Impact of the TABOR amendment on school finance
 - Sets limits on the amounts of revenues that can be collected and retained by state and local governments including schools districts
 - Limits local property tax revenue growth
 - Requires voter approval for an increase in mill levies, or assessment rates
- Most districts have received voter approval to retain excess revenues - the State has not
 - When revenues exceed the limit, refunds must be given

A TABOR Simile

From Office of State Planning & Budgeting



TABOR Amendment - 1992

- Between 1994 and 2006, school district mill levies were decreasing since assessed values were increasing at a rate greater than what TABOR allowed - inflation plus student growth
- This continued to cause the state portion of school funding to increase putting even greater pressure on the state budget
- Senate Bill 07-199 froze mill levies for districts at the 2006-07 levels
 - Total program mill levies cannot go higher than 27 mills - some districts may have levies lower than this

Amendment 23 - 2000

- Requires base per pupil funding to increase by inflation each year in addition to categorical funding
 - Categorical funding is provided for programs such as exceptional students, transportation and English language learners
- An additional one percent was included for 10 years to attempt to make up losses in funding in prior years
- The State Education Fund was created which transfers one-third of one percent of federal taxable income from the State's General Fund
- Creates additional pressures on the state budget with these requirements

Total Program Funding

Total Program Funding Formula

Total Program Funding

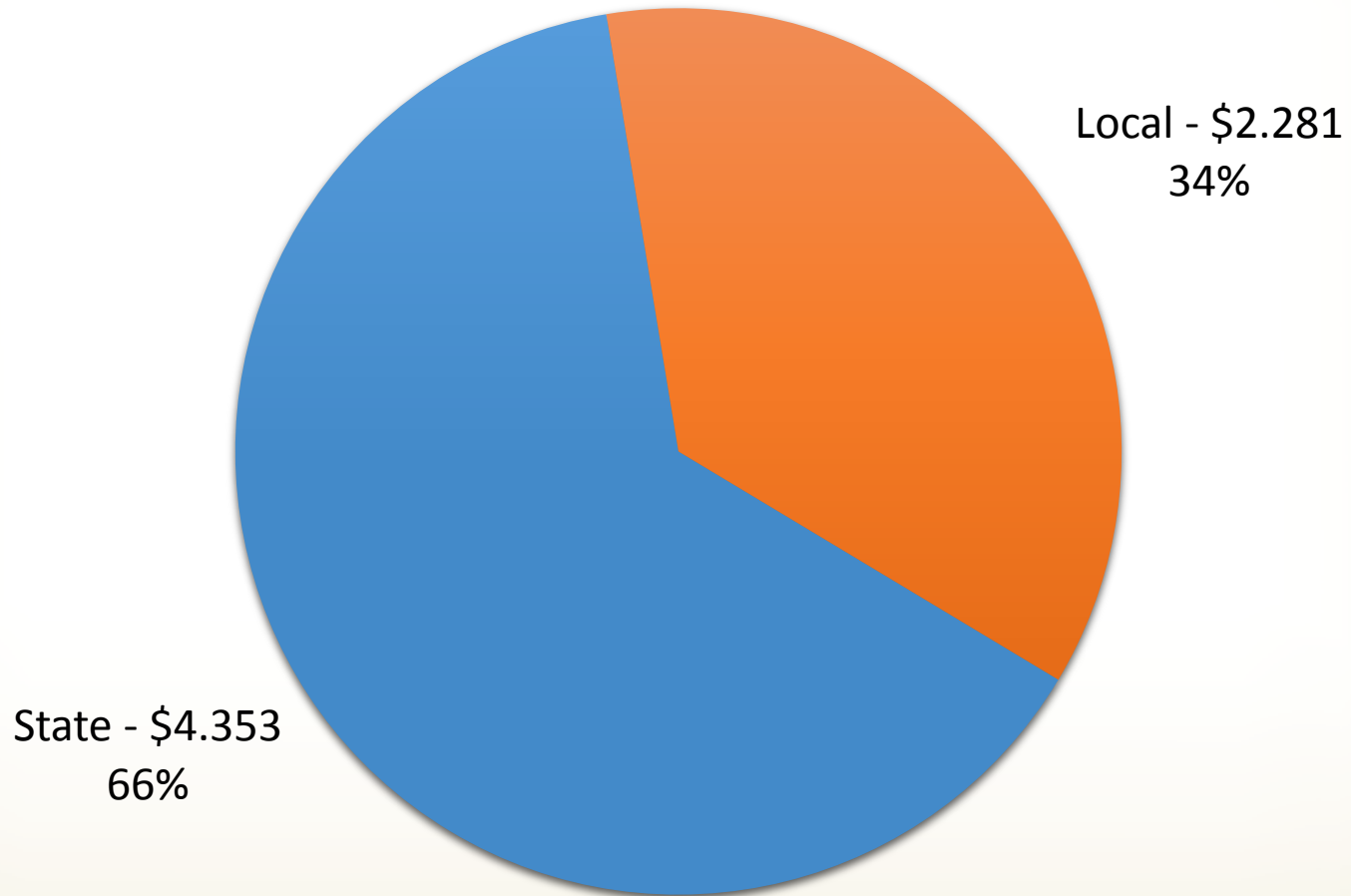
Equals (funded pupil count
times formula per pupil funding*)
plus at-risk funding
plus online & ASCENT funding

* Formula adjusts for:

- Cost of Living
- Personnel & non-personnel costs
- Size of district

Budget Stabilization Factor is applied after total program is calculated

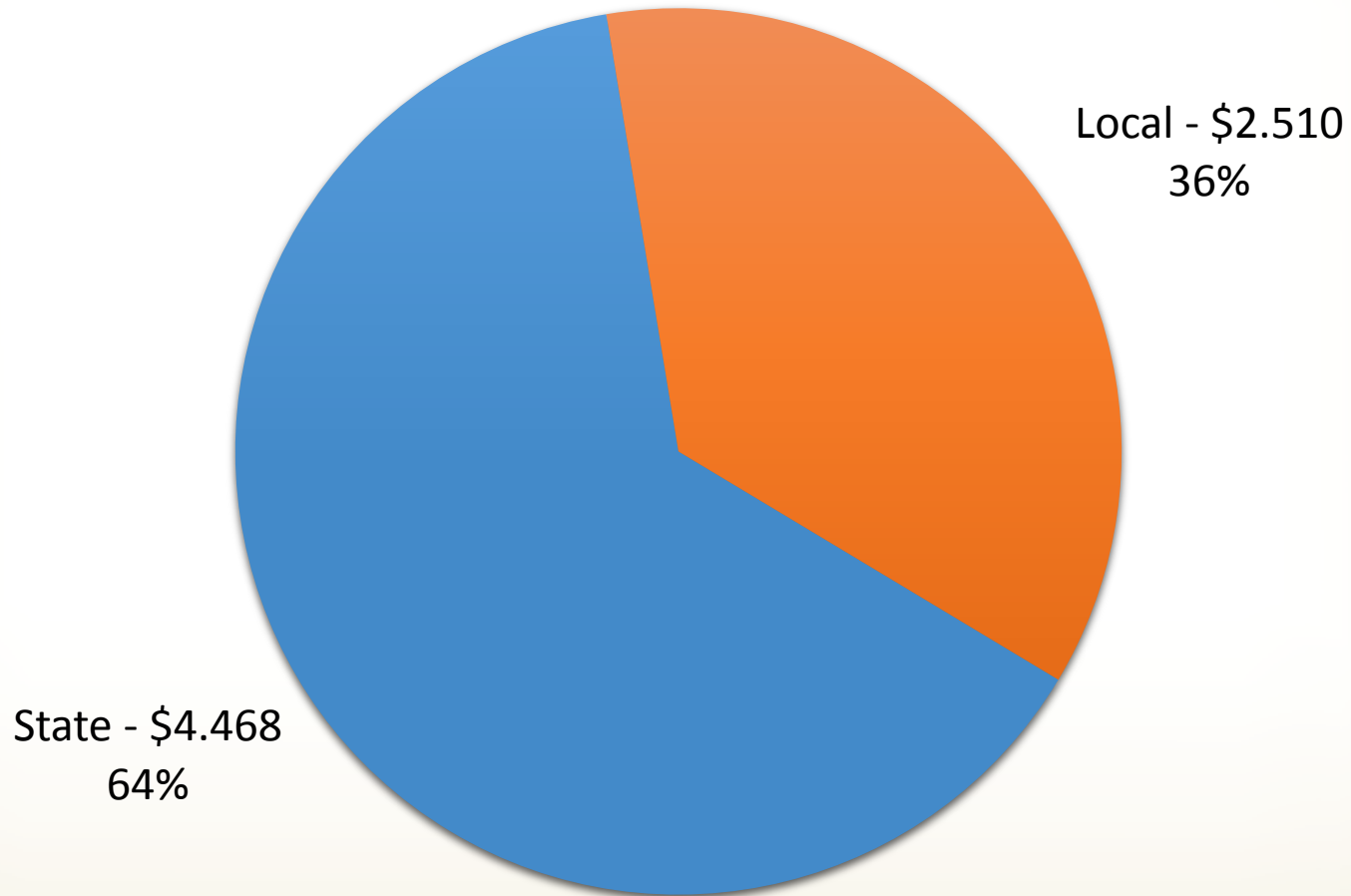
2017-18
Total Program Funding - School Finance Act
\$6.634 Billion



in millions



2018-19
Total Program Funding – Governor’s Request
\$6.978 Billion



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

FY2018-19 Governor's Budget Request

- 2017-18 School Finance Act
 - Base Funding - \$6,546.20
 - Budget stabilization factor - \$828.3M
 - Average Per Pupil Funding - \$7,662.18

- 2018-19 Governor's Budget Request
 - Base Funding - \$6,742.59 (+\$196.39)
 - Budget stabilization factor - \$758.3M (-\$70.0M)
 - Average Per Pupil Funding - \$8,005.56 (+\$343.38)

Categorical Program Revenues

- Categorical Programs:
 - 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.

- State Grants
- Federal Grants
- Mill Levy Overrides Revenues
- Other Local Revenues

Total District Revenues and Expenditures

FY15-16 Total Operating Revenue: \$10.282 Billion

Local: 49.2%

State: 43.7%

Federal: 7.2%

Most revenue to districts are provided through the
School Finance Act of 1994: \$6.240 Billion or 60.7%

FY16-17 Total Operating Expenditures: \$9.776 Billion

Instructional: 60.4%

Operations and Maintenance: 31.5%

Administration: 8.1%

Discussion and Questions