



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

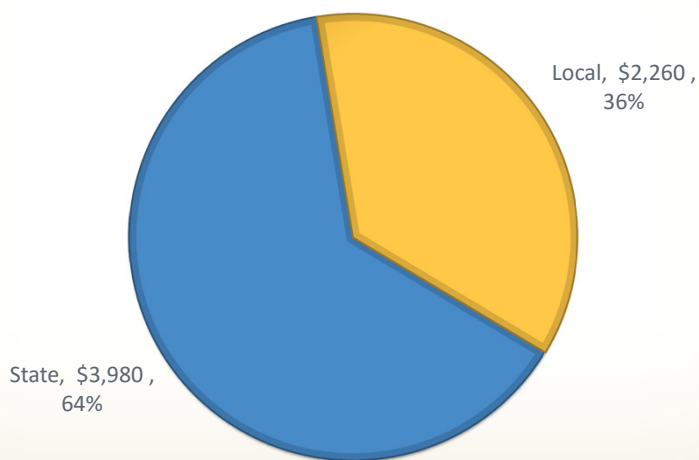
Total Program Funding = Local Funding + State Funding

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



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

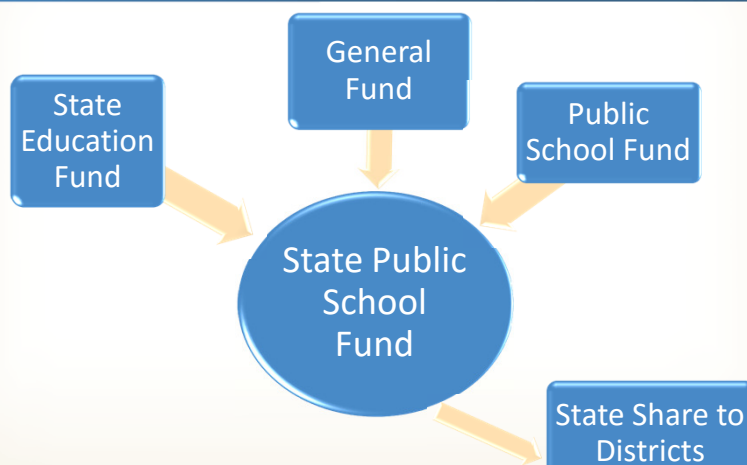
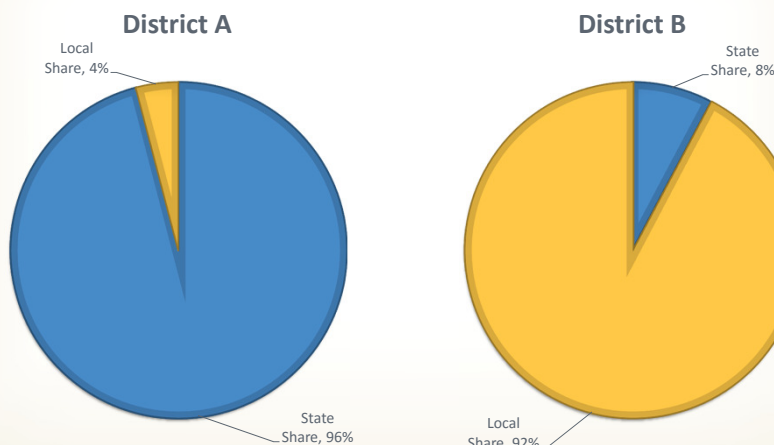


Illustration of Two Districts



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

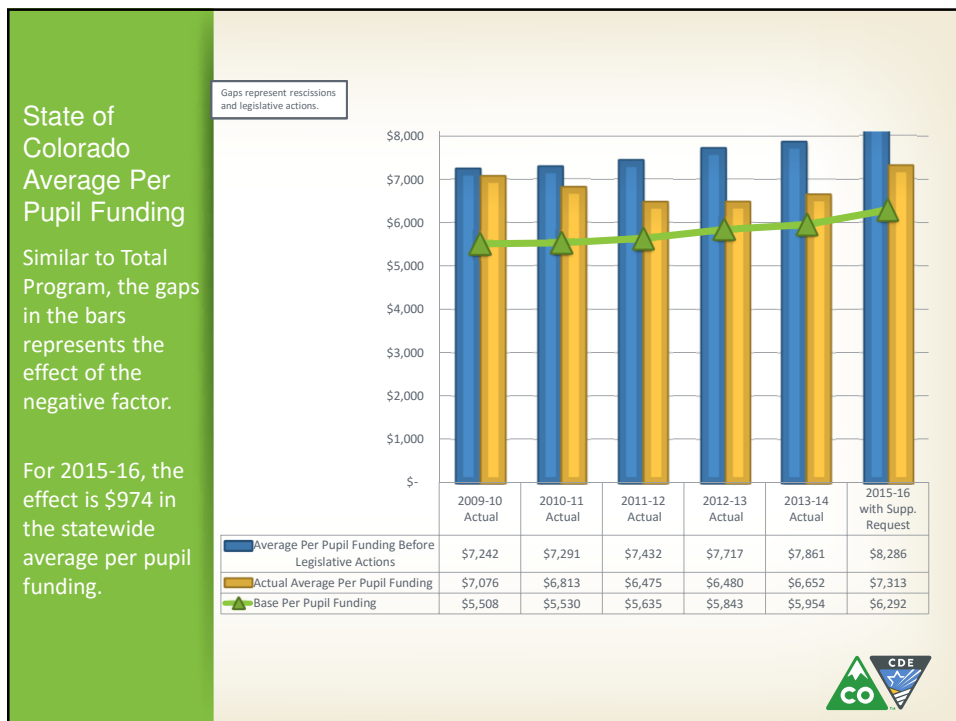
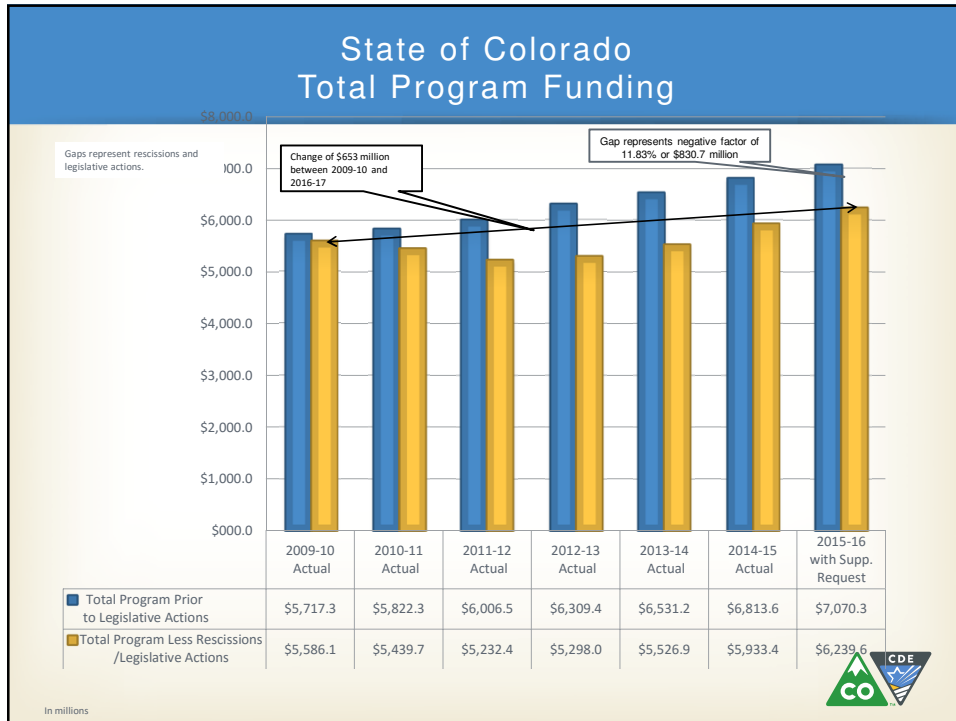
- **The great recession and pressures on the state budget caused the General Assembly to adopt the “negative factor” in 2010-2011**

- **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 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

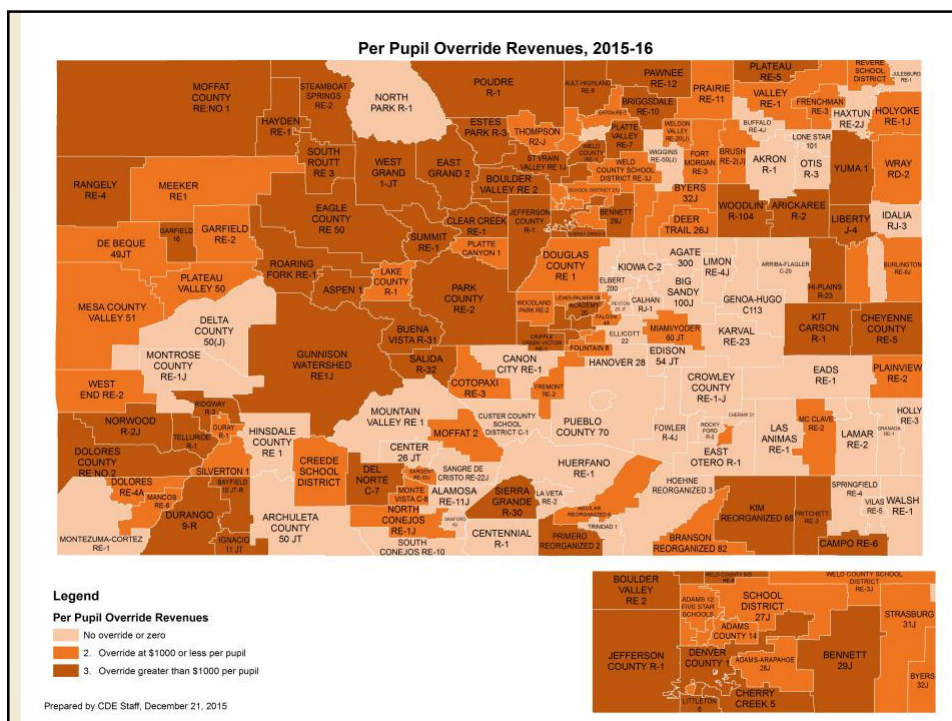
- **Categorical Program Revenue**

- **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



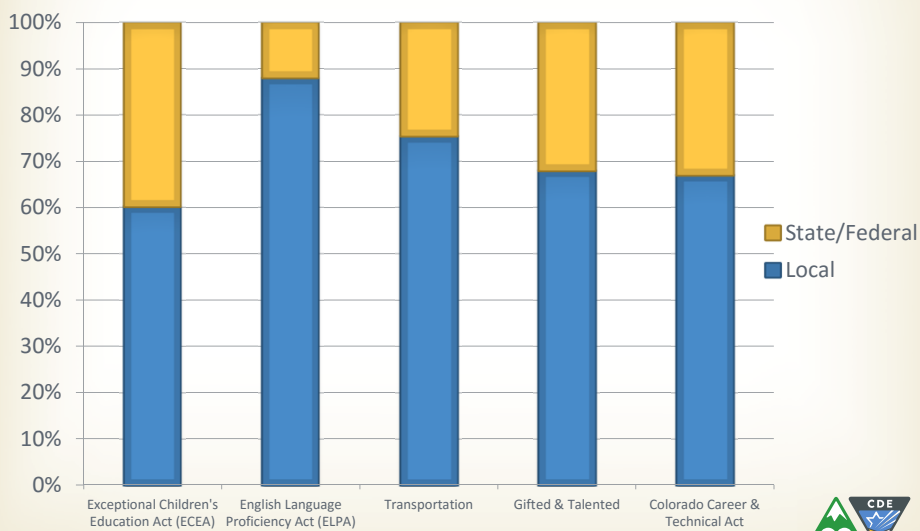
Categorical Program Revenue

- 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

$\left(\left[\text{Size Factor} \times \left(\left(\text{Base Funding} \times \text{Cost of Living Factor} \times \text{Personnel Cost Factor} \right) + \left(\text{Base Funding} \times \left(1 - \text{Personnel Factor} \right) \right) \right] \right)$

$\times (\text{Funded Count} - \text{Online Count} - \text{ASCENT Count})$

$+ \text{At-Risk Funding} + \text{Online Funding} + \text{ASCENT Funding}$

$\times \text{Negative Factor} = \text{TOTAL PROGRAM}$



Links to Other Resources

[Understanding Colorado School Finance and Categorical Funding](#)

[Legislative Council Research and Documents](#)

[Joint Budget Committee Staff Briefing Documents](#)

